

November 27, 2008

Presale:

Empresas Banesto 3, Fondo de Titulización de Activos

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€2.3 Billion Asset-Backed Floating-Rate Notes

This presale report is based on information as of Nov. 27, 2008. The credit ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of initial credit ratings that differ from the preliminary credit ratings.

Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support (%)	Interest	Legal final maturity
A	AAA	2,012.5	22.0	Three-month EURIBOR plus a margin	May 16, 2061
B	A	149.5	15.50	Three-month EURIBOR plus a margin	May 16, 2061
C	BBB	138.0	9.5	Three-month EURIBOR plus a margin	May 16, 2061

*The rating on each class of securities is preliminary as of Nov. 27, 2008, and subject to change at any time. Initial credit ratings are expected to be assigned on the closing date subject to a satisfactory review of the transaction documents and legal opinion, and completion of a corporate overview. Standard & Poor's ratings address timely interest and ultimate principal. EURIBOR—European interbank offered rate.

Transaction Participants

Originator	Banco Español de Crédito S.A.
Arranger	Santander de Titulización S.G.F.T, S.A
Trustee	Santander de Titulización S.G.F.T, S.A.
Servicer	Banco Español de Crédito S.A.
Interest swap counterparty	Banco Español de Crédito S.A.
Transaction account provider	Banco Español de Crédito S.A.

Supporting Ratings

Institution/role	Ratings
Banco Español de Crédito S.A. as interest swap counterparty, servicer, and transaction account provider	AA/Stable/A-1+

Transaction Key Features*

Expected closing date	December 2008
Structure type	Cash
Collateral description	Spanish SME loans
Country of origin	Spain
Rating approach	Actuarial
Portfolio management type	Static
Liability structure	Fully funded
Weighted-average maturity of assets (years)	13.32
Weighted-average seasoning (months)	22.68

Transaction Key Features* (cont.)	
Principal outstanding (Mil. €)	2,474.7
Concentration	Largest 10 obligors: 11.75%. Four major geographical concentrations: Madrid (21.60%), Cataluña (16.96%), Andalucía (15.31%), and Comunidad Valenciana (15.55%). Major industrial concentration by pool balance: real estate activities (11.12%), other business activities (8.48%), hotel (6.31%), and construction (5.11%)
Average loan size balance (€)	150,614.51
Loan size range (€)	1,258.10 to 50,000,000.0
Weighted-average interest rate (%)	5.518
Arrears	No loans more than 30 days in arrears
Excess spread at closing	60 bps left by the swap
Cash reserve	9.5% of the initial balance (€218.5 million)

*Pool data as of Nov. 4, 2008. SME—Small to midsize enterprise.

Transaction Structure

Standard & Poor's Ratings Services has assigned preliminary credit ratings to the €2.3 billion asset-backed floating-rate notes to be issued by Empresas Banesto 3, Fondo de Titulización de Activos.

The originator is Banco Español de Crédito, S.A. (Banesto), which at closing will sell to Empresas Banesto 3 a €2.3 billion closed portfolio of secured and unsecured loans granted to Spanish small and midsize enterprises (SMEs).

To fund this purchase, Santander de Titulización, S.G.F.T., S.A., as trustee, will issue three classes of floating-rate, quarterly paying notes on Empresas Banesto 3's behalf.

The preliminary ratings on the notes reflect the subordination of the respective classes of notes below them, the reserve fund, the presence of the interest rate swap (which provides a guaranteed margin of 60 basis points (bps) and pays the servicer fees in case of replacement), comfort provided by various other contracts, and the rating on Banesto (AA/Stable/A-1+).

Notable Features

Empresas Banesto 3 will be the fifth SME transaction completed by Banesto of its loans to SME and corporate clients. The transaction will feature some structural enhancements provided by the swap agreement, amortization of the notes, and the reserve fund.

The amortization between the different classes of notes will be sequential.

As in other Spanish transactions, interest and principal from the underlying assets will be combined into a single priority of payments, with accumulated default triggers and asset-liability test triggers in the payment of interest to protect senior noteholders.

In this deal, a commingling reserve will be set up if Banesto is downgraded below 'A-2'.

Around 45% of the transaction comprises self-employed borrowers and 7% large companies (corporates).

We based our analysis on the pool's credit quality, its concentrations, and the structural features of the transaction.

Strengths, Concerns, And Mitigating Factors

Strengths

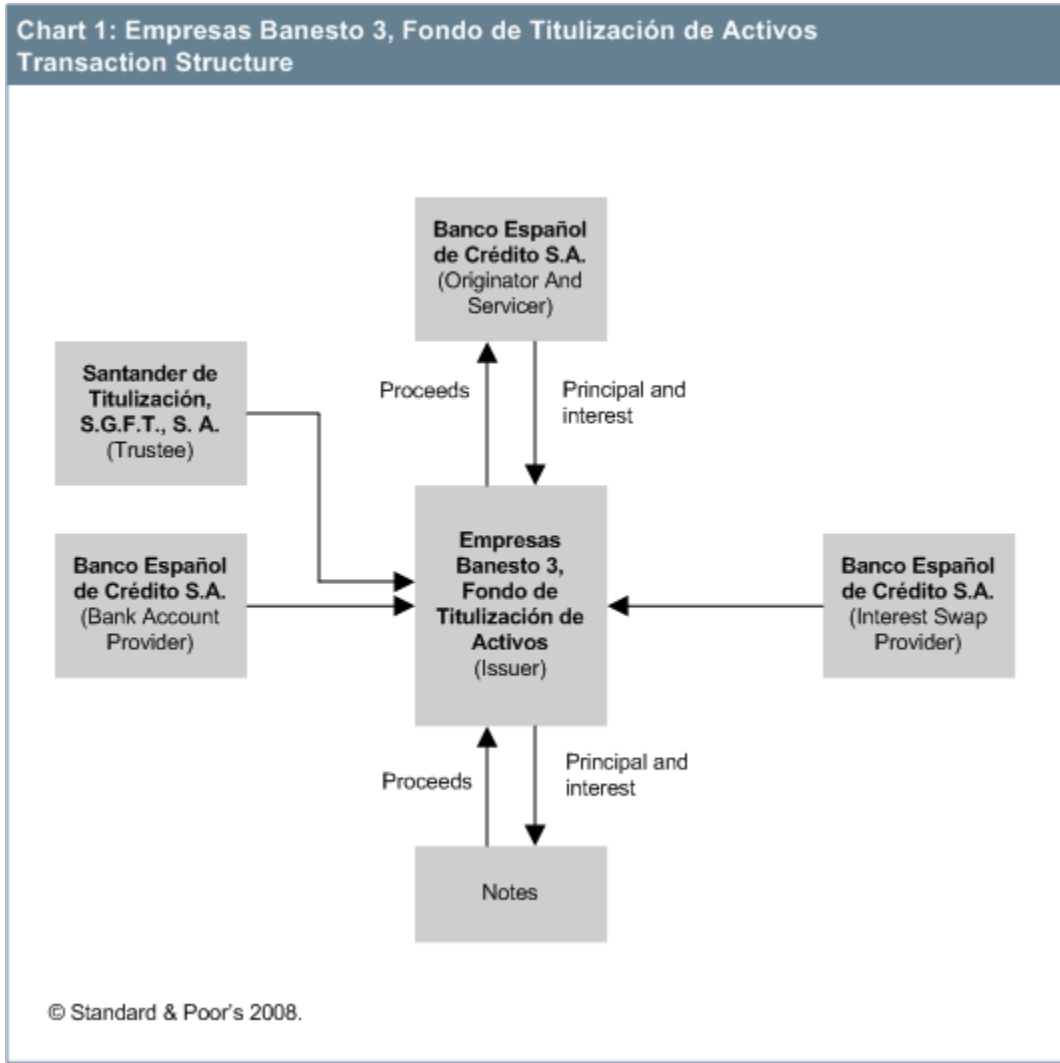
- The credit enhancement provided by subordination, the available excess spread, and the fully funded reserve fund is adequate to cover the various stresses that we applied to the transaction.
- The weighted-average seasoning is currently 22.68 months, which indicates relatively high seasoning.
- Good-quality historical information has been provided to us.
- A swap agreement will hedge the interest rate risk and leave a spread of 60 bps in the transaction, plus servicing fees in case of replacement.

Concerns and mitigating factors

- There will be commingling risk when borrower payments are deposited into the account held at Banesto. A commingling reserve will be set up in case Banesto is downgraded below 'A-2'.
- Around 45% of the pool comprises self-employed borrowers and 7% corporate borrowers. The originator provided historical information regarding this, which we have taken into account in our analysis.
- Of the pool, 69.44% is concentrated in four regions ("comunidades autónomas") and 31.02% in the largest five industries. We have taken into account the exposure to industrial and regional concentration. The sector concentrations are in line with Banesto's SME portfolios. We took concentrations at the obligor level into account in our credit analysis.
- Developers represent 0.24% of the pool. In the credit analysis, we took into account the exposure to this type of borrower.
- Of the loans, 0.27% have a bullet redemption profile. We took these types of loan into account in our credit and cash flow analyses.

Transaction Summary

The structure of the transaction is shown in chart 1.



Originator and servicer

The rating on Banesto reflects the bank's core position within Banco Santander S.A. (Santander; AA/Stable/A-1+).

Our view of Banesto's position is underpinned by Santander's continued management control and majority ownership of the bank since 1994, and Banesto's significant contribution to the strength of Santander in one of the group's main markets and banking businesses.

Banesto's standalone creditworthiness reflects a focused strategy and sound management—which bolster the bank's valuable, growing franchise as the fifth-largest financial institution in Spain—as well as a healthy financial profile.

Banesto originates good-quality assets, largely as a result of its strong credit culture and sound credit-risk management standards and systems. Nonetheless, the bank's aggressive credit expansion, particularly the acceleration of growth in riskier segments, increases risks for the loan book's future performance. Specifically, the high degree of exposure to the real estate development and construction sectors increases Banesto's risk profile.

Banesto's earnings power has improved significantly in recent years due to its increasing commercial dynamism. Its

healthy operating profitability compares well with the market average. Cost control has offset pressure, albeit moderate, on the net interest margin and the effect of strong provisioning, which is largely driven by generic regulatory requirements.

Banesto's core risk-adjusted solvency is adequate by international standards, benefiting from sound capital generation. We will, however, monitor the effect on capital leverage of the bank's strong focus on growth and tighter stance toward capital management.

Santander de Titulización, S.G.F.T., S.A.; trustee ("sociedad gestora")

The sociedad gestora is Santander de Titulización. The creation of the sociedad gestora was authorized by the Ministry of Economy and Treasury in December 1992. Under the legislation for mortgage securitization in Spain, the issuer's day-to-day operations are managed by the sociedad gestora, which represents and defends the noteholders' interests. The sociedad gestora, on the issuer's behalf, will enter into certain contracts (a GIC, a swap, and a subordinated loan) needed to protect it against certain credit losses and liquidity shortfalls that are assumed to arise in connection with holding the mortgage participations.

In this transaction, the sociedad gestora's main responsibilities will be to create the issuer, issue the notes, calculate the interest rate on the notes, notify noteholders of information applicable to the notes and mortgage participations, manage the reserve funds, pay the issuer's fees and expenses, and arrange for the annual audit.

Priority of payments

On each quarterly interest payment date, the issuer will pay in arrears the interest due to the noteholders. To make the payments, the issuer's available funds will include the proceeds of the interest swap, the reserve fund, principal received under the loans, and any other proceeds received in connection with the loans.

All interest and principal received can be mixed to pay principal and interest due under the notes. A trigger will ensure that in a stressful economic environment, the more senior notes amortize before interest is paid on the subordinated classes of notes. The priority of payments will be:

- Fees;
- Net payments under the swap agreement and swap termination payments due to a default or breach of contract by fund;
- Class A note interest;
- Interest on the class B notes, if not deferred;
- Interest on the class C notes, if not deferred;
- Amortization of the notes;
- Deferred class B note interest;
- Deferred class C note interest;
- Replenishment of the cash reserve;
- Swap termination payments when this termination is due to a default or breach of contract by the swap counterparty;
- Interest and principal payments under the subordinated loan;
- Interest and principal payments under the subordinated start-up loan; and
- Cash back to Banesto.

Interest payments on the class B notes will be deferred if the cumulative default balance (loans in arrears for more

than 18 months) is higher than 20% of the initial balance of the pool. This deferral will not happen if the class A notes have already amortized, or are due to amortize on the next payment date.

Interest payments on the class C notes will be deferred if the cumulative default balance (loans in arrears for more than 18 months) is higher than 13% of the initial balance of the pool. This deferral will not happen if the class A and B notes have already amortized, or are due to amortize on the next payment date.

Redemption of the notes

Amortization will occur:

- For the class A notes, from the first payment date after their full amortization;
- For the class B notes, once the class A notes are fully redeemed; and
- For the class C notes, once the class B notes are fully redeemed.

The available amortization fund on each payment date will be equal to the difference between:

- The principal outstanding balance under all the classes of notes; and
- The principal outstanding balance of all outstanding loans no more than 18 months in arrears.

Swap

On Empresas Banesto 3's behalf, the trustee will enter into a swap agreement with Banesto. This swap will provide protection against adverse interest rate resetting and movements.

The issuer will pay the swap counterparty the total interest received on the performing loans (loans in arrears for more than 90 days).

The issuer will receive from the swap counterparty an amount equivalent to the reference rate on the notes, plus a margin of 60 bps, plus the servicing fee in case of replacement.

The minimum rating required to be the swap counterparty is 'A-1', so if Banesto is downgraded below 'A-1', we would expect it to take the remedy actions that follow an eligible direct support downgrade, as described in "Methodology Updated Counterparty Criteria for Derivatives: Eligibility Of 'A-2' Counterparties Removed In 'AAA' Transactions" and "Revised Framework For Applying Counterparty And Supporting Party Criteria" (see "Criteria Referenced").

Cash reserve

The structure will benefit from a cash reserve fund fully funded by a subordinated loan granted by the originator at closing. The initial required amount will be equivalent to 9.5% of the initial note balance. The reserve fund will be used to pay interest and principal of the notes if funds are not available.

The reserve fund will be fixed for the first two years, and it will be able to amortize after this initial period. Its minimum required levels will be established at the minimum of:

- The initial required amount, 9.5% of the initial balance of the notes; and
- The maximum amount of: (i) 19.00% of the outstanding principal balance of the notes, and (ii) 4.75% of the initial note balance.

It will not amortize if, on a previous payment date, it was not at its required minimum level, or if the arrears ratio (three months past due) is greater than 1.5%.

Commingling reserve

To protect against commingling risk, if Banesto is downgraded below an 'A-2' short-term rating, then:

- Within 30 calendar days, the servicer should find an eligible guarantor with a short-term rating of at least 'A-1'. The guarantor should provide the issuer with a first-demand, unconditional, and irrevocable guarantee equal to the commingling reserve amount to be applied to pay any amounts the servicer fails to pay to the issuer for the loans. This amount, if required to be paid, would be deposited in an issuer bank account in accordance with the bank account and cash management agreements. We would expect to review the guarantee at the time the downgrade occurs; or
- Within 10 calendar days, the servicer should deposit in the issuer's bank account an amount equal to the commingling reserve amount to be applied to pay any amounts the servicer fails to pay the issuer for the loans.

Alternatively, we encourage the servicer to request our written confirmation that the ratings on the notes would not be adversely affected.

On the date this commingling reserve is required, the initial amount should be a sufficient proportion of the principal amount outstanding to avoid affecting the ratings on the notes.

Cash collection arrangements

Banesto, as servicer, will collect the amounts due under the loans and transfer them to the treasury account no later than 48 hours after receiving these amounts. Its collections to the treasury account will be held with Banesto on the issuer's behalf.

The minimum rating required to be the account provider is 'A-1', so if Banesto is downgraded below 'A-1', we would expect Banesto to take the remedial actions described in "Revised Framework For Applying Counterparty And Supporting Party Criteria" (see "Criteria Referenced").

Collateral Description

The non-revolving portfolio comprises €2,474.7 million (16,431 loans) of performing SME loans to private companies in Spain. The weighted-average seasoning is 22.68 months.

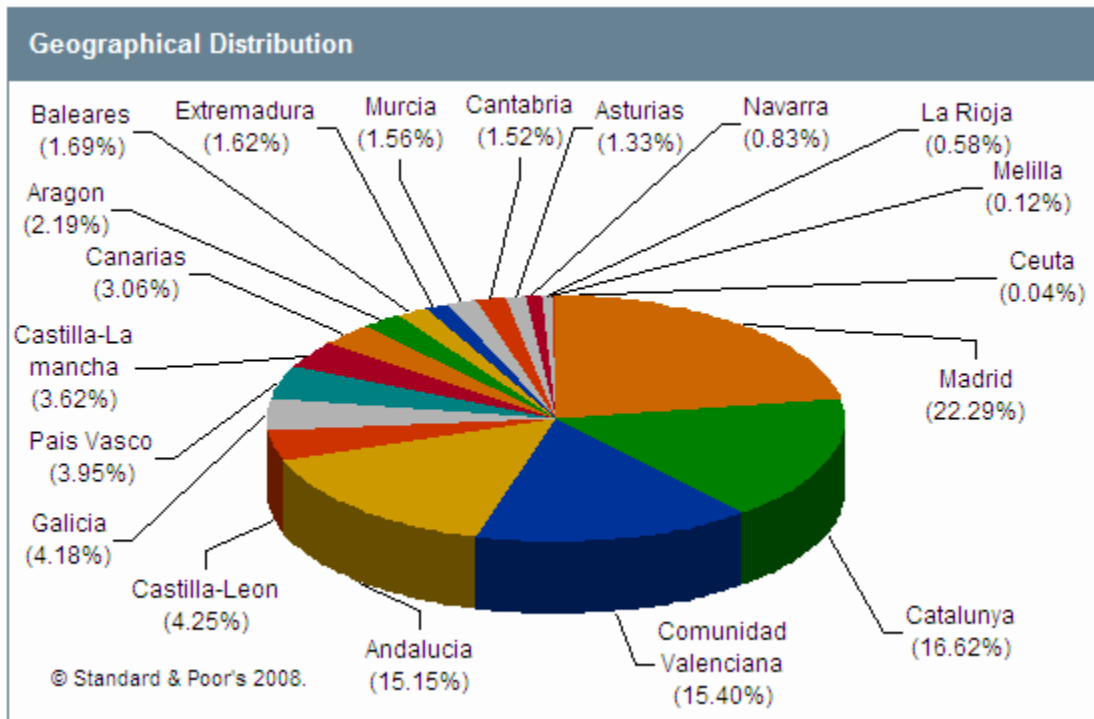
Of the outstanding amount of the pool, 63.83% is secured by mortgages over properties and commercial premises in Spain; the remainder comprises unsecured loans. The weighted-average loan-to-value (LTV) ratio of the secured pool is 57.57%.

The largest obligor represents 2.83% of the provisional pool and the 10 largest obligors represent 11.75%.

Defaults are defined as those loans in arrears for a period of 18 months or more. In the final pool, there will be no loans in arrears.

Chart 2 shows the portfolio of SME loans by region.

Chart 2

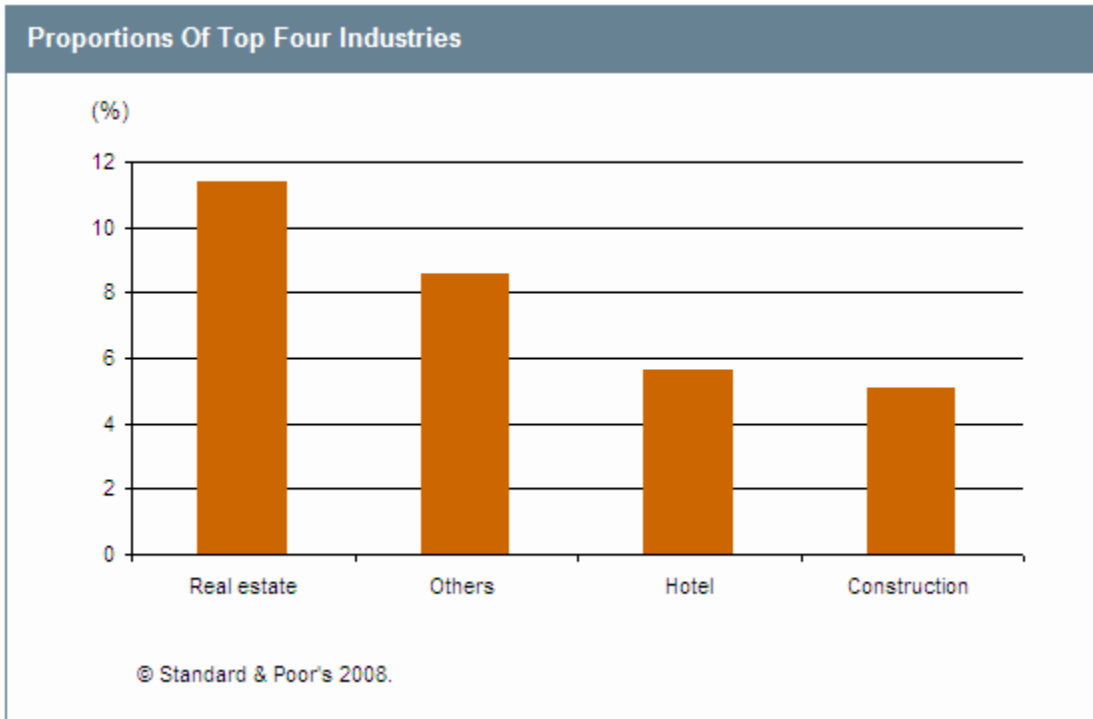


The obligors are spread across Spain, but four regions ("comunidades autónomas") cover 69.44% of the pool.

The assets have a weighted-average interest rate of 5.518% and a weighted-average margin of 72 bps over the various indices. The weighted-maturity of the pool is 13.32 years.

Chart 3 shows the portfolio of SME loans by industry.

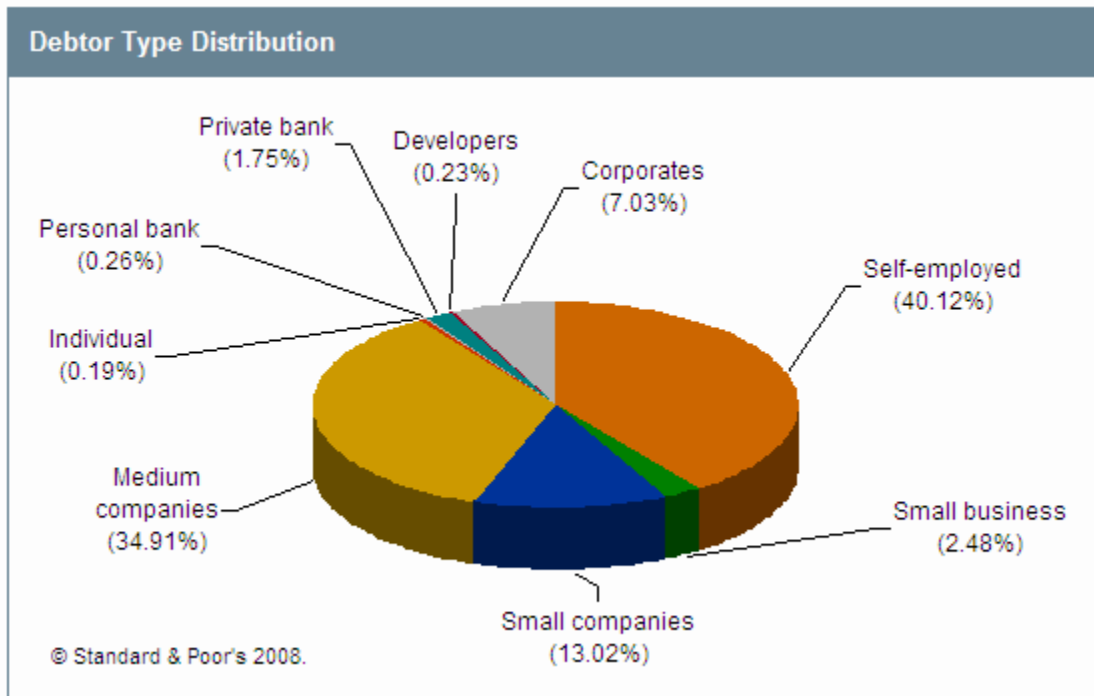
Chart 3



The largest industry concentration by pool balance is real estate activities, representing 11.12%. The largest four industries account for 31.02%. Developers represent 0.24% of the pool.

Chart 4 shows the breakdown by debtor type. Unlike the two previous Banesto deals, in this deal self-employed borrowers comprise the largest proportion at 40.12%.

Chart 4



Of the pool, 0.27% has a bullet amortization amount and no loans are more than 30 days in arrears.

Credit Analysis

We have conducted an actuarial analysis on historical data provided by the originator to assess the pool's credit risk, following the methodology explained in "Securitizing Spanish-Originated Loans to Small and Midsize Enterprises" (see "Related Articles").

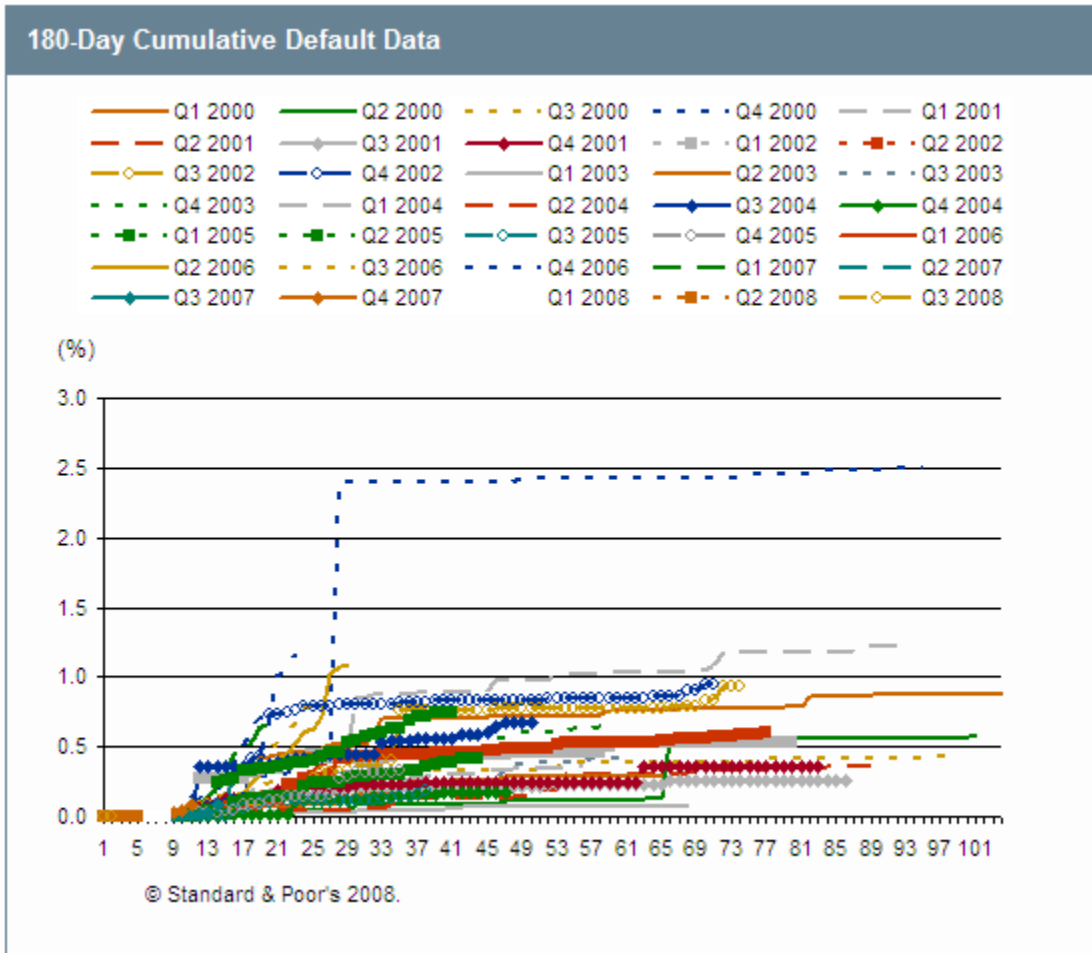
Using the historical data provided by the originator, we can determine a foreclosure probability and a loss rate at each rating level. The product of these two variables gives an estimate of the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

Delinquency rate

In the transaction, the loss is recognized as soon as an agreement defaults, if it is more than 18 months in arrears. The calculation of the cumulated default base-case assumption was based on the historical annual and quarterly data that Banesto provided (see chart 5) and the different concentrations shown in the pool, e.g., the percentage of developers, percentage of bullet loans, and industry concentration.

Chart 5 shows 180-day delinquency data.

Chart 5

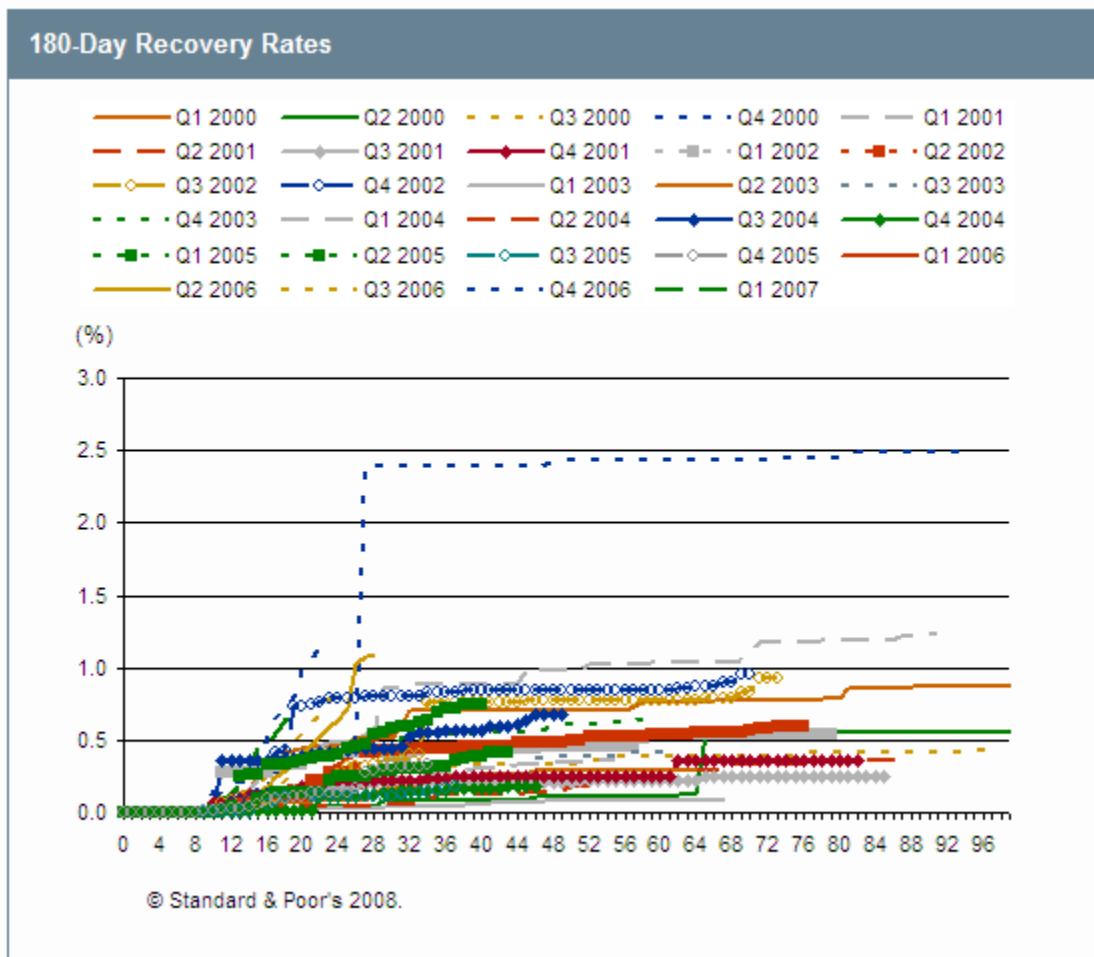


Recoveries

We made our loss severity assumption (100%—recovery scenario for each rating level), taking into account the recovery historical data that Banesto provided (see chart 6), the proportion of the unsecured loans versus the secured loans, and the proportion of the mortgages backed by land.

Chart 6 shows recovery rates by the quarter that loans entered into default for more than 180 days.

Chart 6



Cash Flow Analysis

Prepayments

We stressed the annual prepayment rate up to 24.0% and down to 0.5%.

Yield

We modeled the assets as yielding the minimum rate guaranteed by the eligibility criteria.

Commingling

We did not model any commingling stress, as there is downgrade language that sets up the foundation of a contingent commingling reserve if the administrator is downgraded below 'A-2' (see "Commingling reserve").

Timing of defaults

We assume that defaults occur periodically in amounts calculated as a percentage of the default rate. The timing of defaults in this transaction follows three different paths, referred to here as "equal," "slow," and "fast" defaults, depending on when and what percentage of the total default rate is applied over the time.

Timing of recoveries

For this transaction, we assumed that the issuer would regain any recoveries 42 months after a payment default, applying 50% of recoveries in month 21 and the other 50% in month 42. The value of recoveries at the 'AAA' level will be 100% minus the loss severity assumed at each rating level.

Interest and prepayment rates

We modeled three interest rate scenarios—up, down, and flat—using both high and low prepayment assumptions. Interest rates were 4.5% at the time of modeling and were modeled to rise by 2.0% a month to a cap of 12.0% ("up" scenario) and a floor of 2.0% ("down" scenario).

Monitoring and surveillance

We will maintain continual surveillance on the transaction until the notes mature or are otherwise retired. To do this, we will analyze regular servicer reports detailing the performance of the underlying collateral, monitor supporting ratings, assess pool cuts, and make regular contact with the servicer to ensure that minimum servicing standards are sustained and that any material changes in the servicer's operations are communicated and assessed.

Key performance indicators for this transaction will be:

- Rating migration of the collateral and default levels;
- Collateral prepayment levels;
- The different concentrations of the pool; and
- The ratings on the supporting parties.

Criteria Referenced

- "Methodology Updated Counterparty Criteria for Derivatives: Eligibility Of 'A-2' Counterparties Removed In 'AAA' Transactions" (published on Oct. 22, 2008).
- "Revised Framework For Applying Counterparty And Supporting Party Criteria" (published on May 8, 2007).
- "Global Interest Rate and Currency Swaps: Calculating the Collateral Required Amount" (published on Feb. 26, 2004).
- "Standard & Poor's Global Interest Rate and Swap Counterparty Rating Criteria Expanded" (published on Dec. 17, 2003).
- "Global Cash Flow and Synthetic Criteria" (published on March 21, 2002).
- "Global CBO/CLO Criteria" (published on June 1, 1999).
- "Standard & Poor's Rating Methodology for CLOs Backed By European Small- and Midsize-Enterprise Loans" (published on Jan. 30, 2003).

Related Articles

- "European ABS Outlook 2008—Positive Signs Emerging" (published on Jan. 31, 2008).
- "Transition Study: European Structured Finance Ratings Stable In 2007, But Pockets Of Weakness Emerged" (published on Jan. 25, 2008).
- "Stellar Growth in Spanish Securitization to Help it Maintain Europe's Number Two Slot" (published on June 2, 2004).
- "CDO Spotlight: Credit Risk Tracker Strengthens Rating Analysis of CLOs of European SME Loans" (published

June 10, 2004).

- "Securitizing Spanish-Originated Loans to Small and Midsize Enterprises" (published on April 7, 2003).

All criteria and related articles are available on RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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