DerivativeFitch

Structured Credit
Spain
Presale Report

Fondo de Titulizacion de Activos Santander Empresas 2

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* Expected ratings do not reflect final ratings and are based on information provided by the arrangers as of 24 November 2006. Final ratings are contingent on final documents conforming to information already received as well as on satisfactory legal opinion. Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other offering material should be reviewed prior to any purchase.

Related Research

For further information please refer to the following (available at www.derivativefitch.com):

- *"Global Rating Criteria for Collateralised Debt Obligations"*, dated 4 October 2006
- *"Interest Rate Risk in Structured Finance Transactions – Euribor"* dated 1 November 2006
- *"Pan-European SME CDO Performance Tracker"*, dated 28 September 2006;
- *"Fitch Issuer Report Grades May 2006 Update"*, dated 5 June 2006.

Expected Ratings*

Class	Amount (EURm)	Legal Final Maturity	Rating	CE[a] (%)
A1	1,300.1	June 2050	AAA	9.95
A2	1,365.0	June 2050	AAA	9.95
B	84.1	June 2050	AA	7.05
C	62.3	June 2050	A	4.90
D	59.5	June 2050	BBB+	2.85
E	29.0	June 2050	BB+	1.85
F[b]: Reserve Fund	53.7	June 2050	CCC	n.a.

[a] The credit enhancement ("CE") levels will be complemented with a guaranteed excess spread of 65bp payable under the swap agreement to the issuer.
[b] Uncollateralised notes by SME loans will be issued to finance the creation of the reserve fund at closing.

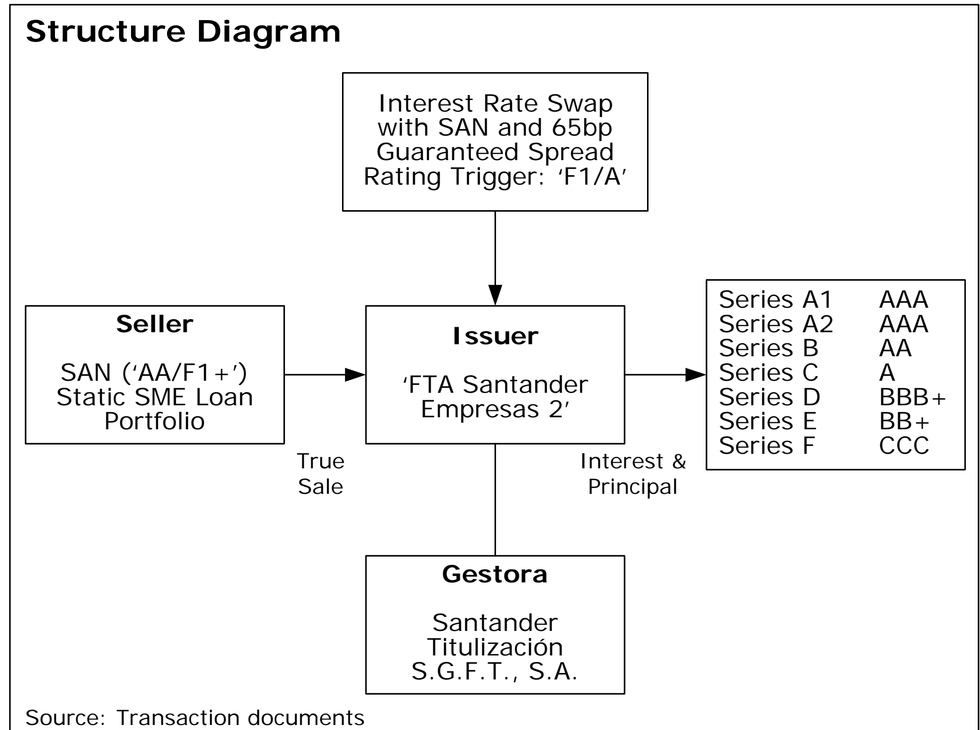
Summary

Fitch has assigned expected ratings to the floating-rate notes to be issued by FTA Santander Empresas 2 ("the issuer" or "the fund") as indicated above. The transaction is a cash flow securitisation of a static pool of secured and unsecured loans (the "collateral") to small and medium-sized enterprises ("SMEs"), self-employed borrowers and larger companies in Spain for a total amount of EUR2.9bn granted by Banco Santander Central Hispano ("SAN" or "the originator", rated 'AA/F1+').

To date, SAN has originated a number of securitisation transactions such as SME collateralised loan obligations ("CLOs"), asset-backed securities ("ABS") and residential mortgage-backed securities ("RMBS"). This transaction is among the largest, in volume terms, seen in the Spanish market, together with its predecessor, Santander Empresas 1, rated by Fitch in November 2005 (see the "*Fondo de Titulizacion de Activos Santander Empresas 1*" new issue report dated 2 November 2005 and available at www.derivativefitch.com), which shares identical structural features.

The issuer will be legally represented and managed by Santander de Titulización S.G.F.T., S.A. ("the sociedad gestora"), a limited-liability company incorporated under the laws of Spain, whose activities are limited to the management of securitisation funds.

The expected ratings are based on the quality of the collateral, the available credit enhancement ("CE"), SAN's underwriting and servicing capabilities, the integrity of the transaction's legal and financial structure, and the sociedad gestora's administrative capabilities. The expected ratings on the class A to F notes address payment of interest on the notes according to the terms and conditions of the documentation, subject to a deferral trigger on the class B, C, D and E notes, as well as the repayment of principal by legal final maturity for each note. The class F notes will be issued to finance the creation of the reserve fund (see *Reserve Fund*) at closing. The good performance of the class F notes requires very favourable conditions for the collateral backing the class A to E notes, and therefore its expected rating is supported by the recovery rate that noteholders are likely to receive during the life of the transaction, which has been calculated on the basis of principal and accrued interest amounts as a proportion of the original class F notes balance (see *Class F Notes*).



Credit Committee Highlights

- The composition of the collateral is comparable with that securitised in SAN's previous Santander Empresas 1 deal as illustrated by the Santander Empresas 1 and 2 Deals table below. Although the collateral is well distributed in terms of industries and geographic regions, it presents high obligor concentration levels although these are lower than those of its predecessor. Fitch has taken into account these risks when determining the default probabilities under the various stress scenarios to the cumulative expected level of defaults as described in the *Credit Analysis* section.

- Fitch has estimated a base case default rate of 2.8%, based on historic delinquency data provided by SAN. The agency stressed this rate, by applying multiples to establish the cumulative default rates under the higher rating scenarios, complemented with the agency's VECTOR default model ("VECTOR") to estimate the additional obligor concentration risk for each rating category. More information about VECTOR can be found in Fitch's "*Global Rating Criteria for Collateralised Debt Obligations*" special report, dated 4 October 2006 and available at www.derivativefitch.com. To replicate the collateral composition within VECTOR, Fitch received the most recent internal credit scoring results that SAN has assigned to the obligors, which were then approximated to the agency's own rating scale in a similar way to that performed for SAN's previous CDO securitisation transactions, "*Fondo de Titulizacion de Activos Santander Publico 1*", dated 23 December 2004 and Santander Empresas 1, rated by Fitch in November 2005 (see new issue reports under transaction names available at www.derivativefitch.com).

- 19.2% of the collateral in volume terms is linked to first-ranking mortgages on commercial real estate assets such as offices, industrial outlets and factories. To account for these types of collateral, Fitch's credit analysis for SME CLOs combined elements of the CDO approach with elements of its commercial mortgage-backed securities ("CMBS") framework (see *Credit Analysis*).

Key Information

Provisional Collateral Portfolio Characteristics

Underlying Securities: 21,198 loans granted to SMEs, self-employed borrowers and larger companies in Spain

Total Amount: EUR3,1bn of which EUR2,9bn will be selected at closing

Structure

Issuer: Fondo de Titulización de Activos Santander Empresas 2

Total Amount: EUR2,9bn

Management Company: Santander de Titulización S.G.F.T., S.A.

Originator: Banco Santander Central Hispano ("SAN", rated 'AA'/'F1+')

Paying Agent: SAN

Swap Counterparty: SAN

Treasury Account (GIC Account): SAN

Closing Date: 19 December 2006 (expected)

Scheduled Maturity Date: June 2046

Legal Maturity Date: June 2050

Santander Empresas 1 and 2 Deals

	Santander Empresas 2	Santander Empresas 1*
No. of Loans	21,198	18,313
Portfolio Size (EURbn)	3.1	3.7
Largest Obligors (%)	1.1	2.7
Largest 10 Obligors (%)	9.5	13.1
Loans Secured by First Ranking Mortgages (%)	19.2	28.3
WA Seasoning (months)	18.0	21.3
WAL (0% CPR, Years)	3.8	4.5

* Collateral information as of closing date in Nov 05
Source: Fitch

Structure

The sole purpose of the fund is to acquire credit rights from SAN as collateral for the issuance of the notes. The final collateral is selected from a provisional pool of more than 21,198 loans with a total outstanding balance of EUR3.1bn as of 13 November 2006.

The issuer will issue sequentially subordinated, pass-through and floating-rate notes, linked to three-month EURIBOR, which will amortise and accrue interests on a quarterly basis. The legal final maturity date for the notes will be three years after the maturity of the longest dated loan, this delay having been deemed adequate to ensure that collections from the loans are sufficient to redeem the obligations of the issuer in respect of any defaulted collateral.

In the structure, SAN acts, inter alia, as the servicer of the collateral, the account bank and the paying agent. However, for the protection of investors, if SAN is unable to continue to administer the collateral, the sociedad gestora must appoint a replacement administration company, in accordance with the Spanish securitisation law.

The cash bond administration ("CBA") function for this transaction will be carried out by the sociedad gestora, a company supervised by the Comisión Nacional del Mercado de Valores ("CNMV") whose activities are limited to the management of securitisation funds.

Santander de Titulización S.G.F.T., S.A., incorporated under the laws of Spain in 1993, has been actively involved in the pre-closing phase of the deal. After closing, the sociedad gestora will be responsible for cash reconciliation, waterfall calculations and their reporting, including the monitoring of applicable triggers. It will also be responsible for taking any action in the interest of the noteholders, such as the replacement of the servicer, account bank or swap counterparty.

Interest and principal collections are dealt with jointly through the combined priority of payments described below. A treasury account will be held in the name of the issuer at SAN in which all the funds received from the collateral will be deposited. The amounts credited to this account will receive a guaranteed interest rate of three-month EURIBOR.

With regard to this account, if SAN's Short-Term Rating is downgraded below 'F1', the sociedad gestora will be required to take one of the following steps within 30 days:

1. find a third party rated at least 'F1' to guarantee SAN's obligations; or

2. transfer the treasury account to another entity rated at least 'F1'; or

3. if unable to effect either of the above, provide a guarantee in the form of financial assets rated at least on a par with the Kingdom of Spain (rated 'AAA/F1+'); or

4. if unable to effect the above options, invest the balance of the treasury account temporarily until the next payment date in fixed-income assets issued by entities rated at least 'F1' or 'F1+' when the remaining time to maturity is 30 days or more.

Priority of Payments

On each quarterly payment date, commencing in May 2007, the combined ordinary priority of payments will be as follows:

1. expenses, taxes and servicing fees;
2. payment under the swap agreement (if applicable);
3. series A1 and A2 interest pari passu;
4. series B interest (if not deferred);
5. series C interest (if not deferred);
6. series D interest (if not deferred);
7. series E interest (if not deferred);
8. principal in order of seniority on the A to E notes (see *Amortisation of the Notes*);
9. series B interest if deferred, which will occur if the cumulative level of defaults, defined as loans in arrears over 12 months, exceeds 8.5% of the original collateral balance;
10. series C interest if deferred, when the cumulative level of defaults exceeds 6.5% of the original collateral balance;
11. series D interest if deferred, when the cumulative level of defaults exceeds 5.0% of the original collateral balance;
12. series E interest if deferred, when the cumulative level of defaults exceeds 4.25% of the original collateral balance;
13. reserve fund top-up if required (see *Reserve Fund*);
14. series F interest;
15. series F principal; and
16. subordinated amounts including reimbursement and remuneration of the subordinated loan to cover initial expenses.

The structure will meet ordinary and extraordinary expenses out of available excess spread. Initial expenses have been covered via a subordinated loan granted to the issuer by SAN at closing.

Amortisation of the Notes

Principal due on the notes on any payment date will be capped at the difference between the outstanding balance of the notes and the balance of non-defaulted collateral. It will be paid, subject to the availability of funds, according to the priority of payments.

All the notes will amortise sequentially on a pass-through basis. The A2 notes will begin to amortise only when the A1 notes have been paid in full but not before November 2008, the B notes after the A1 and A2 notes are redeemed in full and so on. Nevertheless, when the ratio of loans that are 90 days in arrears or more divided by the outstanding balance of non-defaulted collateral is greater than 1.5%, the outstanding balances of the A(1) and A(2) notes will amortise pro rata.

As the first principal payment date of the A2 will be in November 2008, principal collections from the collateral will be credited to the treasury account until this date subject to the A1 notes being fully redeemed and the pro-rata amortization logic not been triggered. Any negative carry risk has therefore been accommodated in the cash flow model.

The class F notes amortisation profile is structured to mirror the amortisation profile of the reserve fund (see *Reserve Fund*). Because the reserve fund is subjected to an absolute floor of 0.90% of the original collateral balance, these funds will only be released to the class F investors at legal final maturity, or before, if the 10% clean-up call is exercised.

Call Option

All the notes are subject to a clean-up call option in favour of the sociedad gestora when the outstanding collateral balance is less than 10% of its original size. The clean-up call will only be executed if the then-outstanding balance of the class A to F notes is redeemed in full.

Reserve Fund

A reserve fund equivalent to 1.85% of the original balance of the class A to E notes will be funded at closing using the proceeds of the class F note issuance, and will be credited to the treasury account. Subject to the following conditions, the reserve fund will be permitted to amortise to the greater of 0.90% of the original collateral balance and 2.5% of the outstanding collateral balance:

- the balance of loans more than 90 days in arrears is less than 1.0% of the outstanding non-defaulted collateral;
- on the preceding payment date, the reserve fund was at its required amount; and
- more than two years have lapsed since the closing date of the transaction.

In addition, when sizing the reserve fund, the agency verified that this amount should be sufficient to withstand the defaults of at least the top three largest obligors.

Swap Agreement

The notes will benefit from a swap agreement between the issuer and SAN, under which the issuer will pay SAN an amount equivalent to the interest received on the portfolio calculated on a notional defined as the balance of loans up to 90 days in arrears.

In return, the issuer will receive three-month EURIBOR plus the weighted average (“WA”) spread on the A to E notes plus 65 basis points (“bp”) on a notional amount defined as the greater of:

- the balance of loans up to 90 days in arrears; and
- the lesser of: the outstanding balance of the collateral; or interest collections from the collateral during the last liquidation period divided by the interest rate payable by SAN under the swap agreement, and adjusted for the number of days of the liquidation period.

This has the following main effects.

1. It hedges against an interest rate mismatch between the assets and liabilities arising from differences in the reference indices (for example, 12-month EURIBOR for the collateral versus three-month EURIBOR for the liabilities).
2. It produces a stable spread of 65bp over the life of the deal, thereby mitigating any compression in the WA margin on the loans and offsetting the increase in note funding costs over time.
3. Ceteris paribus, the swap is more favourable to the issuer if the credit quality of the collateral deteriorates as it reduces the possibilities under which a net payment would be payable to SAN, just as it increases those under which the net swap payment is zero.
4. The fees arising form the replacement of SAN as servicer of the collateral.

If the swap counterparty is downgraded below 'A/F1', it will, within 30 days, take one of the following steps:

- find an entity rated at least 'A/F1' to guarantee its obligations under the swap agreement; or
- find a replacement counterparty with a Long/Short-Term Rating of at least 'A/F1'; or
- cash- or security-collateralise its obligations in an amount sufficient to comply with existing Fitch criteria.

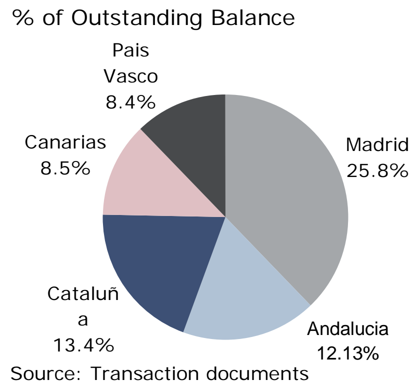
The collateral posted should be sufficient to ensure that the potential loss would be virtually zero if the swap counterparty defaulted. For details on the method used to calculate the collateral amount, see "*Counterparty Risk in Structured Finance Transactions: Swap Criteria*", dated 13 September 2004 and available at www.derivativefitch.com.

Collateral

At closing, the final portfolio will have an outstanding balance of EUR2.9bn and will consist of loans selected from a provisional portfolio of 21,198 loans. As of 13 November 2006, the provisional portfolio's main characteristics, in volume terms, were:

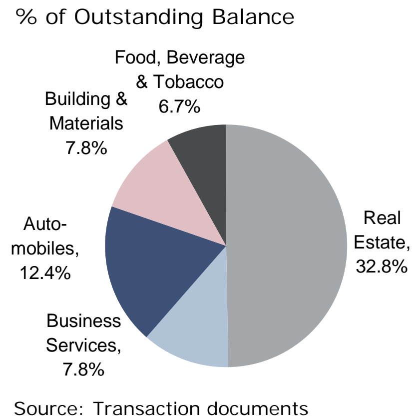
1. the top obligor represented 1.1% and the top ten 9.5%;
2. 19.2% was secured on first-ranking mortgages to commercial properties (no residential mortgages were included);
3. 40.0% was linked to SME borrowers, 11.8% to self-employed borrowers and 48.1% to larger companies;
4. 25.8% was located in the region of Madrid, 13.4% in Cataluña and 12.1% in Andalucía;
5. the WA seasoning was 18.0 months;
6. around 86.0% was paying a floating rate, of which most were linked to the three, six and 12-month EURIBOR rate;
7. the WA coupon was 3.9%;
8. the earliest maturity was January 2007 and the latest was June 2046.

Top Geographic Distribution of the Loans
% of Outstanding Balance



Source: Transaction documents

Fitch Industry Breakdown
% of Outstanding Balance



Source: Transaction documents

Credit Analysis

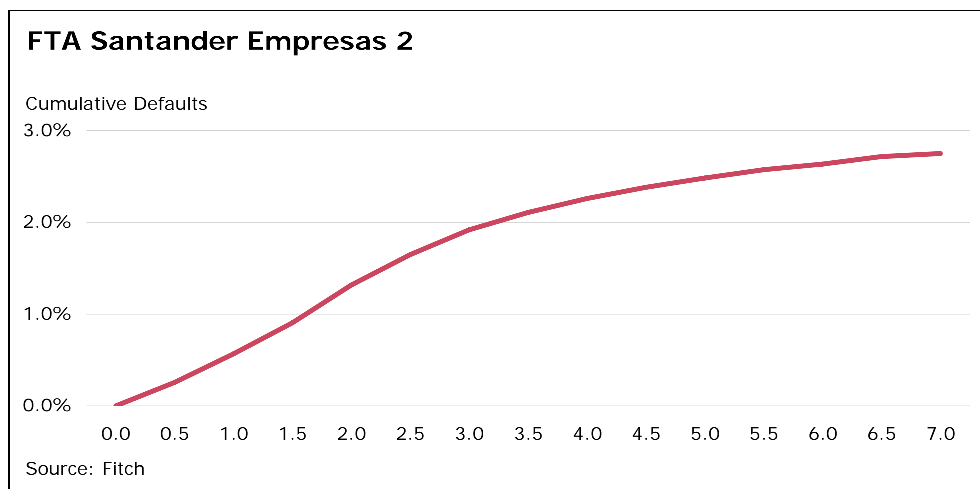
The key sections of Fitch's analysis are the calculation of the default probabilities, mainly derived from vintage data provided by the originator, and the definition of tiered recovery rates for the various stress scenarios. These results were combined with the structural features of the transaction and analysed in a cash flow model. Fitch verified that the CE level of each of the series of notes would ensure that the payment of interest is met according to the terms and conditions of the documentation, and that ultimate repayment of principal is realised before and until the legal final maturity date under the respective stress scenario.

Since the obligation to repay all the loans lies solely with the borrowers themselves rather than being reliant on the real estate assets or any tenancy agreement linked to the properties that secure the collateral, Fitch based its default probability analysis on the credit quality of the borrowers rather than the income-generating capacity of the underlying properties. As indicated below, the specific characteristics of the commercial and residential properties securing the loans were studied as part of the recovery analysis.

Default Probability

Using historic delinquency data provided by SAN, and complementing the dataset with a simulation run of the collateral in VECTOR to account for obligor concentration risk present in the pool, cumulative default probability rates were obtained for all the rating categories. As indicated in the *Credit Committee Highlights* section, Fitch received SAN's internal scoring results for the obligors within the pool. SAN defines this scoring system by taking into account all post-1995 internal default and delinquency data for corporates, and it has been calibrated according to the Bank of Spain guidelines and Basel II requirements.

In order to approximate the equivalent Fitch rating for each of the obligors in the pool, SAN's one-year default data for each of its rating scales was compared against the one-year default probabilities defined in Fitch's CDO default matrix.



Based on Fitch's Pan-European SME CDO Performance Tracker methodology (see Fitch's "*Pan-European SME CDO Performance Tracker*" report, dated 28 September 2006 and available at www.derivativefitch.com), the FTA Santander Empresas 2 – chart above illustrates the cumulative base-case defaults for this transaction. Fitch's key sections of the analysis were the default probability calculation and the definition of recovery rates for each rating category. These results were combined with the structural features of the transaction and analysed in a cash flow model.

Recovery Rate

Fitch's recovery model involves a loan-by-loan review that considers the type of security, the geographical location and the characteristics of the loan, which in turn influences recoveries. Key to the agency's analysis is the estimated stressed value of the assets under the different rating scenarios, which is determined by identifying market value decline ("MVD") ratios for the different property types.

Mortgages on commercial property were dealt with using the analytical approach used for CMBS transactions, which uses rental value decline ("RVD") ratios and income capitalisation rates for specific property types. RVDs are based on historical volatility observations for the real estate market in Europe: the greater the volatility of a particular property type, the lower the potential stressed rent achieved in the future and, therefore, the higher its RVD.

The income capitalisation rate of a property can be expressed as the yield generated in the market by properties with similar features and use (e.g., hotels will normally generate a different yield from retail units). More information on Fitch's CMBS methodology can be found in the special report "*European Property Income Model – "The Logic"*", dated 9 June 2004 and available at www.fitchratings.com. The resulting MVDs were calibrated to reflect the geographical concentration of the collateral in this portfolio.

For unsecured loans, Fitch calculated a recovery rate for each rating category considering the historical recovery data presented by SAN for this particular type of exposure, together with the senior unsecured recovery assumptions defined by VECTOR 3.0 for Spanish exposures, (see "*Global Rating Criteria for Collateralised Debt Obligations*", dated 4 October 2006 and available at www.derivativefitch.com.). The final WA recovery rates were calculated by blending the rates of the secured and unsecured sub-portfolios based on their respective sizes in volume terms, as detailed in the table below.

Default Probability and Recovery Rates

Rating	DP (%)	RR (%)	MVD (%)
AAA	13.8	30.7	54.7
AA	11.3	37.8	50.0
A	8.2	45.3	45.1
BBB	5.5	49.6	40.5
BB	4.1	54.1	34.2
Base Case	2.8	57.7	32.7

Source: Fitch

Cash Flow Modelling

Fitch modelled the cash flow mechanics of this transaction using the default probabilities and recovery rates detailed above. The cash flow model assumed that defaults can occur in front- and back-loaded sequences. Based on the amortisation profile of the collateral, in this transaction a front-loaded sequence is more stressful, as around 74% of the defaults would occur in the first 36 months after closing. The analysis calculated the cost of carrying defaulted loans as the difference between the performing balance of the collateral and the notional note balance until all the recovery proceeds are collected. Excess spread, the reserve fund and principal collections must be sufficient to cover the carrying cost until all recoveries are received. Interest rates were stressed upwards over time as per the criteria definitions included in the report "*Interest Rate Risk in Structured Finance Transactions – Euribor*" dated 1 November 2006 and available at www.derivativefitch.com.

CE analysis also took into account the interest deferral mechanism in place for the class B, C, D and E notes, which will redirect funds away from the junior notes and towards the more senior notes if the size of the cumulative level of defaults exceeds the triggers defined for each class of notes. Should the triggers be hit, interest on the class B, C, D and E notes may not be received for a certain period of time, but will, in any case, be received prior to the maturity date.

In addition, the agency modelled prepayments, which can affect certain components of a transaction. Primarily, they lower the absolute amount of excess spread, which is an important component of the structure's total CE. On the other hand, since the principal repayment is directed to the senior classes, those notes benefit from higher CE as a result of the increase in subordination. Fitch applied prepayment rates that range between 20% and 13% for 'AAA' and 'B' scenarios, respectively. For the low prepayment stress, Fitch applied an annual level of prepayments of 2.5%.

Prepayments will more likely lead to a decline in the WA margin on the underlying collateral, as high-margin loans would be more motivated to prepay than those with low margins. This may also cause adverse selection, as the strongest obligors are likely to be most inclined to prepay, which would leave the pool dominated by weaker obligors as the collateral aged. Fitch accounted for margin compression risk by allocating a high percentage of prepayments in the upper spread bucket.

Fitch's recovery calculation assumed foreclosure costs to be 10% of the outstanding loan amount; it also assumed a three-year lapse between the date of default and the recovery date.

Class F Notes

Class F notes are deeply subordinated within the priority of payments definition, and therefore are likely to default. Therefore, Fitch conducted a sensitivity analysis using its cash flow model to stress the variables that affect the cash available to pay down the class D notes and, in turn, to calculate their expected recovery rate based on the present value of interest and principal payments as a proportion of the original investment.

Because funds available for the amortisation of the class F notes will be limited to those released from the reserve fund (if any), the good performance of these notes will be highly

dependent on favourable conditions for the collateral backing the class A to E notes. Fitch calculated an expected recovery rate for the class F notes after testing several cash flow scenarios commensurate with the speculative rating levels. In its sensitivity analysis, it tested several variables that affect the release of the reserve fund, and, consequently, the availability of funds for interest and principal payments on the class F notes. These are the key modelling factors:

- default and recovery rates in line with a base case scenario,
- alternative timing of default assumptions: back-loaded and front-loaded, as well as evenly spread defaults;
- alternative interest rates: increasing, low and constant interest rate scenarios;
- prepayment speeds: high, low and average historical prepayment rates;
- different WA margin compression rates on the mortgage loans: the agency modelled high- and low-margin compression rates assuming that the percentage of prepayments were allocated to the higher-margin loans in the portfolio; and
- exercise of the clean-up call by the sociedad gestora.

The 'CCC' expected rating on the class F notes is supported by the expected recovery rates. As default on the class F notes appears probable, a distribution of possible recovery rates was obtained. The recovery rate has been calculated as the present value of the class F notes' expected interest and principal payouts using an annual discount factor of 8.0%. Based on Fitch's calculation, the expected recovery rate was in the range of 60%-80% of the initial note balance.

Origination and Servicing

SAN is the parent of Spain's largest banking group (which was the 13th-largest banking group in Europe by total assets at end-June 2005), with a strong retail banking franchise in Spain and a variety of other banking divisions in Europe and Latin America.

The bank uses a comprehensive proprietary ratings system, which was developed internally. This evaluates the following six main sections for every debtor: industry and marketplace, management and shareholding structure, access to credit, profitability, solvency and cash flow generation capacity. Each of these ratios is linked to a particular score within SAN's rating scale, and each receives its own weighting factor. The final score is the WA of all the ratios. The ratings determine the default probability for each client and give an expected loss. The internal rating of an obligor is always assigned/updated when a new transaction is evaluated, with its financial history recorded for at least the previous three years.

If the loan is secured on mortgaged property, independent valuation companies approved by the Bank of Spain, together with the bank's own valuers, will provide input to the credit analysis process. Prior to final loan approval, the bank's systems will automatically carry out credit checks with external systems such as CIRBE (Central de Información de Riesgos del Banco de España) and RAI (Registro de Aceptaciones Impagadas) as well as the bank's internal system.

With regard to servicing the SME loan books, delinquent borrowers are identified through a system of automatic alerts, which are delivered to branch managers and credit analysts on a regular basis, and are included in a system called "FEVE", which monitors obligors with special surveillance requirements. Each of the obligors included in this system is assigned a strategy to follow, which can be summarised as follows:

- continue as normal;
- review/reduce;
- improve the terms and conditions; or
- eliminate.

This system enables the risk department to remain a step ahead of arrears by starting the necessary procedures before a default actually occurs, and to protect its interests adequately in the event of default.

Loans in arrears are managed directly by branch personnel or relationship managers for the first days; if the position remains delinquent after 90 days, it will be transferred to the special recoveries team. Only when the bank can take no further action internally or when the credit quality of the borrowers appears very low will SAN initiate any legal action.

Overall, SAN's underwriting, ongoing control and recovery procedures are well managed and have enabled the bank to enjoy low levels of default as well as fairly high recovery rates for its SME lending business.

Performance Analytics

Fitch will monitor the transaction on a regular basis and as warranted by events. Its structured finance performance analytics ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance are available to subscribers at www.derivativefitch.com.

Please call the Fitch analysts listed on the first page of this report with any queries regarding the initial analysis or the ongoing performance.

FTA Santander Empresas 2 – Spain/CDO

Capital Structure

Class	Rating	Size (%)*	Size (EURm)	CE[a] (%)	PMT Freq	Legal Maturity	Coupon
A1	AAA	44.83	1,300.1	9.95	Quarterly	June 2050	3M EURIBOR + Spread
A2	AAA	47.07	1,365.0	9.95	Quarterly	June 2050	3M EURIBOR + Spread
B	AA	2.90	84.1	7.05	Quarterly	June 2050	3M EURIBOR + Spread
C	A	2.15	62.3	4.90	Quarterly	June 2050	3M EURIBOR + Spread
D	BBB+	2.05	59.5	2.85	Quarterly	June 2050	3M EURIBOR + Spread
E	BB+	1.00	29.0	1.85	Quarterly	June 2050	3M EURIBOR + Spread
F[b]: Reserve Fund	CCC	1.85	53.7	n.a.	Quarterly	June 2050	3M EURIBOR + Spread

[a] The credit enhancement ("CE") levels will be complemented with a guaranteed excess spread of 65bp payable under the swap agreement to the issuer.
[b] Uncollateralised notes by SME loans will be issued to finance the creation of the reserve fund at closing.

* These percentages are expressed as a proportion of the original collateral balance

Key Information

		Role	Party (Trigger)
Closing Date	19 December 2006 (Expected)	**Originator**	Santander de Titulización S.G.F.T., S.A.
Country of Assets	Spain	**Structurer**	SAN
Structure	Pass-through, sequential, pro rata under certain conditions	**Issuer**	F.T.A. Santander Empresas 2
Type of Assets	SME, self-employed borrowers and larger companies loans	**Trustee**	Santander de Titulización S.G.F.T., S.A.
Currency of Assets	EUR	**Originator/Servicer of the collateral**	SAN ('F2')
Currency of Notes	EUR	**Financial Agent**	SAN ('A'/'F1')
Primary Analyst	henry.gallego@fitchratings.com	**Swap Counterparty**	SAN ('A'/'F1')
Secondary Analyst	Laura.franco@fitchratings.com		
Performance Analyst	christiane.kuti@derivativefitch.com		

Collateral: Pool Characteristics as of 13 November 2006*

Current Principal Balance (EUR)	3,071,949,880	Largest Region (%)	25.8
Loans (No.)	21,198	Top Five Regions (%)	68.2
Current WAL (Zero Prepayments, Years)	3.8	Linked to Obligors in Real Estate Business (%)	32.8
WA Coupon (%)	3.96	Top Four Industry Sectors (%)	60.8
WA Spread (%)	0.63	Backed by First-Ranking Mortgages (%)	19.24
% Fixed Interest Rate	13.23	WA Original LTV (for Mortgages) (%)	91.5
% Floating Rate	86.77	WA Current LTV (for Mortgages) (%)	88.0
Top 1 Obligor (%)	1.1	Longest Maturity	Jun 2046
Top 10 Obligors (%)	9.5	Shortest Maturity	Jan 2007
Obligors (No.)	20,425	WA Seasoning (Months)	18
		WA Time to Maturity (Months)	

* All percentages as a proportion of the provisional collateral outstanding balance.
Source: Transaction documents, the seller and Fitch

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