STANDARD & POOR'S

STRUCTURED FINANCE

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Financiación Banesto 1, Fondo de Titulizacion de Activos

€800 Million Asset-Backed Floating-Rate Notes

Analyst: Benjamin Benbouzid, London (44) 20-7176-3771, benjamin_benbouzid@standardandpoors.com
Surveillance analyst: Chiara Sardelli, Madrid (34) 91-389 6966, chiara_sardelli@standardandpoors.com
Group e-mail address: StructuredFinanceEurope@standardandpoors.com

This presale report is based on information as of June 4, 2007. 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 final credit ratings that differ from the preliminary credit ratings.

Class	Prelim. rating*	Prelim. amount (Mil. €)	Available credit support¶	Interest	Step-up margin	Legal final maturity
A	AAA	760	6.2% (5.0% subordination, plus 1.2% cash reserve)	Three-month EURIBOR plus a margin	N/A	Oct. 19, 2019
B	AA	24	3.2% (2.0% subordination, plus 1.2% cash reserve)	Three-month EURIBOR plus a margin	N/A	Oct. 19, 2019
C	A	16	1.2% cash reserve	Three-month EURIBOR plus a margin	N/A	Oct. 19, 2019

**The rating on each class of securities is preliminary as of June 4, 2007, and subject to change at any time. Final 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.*
¶This credit support will use a fully funded reserve of 1.20% from Day 1, owing to an initial subordinated loan from Banesto. This loan can amortize if certain conditions are met (see "Credit Structure").
N/A—Not applicable.

Transaction Participants	
Originator	Banco Espanol de Credito, S.A.
Arranger	JPMorgan Securities Ltd.
Administrator/servicer	Banco Espanol de Credito, S.A.
Trustee	Santander de Titulización, S.G.F.T., S.A.
Interest swap counterparty	Banco Espanol de Credito, S.A.
GIC provider	Banco Espanol de Credito, S.A.
Transaction account provider and cash/bond administrator	Banco Espanol de Credito, S.A.
Collection account provider	Banco Espanol de Credito, S.A.
Subordinated loan provider	Banco Espanol de Credito, S.A.
Start-up loan provider	Banco Espanol de Credito, S.A.

Supporting Rating	
Institution/role	Rating
Banco Espanol de Credito, S.A. as interest swap counterparty, GIC provider, transaction account provider, and collection account provider	AA/Stable/A-1+

Transaction Key Features*	
Expected closing date	June 2007
Collateral	A portfolio of unsecured performing loans made to Spanish residents
Principal outstanding (Mil. €)	931.55
Country of origination	Spain
Concentration	Andalusia 19.10%, Madrid 16.60%, and Valencia 11.19%
Average loan size balance (€)	7,517.38
Loan size range (€)	0 to 91,350
Weighted-average seasoning (months)	16
Weighted-average remaining life (months)	54
Weighted-average interest rate (%)	7.98
Fixed/floating loan mix	99.02% fixed and 0.98% floating
Arrears	9.86% (comprising: 1 to 30 days past due 7.14%, and 30 to 90 past due 2.72%¶)
Redemption profile	98.50% annuity, 0.79% residual payment ("Cuota residual" where there could be a final payment of 40% for loans up to three years, 30% for loans up to six years, and 20% for loans up to eight years), 0.17% advance payment ("Pago adelantado" where approximately 3% to 10% is made through a down payment and then reverting to a annuity) and bullet (0.54%)
Excess spread at closing	315 bps guaranteed by the swap
Cash reserve	1.20% of initial note balance
Substitution period	Two years from closing to July 19, 2009
*Data as of May 17, 2007. ¶Loans with more than 30 days arrears will not be included in the closing pool.	

Transaction Summary

Standard & Poor's Ratings Services has assigned preliminary credit ratings to the €800 million asset-backed floating-rate notes to be issued by Financiación Banesto 1, Fondo de Titulizacion de Activos (Financiación Banesto 1).

The originator is Banco Espanol de Credito, S.A. (Banesto). Banesto is a subsidiary of Banco Santander Central Hispano, S.A.

At closing, Banesto will sell to the *fondo* a loan portfolio totaling €800 million. To fund this purchase on behalf of the *fondo*, the trustee, Santander de Titulización, S.G.F.T., S.A., will issue three classes of floating-rate, quarterly paying notes.

The portfolio to be securitized comprises unsecured performing loans made to individuals resident in Spain for consuming purposes. The preliminary ratings reflect:

- The protection for the noteholders provided by the subordination levels and excess spread;
- Standard & Poor's analysis on the asset portfolio;
- The servicer's suitability to perform its role in the transaction; and
- The transaction's sound payment structure.

Notable Features

This will be Banesto's first securitization of consumer loans.

Structurally, this transaction is similar to the recent Fondo de Titulizacion de Activos Santander Financiacion 1 transaction, which closed in December 2006.

The key features of this transaction include:

- Banesto will pay a guaranteed margin of 3.15%, but will not pay the servicing fee if Banesto is replaced as servicer; and
- There will be a two-year revolving period, during which any principal collections will be used to purchase new loans, subject to eligibility criteria.

Strengths, Concerns, And Mitigating Factors

Strengths

- Standard & Poor's received seven-year quarterly cumulative default, cumulative recovery, and prepayment data (from 2000 to 2006).
- The pool is diversified and granular with 123,920 loans and an average loan size of €7,517.38.
- There is limited borrower concentration risk as the top 12 borrowers account for 0.14% of the collateral and limited geographic concentration risk. Most loans repay annuity-style, but some pay bullet-style (0.54%).
- Principal collections can be used to pay interest on all classes. However, in some circumstances, the payment of class B and C note interest will be subordinated to a lower position in the priority of payments.
- The payment structure and the credit structure (subordination, excess spread guaranteed by the swap, and cash reserve) of the transaction are considered adequate for the assigned ratings.

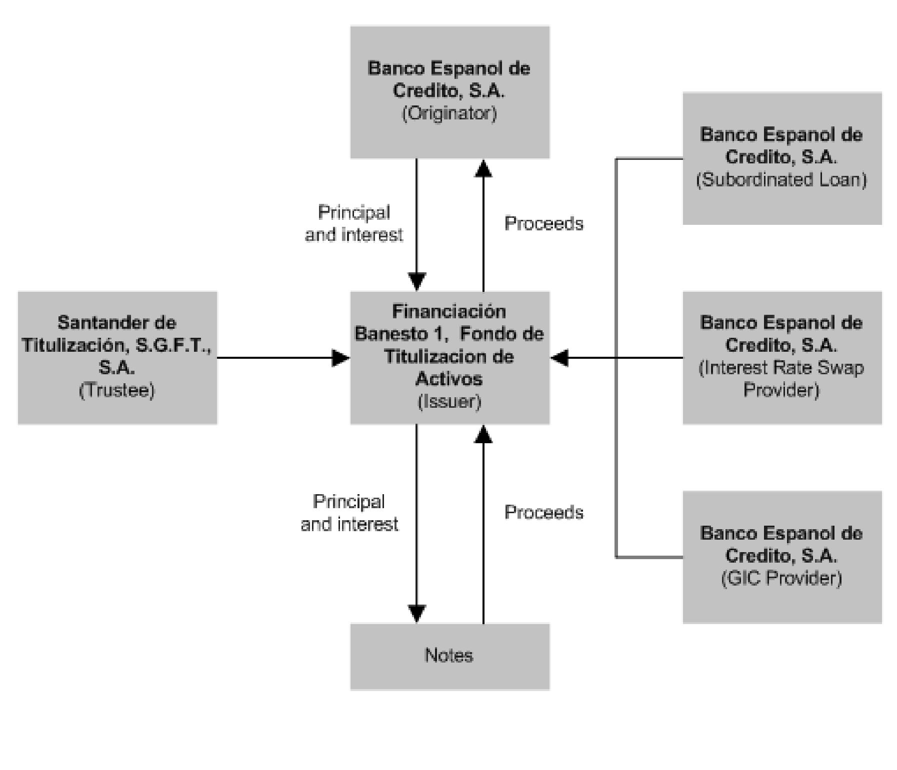
Concerns and mitigating factors

- There will be a two-year revolving period, which could alter the credit quality and characteristics of the portfolio. However, the eligibility criteria will ensure that the characteristics of the portfolio remain within established parameters during the revolving period. The individual loan and portfolio-wide eligibility criteria prevent pool quality deterioration during the revolving period (see "*Transaction Structure*"). Particularly, the loan amortization type (e.g. annuity, bullet), will be maintained within the limits seen at closing during the revolving period.
- The cash reserve will amortize, resulting in a potential reduction of credit enhancement when the structure requires it. However, the cash reserve will not amortize for the first two years of the transaction. It will not reduce when arrears higher than 90 days exceed 1%, or if the cash reserve is not at its required level on the previous interest payment date. Standard & Poor's has taken this structural feature into account in its cash flow analysis.
- At closing, some of the loans may be up to 30 days in arrears. Of the provisional pool, 7.14% is in arrears up to 30 days, but these are considered "technical" arrears.
- Most loans pay a fixed rate of interest, but the notes will pay a floating rate of interest. The issuer and Banesto will enter into an interest rate swap agreement to hedge against this interest rate mismatch.
- Prepayments on unsecured consumer loans can be high, which could reduce the weighted-average yield of the pool; for instance, if there is a positive change in the borrower's financial situation, or if there is increased competition that could lead to a higher number of consumers refinancing their existing loans. For example, if the pool experiences high prepayments, there may be a risk of adverse selection, so that loans of a lesser credit quality will comprise more of the pool than at closing. Prepayments were factored in the cash flow analysis.

Transaction Structure

Chart 1 shows the transaction structure.

Chart 1: Financiación Banesto 1, Fondo de Titulizacion de Activos Transaction Structure



Financiación Banesto 1 is not a separate legal entity, but holds a distinct and closed pool of assets available for distribution to the noteholders.

The issuer is a "*fondo de titulización de activos*" created only for the purposes of purchasing the loans from Banesto, issuing the notes, and carrying out related activities. The assets will be insulated from the insolvency of the originator and the trustee.

The principal and interest on the notes will be paid quarterly in arrears, starting on Oct. 19, 2007. Principal payments are detailed in "*Redemption of the notes*".

The transaction will feature some structural enhancements provided by the swap agreement, amortization of the notes, the reserve fund, the GIC, and the servicing provided by Banesto.

As in other Spanish transactions, interest and principal from the underlying assets will be combined into a single priority of payments. A cumulative default ratio test will protect senior noteholders by subordinating the payment of junior interest further down the priority of payments.

Revolving period and early amortization

There will be a revolving period, which will begin at closing and end on July 19, 2009, inclusive. During this time, all principal proceeds will be used to purchase new pool assets. The revolving period will terminate early if:

- The principal outstanding balance of delinquent loans (loans in arrears of more than 90 days) are greater than 2.25% of the outstanding balance of the assets;
- The cumulative defaults (loans which are 12 months past due) since closing exceed the following percentages of the original collateral balance, i.e., 0.31% on the first payment date; 0.62% on the second payment date; 0.93% on the third payment date; 1.24% on the fourth payment date; 1.55% on the fifth payment date; 1.86% on the sixth payment date; 2.17% on the seventh payment date; and 2.48% on the eight payment date;
- Any interest on the notes is unpaid;
- During two consecutive payment dates, the outstanding balance of the collateral (not more than 12 months past due) is lower than 90% of the outstanding balance of the notes;
- The reserve fund is not at its required amount during the current payment date;
- On any interest payment date, the outstanding balance of the collateral (not more than 12 months past due) is lower than 80% of the outstanding balance of the notes;
- There is a termination under the swap and no replacement, guarantor, or alternative solution can be found within 15 business days;
- A change in the Spanish fiscal legislation makes the additional sale of collateral excessively costly for Banesto;
- Banesto becomes insolvent; or
- Banesto is substituted as servicer.

If any of the above events occur, the revolving period will terminate and the issuer would use all the principal collections to sequentially redeem the notes.

Eligibility criteria

During the revolving period, the issuer will be able to purchase additional underlying loans. These underlying loans are subject to individual and pool eligibility criteria tests. On an individual loan basis, the main eligibility criteria are:

- The loan must have been made to an individual under Spanish law;
- The obligor must not be an employee of Banesto;
- The outstanding balance of the loan must not exceed €100,000, and must be euro-denominated;
- The loan must not be a lease contract;
- Payments must be made by direct debit to a bank account authorized by the relevant obligor at the signature of the loan contract;
- A minimum of one installment must have been paid, except for bullet loans;
- The loans must not be more than 30 days in arrears;
- The maturity of the underlying loan must not fall after Oct. 19, 2017; and
- The loan must have a fixed or floating interest rate linked to a market index.

On a portfolio basis, the eligibility criteria are as follows:

- The weighted-average seasoning of the pool must be equal to or greater than six months.
- The weighted-average interest of the pool must be equal to or greater than 6%.
- The weighted-average life of pool must be lower than or equal to six years.
- The maximum concentration by borrower must be lower than or equal to 0.02%.
- The outstanding balance of loans that are not annuity style must not exceed 3% of the pool.
- The outstanding balance of loans that can defer interest or principal must not exceed 5% of the pool.
- The outstanding balance of loans that have a monthly or quarterly payment frequency must at least equal 97% of the pool.
- Maximum concentration in a single Spanish autonomous community must not exceed 25%.

Collateral Description

Key features of the provisional collateral pool are shown in table 1.

Table 1: Provisional Pool Data As Of May 17, 2007	
Number of receivables	123,920
Aggregate principal balance (Mil. €)	931.55
Average principal balance (€)	7,517.38
Weighted-average seasoning (months)	16
Weighted-average interest rate (%)	7.98
Range of interest rates (%)	0.5 to 18.0

The provisional pool comprises unsecured loans made to individuals resident in Spain. The loans are originated and serviced by Banesto. Most loans in the provisional pool (and to be included in the final pool) are fully amortizing, monthly-installment loans. Most loans pay a fixed rate of interest (99.02% by pool balance, with most paying between 6.5% and 9.0%).

The weighted-average interest rate is 7.98%. Under this transaction, a minimum weighted-average interest rate of 6.0% is a condition of the loan purchases. Charts 2 to 4 show certain characteristics of the collateral pool.

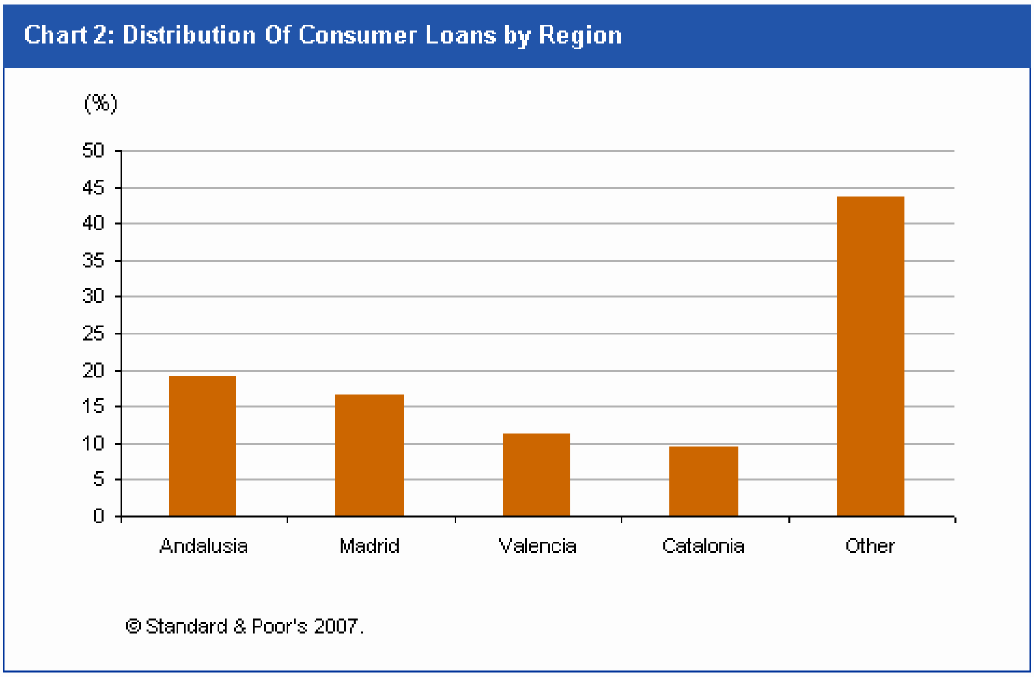


Chart 3: Distribution Of Consumer Loans By Status

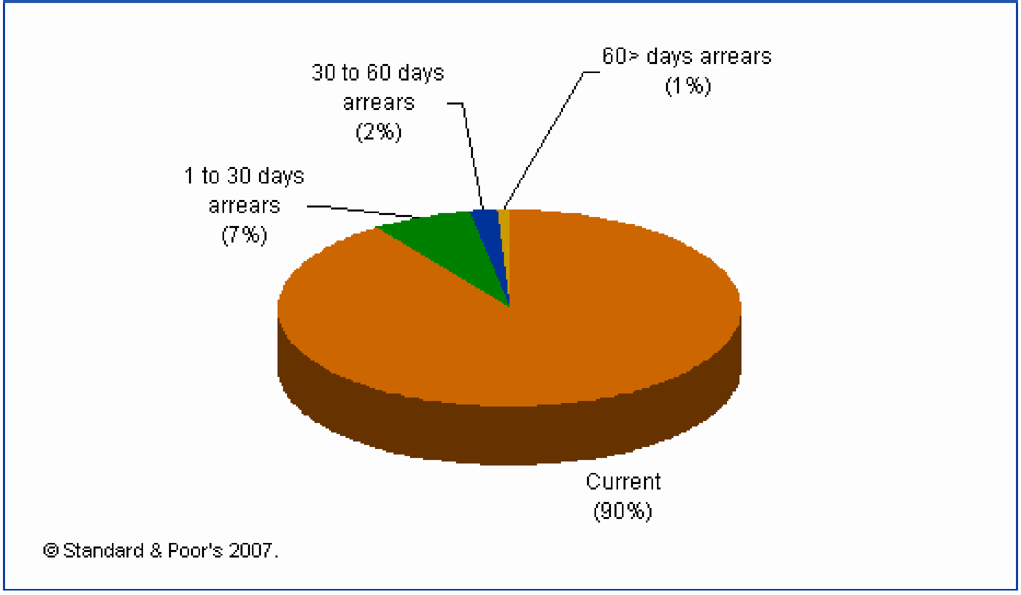
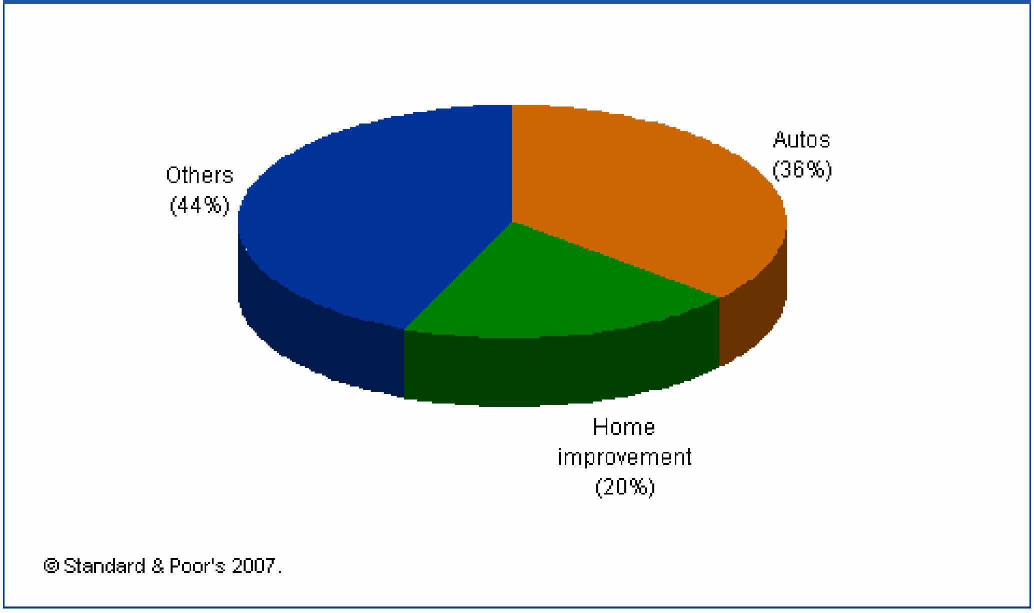


Chart 4: Distribution Of Unsecured Consumer Loans By Purpose



Credit Structure

Interest rates

The loans pay monthly based on an interest rate that is fixed or floating (0.98% by balance at closing) from the point of origination. The notes will pay three-month EURIBOR, plus a margin yet to be determined.

Cash collection and treasury account

Banesto collects the amounts due under the consumer loans and services the collateral. The servicer transfers, in maximum 48 hours, the collected installments to the treasury account held at Banesto in the *fondo*'s name.

The treasury account is a GIC, which will hold the asset's principal and interest, the amounts standing to the reserve, the amounts derived from the swap as well as the amounts, forming part of the available funds. During the revolving period, the funds not used to purchase new loans will be deposited in the principal account, the return of which will be that of the reference index of the bonds during that payment period.

If the short-term rating on Banesto as treasury account provider falls below 'A-1', then within 30 days Banesto must:

- Obtain a guarantee in favor of the issuer from an entity with a short-term rating of at least 'A-1'; or
- Transfer the funds of the cash account to an institution whose short-term rating is at least 'A-1'.

All replacement costs will be borne by Banesto.

Subordinated loan

Banesto will provide a subordinated loan to fund the reserve fund. Proceeds from the subordinated loan will constitute the reserve fund and will be deposited in the treasury account. The reserve fund can be drawn on interest payment dates to cover the *Fondo*'s senior fees and expenses, and interest and principal on all classes of notes.

At closing, the subordinated loan funding the reserve fund is expected to be 1.20% of the note balance, and on each interest payment date it will be the lower of:

- 1.20% of the initial note balance; and
- The greater of: (i) 2.40% of the outstanding note balance, and (ii) 0.625% of the initial note balance.

There will be no reduction in the amount of the subordinated loan in the first two years, if arrears are greater than 1% of the outstanding balance of the performing loans, and if the reserve fund (if formed) is not at its required level.

Interest swap agreement

Due to the fixed rate payable on the underlying loans and the floating rate payable on the notes, Banesto will provide an interest rate swap to mitigate any interest rate mismatch risk.

Under the terms of the swap, the *fondo* will pay all interest accrued and unpaid on the portfolio to the swap counterparty and will receive the three-month EURIBOR rate, plus the weighted-average spread of the notes, plus 3.15% on the notional amount (equal to the balance of the performing loans and loans in arrears up to 90 days).

If the short-term rating on Banesto as swap counterparty is lowered below 'A-1', it will have 60 days to find a substitute with a short-term rating of at least 'A-1', find a guarantor with a short-term rating of at least 'A-1', or post collateral complying with Standard & Poor's requirements. If the long-term rating on the swap counterparty is lowered below 'A-2', it substitute itself (within ten business days) with a new counterparty that carries a short-term rating of at least 'A-1'. Banesto will pay any replacement costs.

Initial expenses loan

Banesto will provide an initial expenses subordinated loan on the closing date to cover the initial expenses that arise in constituting the fund, and issuing and listing the notes.

Pre-enforcement priority of payments

Funds available on each interest payment date will include principal and interest from the portfolio, amounts in the *fondo*'s accounts, the cash reserve, net amounts from the swap, and any other amounts belonging to the *fondo*. These amounts will be applied in the following order, to:

- Senior fees, expenses and servicing fee in case the servicer is substituted;
- Swap amounts (excluding termination costs if the swap counterparty is the defaulting party);
- Interest on the class A notes;
- Interest on the class B notes, unless deferred;
- Interest on the class C notes, unless deferred;
- Amortization amount of the notes (subsequent to the revolving period ending on July 19, 2009 inclusive, the notes will amortize sequentially);
- Payment of the class B note interest, if deferred;
- Payment of the class C note interest, if deferred;
- Top-up of the reserve;
- Junior payments (i.e., repayment of subordinated loans, start-up loans, etc.);
- Servicing fee paid to Banesto; and
- Cash back to Banesto.

Deferral of the class B note interest to a lower place in the priority of payments will occur if the cumulative gross default ratio is greater than 9%, and if the class A notes have not completely amortized. The same applies to the class C note interest, if the cumulative gross default ratio is greater than 7%, and if the class A and B notes have not completely amortized.

The notes will redeem by an amount equal to the difference between the outstanding balance of the respective classes of notes and the outstanding balance of the nondefaulted (12 months past due) assets.

During the revolving period, the amortization amount will be used to purchase additional assets at par.

In a post-enforcement (*liquidación*) scenario, the priority of payments would be such that principal and interest would be paid according to the seniority of each class of notes, with no deferral triggers.

Redemption of the notes

The notes will fully redeem on the final interest payment date in October 2019.

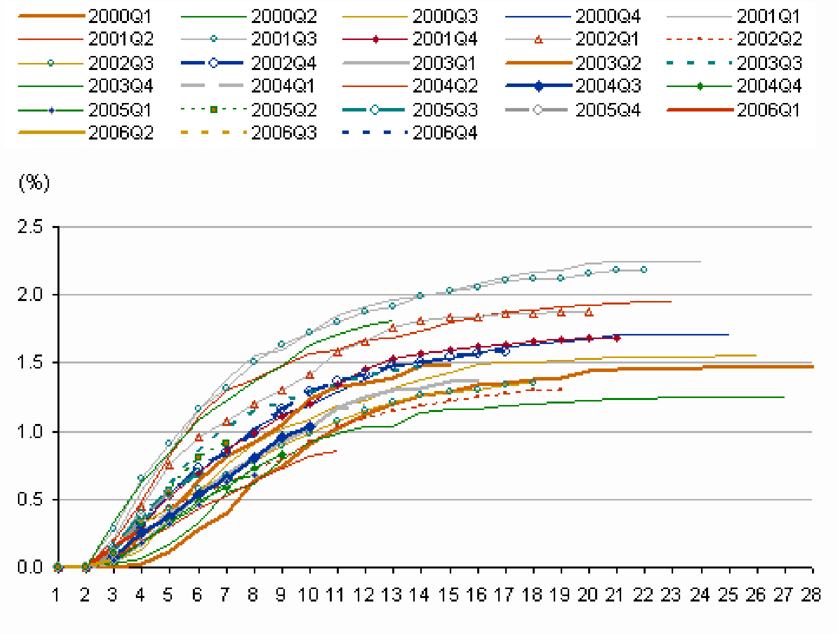
Standard & Poor's Stress Test

The analysis of the underlying portfolio was carried out in accordance with Standard & Poor's criteria for analyzing consumer-loan assets. Standard & Poor's was presented with quarterly cumulative default, cumulative recovery, and prepayment data on the collateral pool over a six-year period (from 2000 to 2006).

Defaults

For each asset type, Standard & Poor's analyzed historical gross defaults data provided by the originator (see chart 5), to calculate base-case assumptions for each rating level. The default levels were derived using Standard & Poor's default modeling for European consumer asset-backed securitizations.

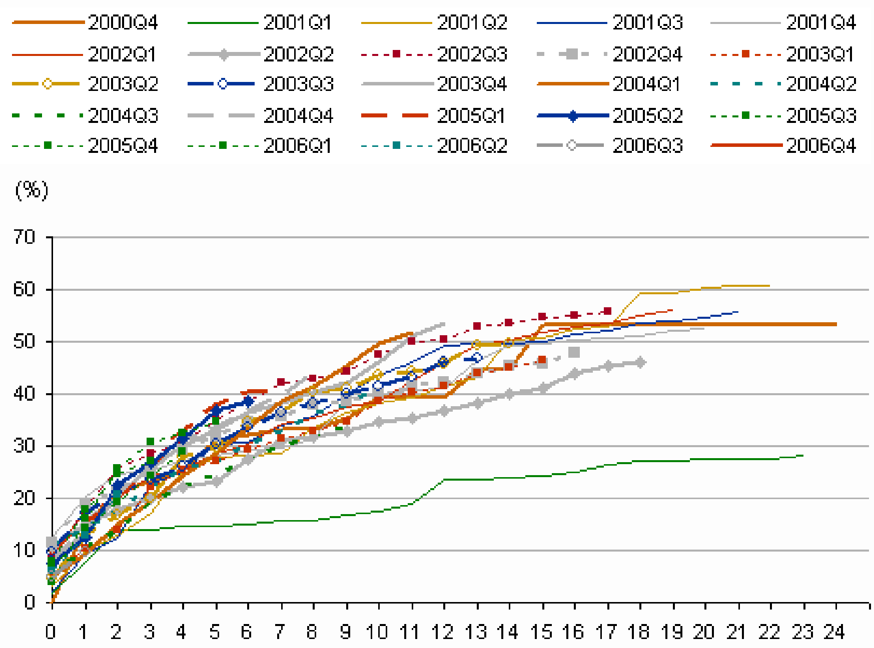
Chart 5: Cumulative Default Rates For Loans In Arrears Over 180 Days
By quarter of origination



Recoveries

Standard & Poor's has applied rating-specific haircuts to historical recovery data for the consumer loans based on the historical data (see chart 6).

Chart 6 : Cumulative Recovery Rates For Loans In Arrears Over 180 Days
By quarter of entry in default



Interest rates

Interest rates (EURIBOR) were stressed up to 12% and down to 1%.

90-day arrears

Charts 7 and 8 show the 90-day arrears and recoveries, respectively.

Chart 7: Cumulative Default Rates For Loans In Arrears Over 90 days
By quarter of origination

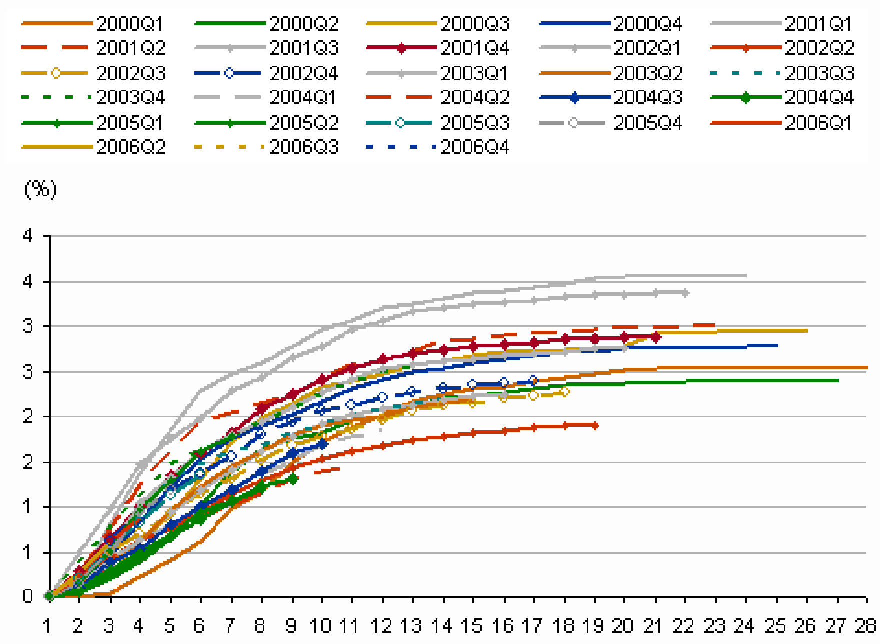
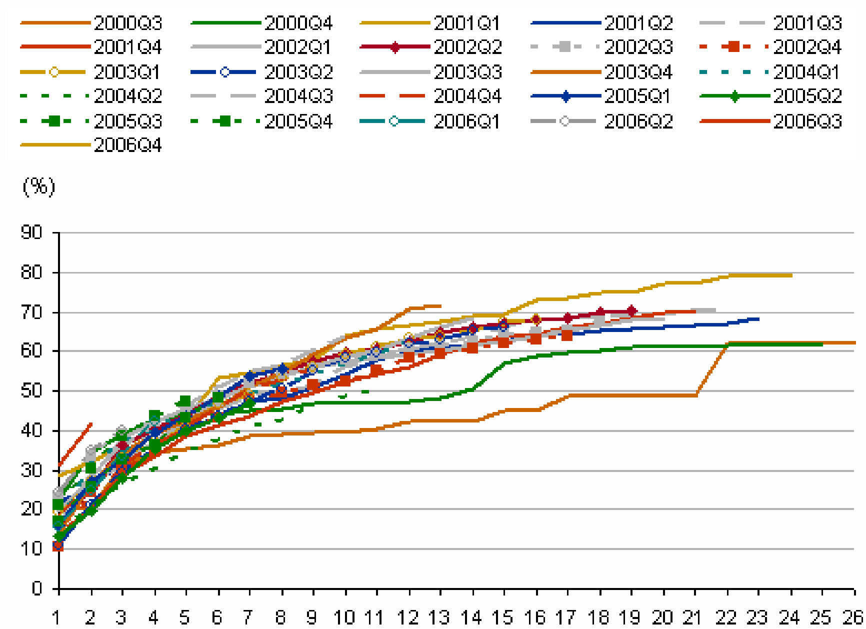


Chart 8: Cumulative Recovery Rates For Loans In Arrears Over 90 Days
By quarter of entry in default



Key Performance Indicators

Surveillance will be maintained on the transaction until the notes mature or are otherwise retired. To do this, regular servicer reports detailing the performance of the underlying collateral will be analyzed, supporting ratings will be monitored, and regular contact will be made with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

The key performance indicators in the surveillance of this transaction will be:

- Increases in credit enhancement for the notes;
- Total and 90-day delinquencies;
- Cumulative realized losses; and
- Constant prepayment rates.

Criteria Referenced

- "*European Legal Criteria for Structured Finance Transactions*" (published on March 23, 2005).
- "*Rating Affirmations And Their Impact On Investors*" (published on April 20, 2005).
- "*Servicer Evaluations Ranking Criteria*" (published on Sept. 21, 2004).

Related Articles

- "*Transition Study: 2006 Sees Upgrades Dominate For Third Successive Year In European Structured Finance*" (published on Jan. 10, 2007).
- "*European Structured Finance Performance Outlook 2007—Fundamental Risks Increasing, But Forecast For Ratings Remains Benign*" (published on Jan. 10, 2007).
- "*European Economic Forecast: Rate Hikes Take The Heat Out Of Europe's Housing Markets*" (published on April 3, 2007).

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.

Key Contacts	
SF Investor Hotline	(44) 20-7176-3223
Client Support Europe	(44) 20-7176-7176
Press Office Hotline	(44) 20-7176-3605 or media_europe@standardandpoors.com
Local media contact numbers	
Paris	(33) 1-4420-6657
Frankfurt	(49) 69-33-999-225
Stockholm	(46) 8-440-5914
Moscow	(7) 495-783-4017