

ASSETS SECURITISATION FUND
CONSUMO SANTANDER 1

SECURITISATION NOTES

1,080,000,000 Euros

CLASS A:	972,000,000 Euros	EURIBOR 3M + 0.25%
CLASS B:	37,800,000 Euros	EURIBOR 3M + 0.43%
CLASS C:	35,100,000 Euros	EURIBOR 3M + 0.73%
CLASS D:	35,100,000 Euros	EURIBOR 3M + 1.40%

SUPPORTED BY CREDIT RIGHTS ASSIGNED BY



MANAGERS



UNDERWRITER
DOMESTIC TRANCHE


UNDERWRITERS
INTERNATIONAL TRANCHE



FINANCIAL AGENT



Fund designed, promoted and managed by:

 **SANTANDER CENTRAL HISPANO**
TITULIZACIÓN, S.G.F.T., S.A.

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SUMMARY OF GENERAL CONDITIONS**INCORPORATION OF THE ASSET SECURITIZATION FUND CONSUMO SANTANDER 1 AND ISSUANCE OF NOTES OVER ITS ASSETS****1. THE FUND****1.1 Name, Incorporation and Legal Status**

The Fund is called FONDO DE TITULIZACIÓN DE ACTIVOS CONSUMO SANTANDER 1 and will be incorporated by means of a notarial deed, in accordance with Royal Decree 926/1998 of May 14, on Asset Securitization Funds and Managing Companies of Securitization Funds, and subsidiarily in accordance with Law 19/1992 of July 7, on the Regime applicable to Companies and Funds of Real Estate Investment and on Funds of Mortgage Securitization and other applicable regulations.

The incorporation of the Fund will take place, after verification and registration of the Prospectus of incorporation of the Fund (the "Prospectus") with the CNMV, as an open fund with a renewable character regarding the assets side of the balance sheet but closed regarding the liabilities side of the balance sheet, in accordance with Articles 2.1.a) and 4.1.b) of Royal Decree 926/1998 of May 14.

1.2. The Managing Company

Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., is the promoter of the Fund. The promoter also represents the Fund.

1.3. Term of the Fund

The Fund will be liquidated on November 15, 2012, or should that day not be a Business Day (as defined in Section II.10.1.d) of the Prospectus), on the first Business Day following said date.

2. ASSETS OF THE FUND**2.1 Credit Rights incorporated to the assets of the Fund**

The assets of the Fund are composed of Credit Rights (the "**Credit Rights**") assigned by Banco Santander Central Hispano, S.A., as Assignor, which are in its balance sheet and derive from transactions with its clients (individuals with their residence in Spain) for financing the acquisition of personal goods excluding the investment in a business, granted as consumer loans (the "**Consumer Loans**") with a personal security and, as the case may be, guarantors, which the Assignor intends to write them off the balance sheet through their assignment to the Fund at the moment of the incorporation (the "**Initial Credit Rights**") or later during the Revolving Period (the "**Additional Credit Rights**") by means of entering into the Credit Rights Assignment Agreement below referred in Section 4.4.

From the incorporation of the Fund the maximum principal amount of the Credit Rights shall be 1,080,000,000 euro.

Detailed information regarding such Credit Rights included within the Fund is set forth in Chapter IV of the Prospectus.

2.2. Open Fund. Revolving Period.

Due to its nature as an open fund with a renewable character, there may be changes of the assets of the Fund as from the incorporation of the Fund during the Revolving Period.

From the disbursement date defined in Section 3.1.1 below, a period begins which shall end on April 15, 2005 or should that day not be a Business Day, on the first Business Day following said date, inclusive (the Revolving Period, as defined in Section IV.1.c) (iii)). During the Revolving Period the Fund will purchase to the Assignor, on a quarterly basis, on each Payment Date, additional Credit Rights, except in the event that any of those circumstances established in the above mentioned Section for the suspension of the Revolving Period occurs.

3. LIABILITIES OF THE FUND

The liabilities of the Fund include: the Notes issued by the Fund and a Subordinated Loan.

3.1. Notes**3.1.1. Characteristics:**

- **Issued Amount and Number of Notes:** one billion, eighty million (1,080,000,000) euro, made up of ten thousand and eight hundred (10,800) Notes divided into four Classes:

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- **Class A:** made up of nine thousand, seven hundred and twenty (9,720) Notes and with a total nominal amount of nine hundred and seventy two million (972,000,000) euro.
- **Class B:** made up of three hundred and seventy eight (378) Notes and with a total nominal amount of thirty seven million, eight hundred thousand (37,800,000) euro.
- **Class C:** made up of three hundred and fifty one (351) Notes and with a total nominal amount of thirty five million, one hundred thousand (35,100,000) euro.
- **Class D:** made up of three hundred and fifty one (351) Notes and with a total nominal amount of thirty five million, one hundred thousand (35,100,000) euro.
- **Face Value:** one hundred thousand (100,000) euro per Note.
- **Price of issue:** one hundred thousand (100,000) euro per Note free of taxes and subscription expenses for the subscriber.
- **Reimbursement price:** one hundred thousand (100,000) euro per Note, free of expenses for the Noteholder.
- **Interest rate:** EURIBOR at three months plus a spread of + 0.25% for Class A Notes, EURIBOR at three months plus a spread of + 0.43% for Class B Notes, EURIBOR at three months plus a spread of + 0.73% for Class C Notes and EURIBOR at three months plus a spread of + 1.40% for Class D Notes, floating quarterly for all Classes in accordance with Section II.10.1 of the Prospectus.
- **Frequency of payment of interest and Principal:** quarterly, on the 15th of February, May, August and November.
- **First Payment of Interest:** May 16, 2003.
- **Final Maturity Date:** November 15, 2012.
- **Date of subscription:** March 6, 2003.
- **Date of disbursement:** March 7, 2003.

3.1.2. Credit Risk Rating ("ratings"):

- **Class A:** AAA (S&P España) / Aaa (Moody's España) /
- **Class B:** AA (S&P España) / Aa1 (Moody's España) /
- **Class C:** A (S&P España) / A1 (Moody's España) /
- **Class D:** BBB (S&P España) / Baa2 (Moody's España) /

3.1.3. Organized Official Secondary Market to which listing of the Notes will be applied for: AIAF, Mercado de Renta Fija.

3.1.4. Accounting Record of the Notes: the entity that will be in charge of the accounting record of the Notes will be the Servicio de Compensación y Liquidación de Valores, which will clear and settle the transactions conducted over the Notes.

3.1.5. Redemption of the Notes

? **Redemption of Class A Notes:** Redemption of Class A Notes will be carried out pro rata between them by reducing the nominal value, on each Payment Date, until redemption is completed, for an amount equal to the Available Funds for Repayment on each Payment Date.

It is foreseen that the first payment for the redemption of the Class A Notes will take place on the Payment Date following the ordinary expiration of the Revolving Period, or on the Payment Date on which the Revolving Period is early expired.

? **Redemption of Class B Notes:** Once the redemption of Class A Notes is completed, redemption of Class B Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

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? **Redemption of Class C Notes:** Once the redemption of Class A Notes and Class B Notes is completed, redemption of Class C Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

? **Redemption of Class D Notes:** Once the redemption of Class A Notes, Class B Notes and Class C Notes is completed, redemption of Class D Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

3.2. Subordinated Loan

The Fund will be financed by credit institutions. To this extent, it is foreseen that the Managing Company, on behalf of the Fund, enters into a Subordinated Loan Agreement with Banco Santander Central Hispano, S.A. The Subordinated Loan Agreement, amounting to nineteen million, six hundred and forty six thousand, six hundred and fifty euro (19,646,650.00 euro), will be applied by the Managing Company to pay the incorporation expenses of the Fund and issuance of the Notes, to partially finance the assignment of the Credit Rights to the Fund, and to fund a Reserve Fund.

The net value of the Fund shall be ZERO at all times.

4. OTHER AGREEMENTS ENTERED INTO ON BEHALF OF THE FUND

In addition to the Subordinated Loan Agreement mentioned in Section 3.2 above, the Managing Company shall execute the following agreements on behalf of the Fund:

4.1. Guaranteed Rate Reinvestment Agreements of the Cash Account and the Principal Account

Banco Santander Central Hispano, S.A., and the Managing Company, on behalf of the Fund, will enter into two Guaranteed Rate Reinvestment Agreements, the Guaranteed Rate Reinvestment Agreement of the Cash Account and the Guaranteed Rate Reinvestment Agreement of the Principal Account, under which Banco Santander Central Hispano, S.A. will guarantee a return for the amounts deposited by the Fund, in each of the bank accounts (Cash Account and Principal Account) opened by the Managing Company in the name of the Fund, in Banco Santander Central Hispano, S.A.

4.2. Note Subscription Agreements

Two subscription agreements under which the Underwriters, in their own Tranches, shall proceed to freely allocate the Notes, up to the foreseen amounts and, once the Subscription Period is closed, to subscribe the unsubscribed Notes.

4.3 Swap Agreement

The Managing Company, on behalf of the Fund, shall enter into an Interest Swap Agreement with Banco Santander Central Hispano, S.A., mainly due to the need to eliminate the interest rate risk which is based on the fact that the portfolio of consumer loans as underlying assets of the Credit Rights is subject to a fixed interest rate and the Notes are subject to a floating interest rate.

4.4 Credit Rights Assignment Agreement

The assignment of the Credit Rights to the Fund shall be carried out through a Credit Rights Assignment Agreement, a pro-forma of which will be attached to the Notarial Deed of Incorporation of the Fund as annex, by means of which the Managing Company, on behalf of the Fund, and Banco Santander Central Hispano, S.A. will enter into an assignment agreement with the following characteristics:

- (i) Assignment of the Initial Credit Rights with personal securities (guarantors) as the case may be, at the moment of incorporation of the Fund.
- (ii) Undertaking by the Managing Company, on behalf of the Fund, to request to Banco Santander Central Hispano, S.A. and to purchase in favour of the Fund, on each Payment Date during the Revolving Period, Additional Credit Rights, including their warranties (as the case may be), except in the event that any of those circumstances established in Section IV.1.c) (iii) for the early termination of the Revolving Period occurs.
- (iii) Undertaking by Banco Santander Central Hispano, S.A. to offer and to assign to the Fund, on each Payment Date during the Revolving Period, Additional Credit Rights for an amount not greater than the

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Available Funds for Repayment on such Payment Date, which comply with the conditions and characteristics established in Section IV.1.a) and with the Selection Requirements, pursuant to Section IV.1.c) (vi), except in the event that any of those circumstances established in Section IV.1.c) (iii) for the early termination of the Revolving Period occurs.

In particular, the assignment of each Credit Right by the assignor in favour of the Fund implies the assignment to the Fund of all payments made by the debtors, in the form of principal or interest (ordinary) on the Credit Rights, except as provided below for interest in favour of the Bank, as well as any other payment received by the assignor, including payments deriving from any right incidental to the financing operations e.g. payments made by guarantors, etc.

The Bank, in turn, shall be entitled on each assignment of Credit Rights to receive from the debtors interest (ordinary) on the Credit Rights accrued up to the Disbursement Date or up to the payment date of the purchase price of the Additional Credit Rights, as well as to all commissions and arrears interest without any time limit.

5. OPERATION OF THE FUND**5.1. Representation and Administration of the Fund**

The administration and representation of the Fund is conducted by the Managing Company which, in its capacity as "manager of the business of third parties" ("*gestora de negocios ajenos*"), is entrusted with the representation and defence of the interests of Noteholders and any other creditors of the Fund.

5.2. Non-payment and prepayment of the Credit Rights

The risk of non-payment and prepayment of the Credit Rights shall be borne by the Noteholders. The Payment Priority Order set forth in Section V.5.1.b), 2, shall be the following:

- a) In the first place, the Managing Company, on behalf of the Fund, shall apply the **Available Funds** to the following payments and withholdings, as provided in the payment priority order set out below:
1. Payment of ordinary and extraordinary expenses and the administration fee to the Managing Company, and payment to the Bank of the expenses paid in advance for the account of the Fund in connection with the administration of the Credit Rights, provided that their payment is duly evidenced.
 2. Payment of the net amount of the Swap to the Bank.
 3. Payment of accrued interest on the Class A.
 4. Payment of accrued interest on the Class B.
 5. Payment of accrued interest on the Class C.
 6. Payment of accrued interest on the Class D.
 7. Withholding of an amount sufficient to maintain the Reserve Fund at the required amount.
 8. Withholding of the Principal Due for Repayment, except when this withholding has a prior ranking in the payment priority order in the manner established below.
 9. Payment of the amount on early termination of the Swap, in case of termination of the Swap Agreement due to a lack of fulfilment by the Bank.
 10. Payment of accrued interest on the Subordinated Loan Agreement.
 11. Repayment of the principal of the Subordinated Loan Agreement in accordance with the expenses derived from the Incorporation of the Fund and the Issue of the Notes.
 12. Repayment of the principal of the Subordinated Loan Agreement in connection with the Reserve Fund.
 13. Payment to the Bank of the fixed fee for the administration of the loans.
 14. Quarterly payment to the Bank of a floating amount as consideration or compensation for the brokerage services.

The **Available Funds for Repayment** will be applied to purchase Additional Credit Rights during the Revolving Period and, once the Revolving Period ends, to such redemption as provided in Section II.11.3.b), 6 of the Prospectus. The first redemption of the Class B Notes will take place on the Payment

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Date on which redemption of Class A Notes is completed, and in a successive manner for the rest of Classes, until they are fully redeemed.

Exceptional payment priority rules of the Fund

In the event that repayment of Class A Notes is not completed and the Unpaid Balance of the Credit Rights with more than 90 days in arrears is higher than 18% of the Unpaid Balance of the Credit Rights, withholding of the Available Funds for Repayment will rank 4th in the payment priority order instead of 8th.

The exceptional payment priority rule established in the preceding paragraph shall be only applicable to redemption of Class A Notes. Consequently, the ordinary payment priority rules shall be applicable again once redemption of Class A Notes is completed.

In the event that the Bank is replaced as administrator of the Credit Rights, the payment of the fee to the new administrator will rank 1st in the payment priority order and, therefore, the subsequent items will be renumbered.

6. RISKS OF THE FUND, OF THE NOTES AND OF THE CREDIT RIGHTS**6.1 Prepayment of the Notes and early settlement of the Fund**

Without prejudice to the Final Maturity Date of the Notes (November 15, 2012), the Managing Company may proceed to liquidate the Fund early and, consequently, to repay all the Notes on a Payment Date before they are due, if and when the Unpaid Principal Balance of the Credit Rights is lower than 10% of the initial amount, as provided in Section II.11.3.c) and V.5 of the Prospectus.

6.2 Non-payment of the Credit Rights

The Noteholders shall bear the risk of non-payment of the Credit Rights.

The Assignor and the Managing Company do not undertake any liability for the debtors' default in payment, do not undertake any liability to guarantee the success of the transaction, shall not grant any guarantees, and shall not enter into any buy back agreements, except for what is set forth in Section IV.1.d) of the Prospectus.

6.3 Prepayment of the Credit Rights

The Credit Rights may be repaid early if debtors reimburse the unpaid principal balance. This risk will be transferred, on each Payment Date, to the Noteholders by following the rules of repayment provided in Section II.11 of the Prospectus.

6.4 Liquidity

There is no guarantee that the Notes will benefit from a negotiation in the market with a minimum frequency or for a minimum amount. In addition, in no event will the Fund buy back the Notes from the Noteholders. The Fund shall only repay them early as provided in 6.1 above.

6.5 Profitability

The prepayment rate of the Credit Rights may be influenced by a variety of geographical, economical and social factors such as seasonality, market interest rates, distribution of the portfolio by sectors and, in general, the level of economic activity.

The calculation of the internal rate of return, the average life and the duration of the Notes are subject to hypothetical prepayment rates which may or may not be fulfilled.

7. ACTIONS**7.1. Actions against debtors with payment obligations under the Credit Rights**

7.1.1. The Fund, through the Managing Company, will be entitled to take an action against the debtors in the event that they breach their payment obligations of the Credit Rights.

7.1.2. The Fund will be entitled to take actions against the Assignor if and when the breach of the Notes' payment obligation is not a consequence of the payment default of the debtors.

7.1.3. Neither the Fund nor the Noteholders shall be entitled to take any actions against the Assignor or the Managing Company, respectively, save actions taken as a result of the breach of their respective duties, but never as a consequence of payment delinquency or prepayment of the Credit Rights by the debtors.

SUMMARY OF GENERAL CONDITIONS**7.2. Liability of the Managing Company**

If the Managing Company breaches its duties, it shall be liable to the Noteholders and to any other creditors of the Fund, for any damages arising from that breach.

7.3. Actions in case of default in payment of the Notes

7.3.1 The Noteholders shall not be entitled to take direct action against the defaulting debtors of the Credit Rights, as the Managing Company is entitled to take such action, on behalf of the Fund.

7.3.2. The Noteholders shall not be entitled to take any action against the Fund or the Managing Company, in case of default in payment of the Notes as a result of a default in payment of a Credit Right by a debtor.

7.3.3. The Noteholders shall not hold any action against the Managing Company other than that deriving from a breach of its own duties, but never as a consequence of payment delinquency or prepayment of the Credit Rights.

CHAPTER I

PERSONS WHO ASSUME THE RESPONSIBILITY FOR THE CONTENT OF THE PROSPECTUS AND BODIES SUPERVISING THE PROSPECTUS

I.1 Persons who assume the responsibility for the content of the Prospectus.

I.1.1 Full name, Identity Card Number or document of personal identification and position or powers of attorney of the natural person(s) who assume, on behalf of the Managing Company, the responsibility for the content of the Prospectus.

MR. IGNACIO ORTEGA GAVARA, with NIF No. 803.030-P, acting on behalf of SANTANDER CENTRAL HISPANO TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A. (hereinafter, the “Managing Company”), promoter of FONDO DE TITULIZACIÓN DE ACTIVOS, CONSUMO SANTANDER 1 (hereinafter, the “Fund”), assumes, on behalf of the Managing Company, the responsibility for the content of the Prospectus.

MR. IGNACIO ORTEGA GAVARA acts as *Director General* of the Managing Company under the powers conferred in his favour by the Board of Directors in the meeting held on July 31, 1998, partially modified by a resolution passed on February 8, 2000, and explicitly empowered for the incorporation of this Fund by virtue of the powers conferred by the Board of Directors in the meeting held on February 18, 2003.

SANTANDER CENTRAL HISPANO TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, S.A., has its registered office in Madrid, Paseo de la Castellana, 75, 28046, with CIF No. A-80481419.

The Managing Company is authorised to incorporate *Fondos de Titulización de Activos* and, as a consequence thereof, to administer and represent them as provided by Royal Decree 926/1998 of May 14, on Assets Securitization Funds and Managing Companies of Securitization Funds (hereinafter, the “Royal Decree 926/1998”), by virtue of the authorisation granted by the Minister of Economy and Finance on July 16, 1998, in accordance with the provisions of the Sole Temporary Provision of the Royal Decree.

I.1.2 Statement regarding the fact that the information included in the Prospectus is true and that no facts are omitted which could alter the scope of the Prospectus.

MR. IGNACIO ORTEGA GAVARA confirms the truthfulness of the information contained in the Prospectus and that no significant data has been omitted or will prove misleading.

I.2 Supervising bodies.

I.2.1 Note on the verification and registration of the issuance with the Official Registries of the Comisión Nacional del Mercado de Valores.

This complete Prospectus has been fully verified and registered with the Official Registries of the Comisión Nacional del Mercado de Valores (hereinafter the “Comisión Nacional del Mercado de Valores” or “CNMV”), on March 3, 2003.

The registration of the auditors' reports and the Prospectus with the Official Registries of the Comisión Nacional del Mercado de Valores merely implies the recognition of their completeness in accordance with the applicable laws. Under no circumstances will this registration lead to the responsibility of the Comisión Nacional del Mercado de Valores for any inconsistencies in the information contained therein.

The registration of the Prospectus by the Comisión Nacional del Mercado de Valores will not involve a recommendation to subscribe for the Notes referred to in such Prospectus or any representation whatsoever with regard to the solvency of the issuer of the Notes, or the profitability of the Notes which are issued or offered.

I.3 Reports on the Credit Rights to be securitised in the Fund.

Article 5 of Royal Decree 926/1998 sets out that as a pre-requisite to the incorporation of the Fund and the issuance of the Notes, reports must be drawn up on the Credit Rights to be securitised by the Fund, either by managing companies, auditors or any other independent experts having, in the opinion of the CNMV, sufficient expertise to do so. ANNEX IV of the Prospectus shows the Audit Report on the Credit Rights deriving from Consumer Loans, which constitute the assets of the Fund at the moment of its incorporation. Such Audit Report has been drawn up by Deloitte & Touche España, S.L., registered on the Official Register of Account Auditors (ROAC) under number S0692 and with registered office in Madrid, calle Raimundo Fernández Villaverde, 65.

The Audit Report on the portfolio of Credit Rights provides information on a series of characteristics, both quantitative and qualitative, in respect of the said portfolio and, in particular, nature of the debtor, identification of the debtor, transfer of the assets, date of formalisation of the loan, remaining term, maturity date, initial amount of the loan, fixed interest rate, formalisation, current balance of the loan, payment delinquency, purpose of the loan, warranties, granting criteria and risk monitoring.

The economic-financial characteristics of the Credit Right and balances, returns, financial flows, collection terms, maturity dates and redemption methods referred to in Article 6.1.a) of Royal Decree 926/1998 are established in Section IV.4 of the Prospectus.

In addition, in accordance with Article 2.2.1 of Royal Decree 926/1998, the Assignor has had the financial statements (both individual and consolidated) of the last three fiscal years (1999, 2000 and 2001) audited, with an unqualified opinion in the most recent fiscal year (2001) in respect of both the individual and the consolidated financial statements.

CHAPTER II

INFORMATION RELATED TO THE NOTES WHICH ARE ISSUED BY THE SECURITISATION FUND

II.1 Information about the requirements and required prior resolutions.

II.1.1 Resolutions and Legal requirements.

The Board of Directors of the Managing Company, in its meeting of February 18, 2003 agreed to incorporate the FONDO DE TITULIZACIÓN DE ACTIVOS, CONSUMO SANTANDER 1, in accordance with the provisions set forth in Royal Decree 926/1998 and Law 19/1992, of July 7, the purchase by the Fund of the Credit Rights assigned by Banco Santander Central Hispano, S.A., and the issue of the Notes by the Fund. ANNEX II shows a Certificate of this resolution.

b) Verification and registration by the Comisión Nacional del Mercado de Valores.

The incorporation of the Fund and the issue of the Notes must be previously verified and registered with the Official Registries of the CNMV, in accordance with the provisions set forth in Article 5.1.e) of Royal Decree 926/1998, Article 5.3 of the Law 19/1992 and Article 26 et seq. of the Law 24/1988, on the Securities Market (hereinafter “Law 24/1988”), as amended.

The Prospectus of incorporation of the Fund and issue of the Notes has been verified and registered with the Official Registries of the Comisión Nacional del Mercado de Valores on March 3, 2003.

c) Execution of the public deed of incorporation of the Fund.

Within fifteen (15) working days following the verification and registration of the Prospectus with the CNMV (being the foreseen verification date March 4, 2003), and before the Subscription Period of the Notes commences (as described in Section II.10.1.d) of the Prospectus), the Managing Company, together with Banco Santander Central Hispano, S.A. (hereinafter, “the Bank”), acting in its capacity as assignor to the Fund of the Credit Rights which are described in Section IV.1 of the Prospectus, will execute the public deed of incorporation of the Fund and issue of the Notes (hereinafter, the “Incorporation Deed”) in accordance with Article 6 of Royal Decree 926/1998 and Article 5 of the Law 19/1992. The Managing Company will serve a copy of the Incorporation Deed to the CNMV for filing at the public registries prior to the commencement of the Subscription Period of the Notes.

In accordance with the provisions set forth in Article 5.9 of the Law 19/1992, the Notes issued by the Fund will be exclusively represented in book entry form, and the Incorporation Deed will have the effects set forth in Article 6 of Law 24/1988 (as modified by the Law 37/1998). In accordance with the aforementioned Article and Article 6 of Royal Decree 116/1992 of 14 February on the representation of securities through book entries and clearing and settlement of stock market transactions (hereinafter “Royal Decree 116/1992”), the deed providing for the issue of the Notes shall also provide for the representation of the Notes in book entry form.

Pursuant Royal Decree 926/1998, Article 5.4, neither the Fund nor the Notes issued by the Fund will be registered with the Commercial Registry.

II.1.2 Information on the requirements and prior resolutions necessary for listing on the Stock Exchange or in an organised secondary market.

In accordance with Article 2.3 of Royal Decree 926/1998, immediately after the granting of the Incorporation Deed and once the disbursement of the Notes has been completed (as referred to in Section II.18.5), the Managing Company will request the listing of the Notes in the AIAF Fixed Income Securities Market (Mercado AIAF de Renta Fija, hereinafter, "AIAF"), which is an official secondary securities market recognised in the Sixth Temporary Disposition set forth in Law 37/1998. The actual listing will take place no later than forty (40) days after the Disbursement Date. In any case, listing will have to be effective before the first payment date of interest on the Notes (May 16, 2003).

In the event that the listing of the Notes in the AIAF is not completed within the above period, the Managing Company will immediately inform Noteholders and will specify the reasons for such failure, by means of an announcement published in a national newspaper, in accordance with the provisions of Sections III.5.3.b), b'') and c).

Additionally, the Managing Company will request, on behalf of the Fund, the inclusion of the Notes in the Servicio de Compensación y Liquidación de Valores, S.A. ("SCLV", as defined in Section II.5) in order for the clearing and settlement of the Notes to be carried out in accordance with the SCLV operating rules (existing as of the date hereof or which may be approved in the future) with respect to securities listed in the AIAF and represented by book entries.

II.2 Administrative authorisations prior to the issue or offer.

No prior administrative authorisation is required for the issue of Notes save for the prior verification and registration of the Prospectus with the CNMV.

II.3 Evaluation of the risk inherent in the Notes issued by the Fund, carried out by a rating entity recognised by the Comisión Nacional del Mercado de Valores.

Article 2.3.b) of Royal Decree Law 926/1998 requires that the credit risk of the Notes issued by the Fund should be evaluated by a rating entity recognised by the Comisión Nacional del Mercado de Valores.

The Managing Company has entrusted the evaluation of the credit risk of the Notes to Moody's Investors Service España, S.A. (hereinafter "Moody's España"), the Spanish entity which is 100% owned by Moody's Investors Service Limited and Standard & Poor's España, S.A. ("S&P España"), the Spanish entity which is 100% owned by Standard & Poor's Rating Services, both Spanish rating entities being recognised by the CNMV for this purpose.

Rating granted to the issue of the Notes

On March 3, 2003, Moody's España assigned a provisional (P) Aaa rating to the Class A Notes, an Aa1 rating to the Class B Notes, an A1 rating to the Class C Notes and a Baa2 rating to the Class D Notes (hereinafter, the "ratings"). It is expected that the above ratings (Aaa rating to the Class A Notes, an Aa1 rating to the Class B Notes, an A1 rating to the Class C Notes and a Baa2 rating to the Class D Notes) will be confirmed as final ratings by such rating agency prior to the commencement of the Subscription Period of the Notes (referred to in Section II.18.3 of the Prospectus).

On March 3, 2003, S&P España assigned a provisional (P) AAA rating to the Class A Notes, an AA rating to the Class B Notes, an A rating to the Class C Notes and a BBB rating to the Class D Notes (hereinafter, the "ratings"). It is expected that the above ratings (AAA rating to the Class A Notes, an AA rating to the Class B Notes, an A rating to the Class C Notes and a BBB rating to the Class D Notes) will be confirmed as final ratings by such rating agency prior to the commencement of the Subscription Period of the Notes (referred to in Section II.18.3 of the Prospectus).

In the event that the rating agencies, prior to the commencement of the Subscription Period of the Notes, do not confirm the ratings Aaa/AAA for Class A Notes, Aa1/AA for Class B Notes, A1/A for Class C Notes and Baa2/BBB for Class D Notes, the Managing Company will immediately communicate this fact to the CNMV and will disclose this fact to the public as provided in Section III.5.3.b), b'').

Failure to confirm the ratings Aaa/AAA for Class A Notes, Aa1/AA for Class B Notes, A1/A for Class C Notes and Baa2/BBB for Class D Notes, prior to the commencement of the Subscription Period, would constitute a termination event in respect of the incorporation of the Fund and the issue of Notes.

ANNEX III contains a copy of the letters confirming the provisional ratings issued by Moody's España and S&P España.

Considerations on the ratings of Moody's España.

Moody's Investors Service Limited rating scales, used by Moody's España for long-term and short-term debt, are as follows:

<u><i>Long-term</i></u>	<u><i>Short-term</i></u>
• Aaa	• Prime-1
• Aa	• Prime-2
• A	• Prime-3
• Baa	
• Ba	
• B	
• Caa	
• Ca	
• C	

Moody's España applies numerical modifiers 1, 2, and 3 in each generic rating classification from Aa to Caa. Modifier 1 indicates that the obligation ranks at the higher end of its generic rating category; modifier 2 indicates a mid-range ranking; and modifier 3 indicates a ranking at the lower end of that generic rating category.

The rating Aaa of Moody's España indicates a credit of the highest quality. A significant security margin is required of the issuer in order to cover any default of payment in the worst possible economic conditions.

The rating Aa of Moody's España indicated a credit of high quality by all standards. Together with the Aaa group they comprise what are generally known as high-grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuation of protective elements may be of greater amplitude or there may be other elements present which make the long-term risk appear somewhat larger than the Aaa securities.

The rating A of Moody's España indicates that there are many favourable investment attributes and that the factors giving security to principal and interest are considered adequate, but elements may be present which suggest a susceptibility to impairment some time in the future.

Bonds which are rated Baaa are considered as medium-grade obligations. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

The rating is an opinion of the rating agency regarding the credit risk and the capacity of an obligor to pay interest promptly on each Payment Date and to repay the principal amount of the issue during the life of the Fund and, in any case, before the Final Maturity Date.

The rating of Moody's España takes into account the structure of the Notes issued, the legal aspects of their issue and those of the Fund, the characteristics of the consumer loans and the regularity and continuity of the cash flows of the structure.

The rating of Moody's España does not constitute an evaluation of the probability of the debtors making prepayments of the principal amount, or to what extent such prepayment may differ from what was originally expected. The ratings do not consist, by any means, of a rating of the level of actual returns.

The assigned provisional ratings, as well as any review or suspension of them:

- are issued by Moody's España on the basis that due to the large amount of information it receives, the accuracy or completeness of which Moody's España is unable to guarantee, Moody's España can not be considered in any way responsible for it; and,
- do not constitute and may under no circumstances be interpreted as an invitation, recommendation or incitement addressed to the Noteholders for them to carry out any type of transaction in relation to the Notes and particularly, to purchase, keep, encumber or sell such Notes.

The ratings may be reviewed, suspended or withdrawn at any time by Moody's España by reason of any information which may come to its notice. Such situations, which will not constitute a reason for prepayment of the Fund, will be immediately reported to both the Comisión Nacional del Mercado de Valores and the Noteholders, in accordance with provisions set forth in Section III.5.3.b), b')).

To carry out the process of rating and review, Moody's España relies on the accuracy and completeness of the information provided by the Managing Company, auditors, lawyers, and other experts.

Considerations on the ratings of S&P España.

S&P Ratings Services rating scales, used by S&P España for long-term and short-term debt, are as follows:

<u><i>Long-term</i></u>	<u><i>Short-term</i></u>
• AAA	• A-1+
• AA	• A-1
• A	• A-2
• BBB	• A-3
• BB	• B
• B	• C
• CCC	• D
• CC	
• C	
• D	

The long-term debt ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within each category.

S&P Ratings Services grants an AAA rating to debt issues whose obligor's capacity to meet their financial obligations is extremely strong and an AA rating to debt issues whose obligor's capacity to meet their financial obligations is very strong. A rating is granted when, although the obligor's capacity to meet its obligation is strong, the debt is more susceptible to the adverse effects of changes in circumstances and economic conditions than the obligations in higher rated categories. BBB rating exhibits an adequate capacity to meet the financial obligations, although it is more subject to adverse economic conditions.

The rating is an opinion of the rating agency regarding the credit risk and the capacity of an obligor to repay the principal amount of the issue and the interest under the established terms. It does not constitute an evaluation of the probability of variation of the amortisation dates of the consumer loans from those which were originally expected.

The rating does not constitute an invitation to purchase, sell or keep the Notes. The rating shows only an opinion and is not a substitute for the necessary analysis of the Notes that the potential investors must carry out on them.

The ratings may be reviewed, suspended or withdrawn at any time by S&P España by reason of any information which may come to its notice. Such situations, which will not constitute a reason for prepayment of the Fund, will be immediately reported to both the Comisión Nacional del Mercado de Valores and the Noteholders, in accordance with the provisions of Section III.5.3.b), b'').

To carry out the process of rating and review, S&P España relies on the accuracy and completeness of the information provided by the Managing Company, auditors, lawyers and other experts.

Rating of the Assignor

Moody's España has granted the Assignor a short-term rating of P-1 and a long-term rating of A1. The last review was carried out on December 2, 2002.

S&P España has granted the Assignor a short-term rating of A-1 and a long-term rating of A. The last review was carried out on July 24, 2002.

Obligations of the Managing Company

The Managing Company undertakes, on behalf of the Fund, to provide Moody's España and S&P España with regular information on the Fund and the performance of the Credit Rights. In addition to the regular information that must be provided, it will also provide such information when reasonably required to do so and in any event when there is a change in the conditions either of the Fund or the agreements entered into by the Fund through its Managing Company or the concerned parties.

The Managing Company will use its best efforts to maintain the ratings of the Notes at their initial level and, in the event that the ratings drop, it will use its best efforts to recover them.

II.4 Nature and name of the Notes which are offered with an indication of the issue number or Class.

The total amount of the issue of Notes amounts to a nominal amount of one billion, eighty million (1,080,000,000) euro and is composed of ten thousand and eight hundred (10,800) Notes.

This nominal amount is divided into four Classes of Notes:

- (i) **Class A:** composed of nine thousand, seven hundred and twenty (9,720) Notes for a total nominal value of nine hundred and seventy two million (972,000,000) euro.

- (ii) **Class B:** composed of three hundred and seventy eight (378) Notes for a total nominal value of thirty seven million, eight hundred thousand (37,800,000) euro.
- (iii) **Class C:** composed of three hundred and fifty one (351) Notes for a total nominal value of thirty five million, one hundred thousand (35,100,000) euro.
- (iii) **Class D:** composed of three hundred and fifty one (351) Notes for a total nominal value of thirty five million, one hundred thousand (35,100,000) euro.

The payment of interest and the subsequent redemption of the principal amount of Class B Notes, Class C Notes and Class D Notes is subordinated with respect to the Class A Notes, as well as among them, in accordance with the Payment Priority Order contained in Section V.5.1.b), 2, of the Prospectus.

Subscription or possession of the Notes of one Class does not require or entail the subscription or possession of the Notes of other Classes.

The Notes have the legal status of fixed income securities, are homogeneous, standardised and, consequently, eligible for trading in organised securities markets.

II.4.1 Legal regime governing the Notes, with details of the procedures which guarantee the certainty and enforceability of the rights of the initial and subsequent holders. Implications of the mandatory connection between the timetable for payment of the principal amount and the interest on the Notes, and the flow of revenues and collections resulting from the assets that are securitised through the Fund, for the financial service of each issue of Notes issued by the Fund.

The issued Notes have the legal status of fixed income securities, with explicit yield.

Having the status of fixed income securities, the Notes are subject to the provisions of Law 24/1988, as amended by Law 37/1998 and Law 44/2002, among others. As set forth in Section II.5 below, the Notes will be represented in book entry form and will be transferred by book entry transfer.

Pursuant to Article 11 of Royal Decree 116/1992, the Notes represented in book entry form will be incorporated as such by means of their registration in the relevant book entry record, which will be kept in accordance with the provisions of Section II.5 below, by the Servicio de Compensación y Liquidación de Valores. Once registered, the Notes will be subject to the provisions of Chapter II, Title I of Law 24/1988 and Royal Decree 116/1992.

Ownership Certificates may be issued at the Noteholder's request and at his or her expense. This Ownership Certificate shall include the Noteholder's identity, the purpose of the Certificate and the period for which it is effective. Provisions of Chapter I of Title I of Royal Decree 116/1992 shall be applied in this matter.

The Notes may be freely transferred by any means permitted by Law. The ownership of each Note will be transferred by a book entry transfer. The registration of the transfer in favour of the purchaser in the book entry register will have the same effect as the delivery of the Notes and from that moment on, the transfer will be effective vis-à-vis third parties. In this sense, a third party acquiring on an *onerous* basis the Notes in book entry form from a person entitled to transfer them in accordance with the book entry register will not be exposed to disputes regarding the ownership of the Notes save in the case of any act of bad faith or gross negligence by that third party at the time of the transfer.

Difference in regularity between the flow of income and payments of the Fund

Article 3.3 of Royal Decree 926/1998 establishes that the managing companies will be entitled to acquire financial assets on a temporary basis, provided that the credit quality of the liabilities of the Fund is not downgraded as a result of such acquisition, for the purpose of covering temporary delays between the payments of principal and interest on the Credit Rights and on the Notes issued. For these purposes, the Managing Company, acting on behalf of the Fund, will enter, among others, into a Interest Swap Agreement, mainly due to the need to eliminate the interest rate risk which is based on the fact that the portfolio of consumer loans underlying to the Credit Rights is subject to a fixed interest rate and the Notes are subject to a floating interest rate, and into two Guaranteed Rate Reinvestment Agreements, one for the Cash Account and the second one for the Principal Account, with the Bank by virtue of which the Cash Account (including the Reserve Fund as provided in Section V.3.1 of the Prospectus) and the Principal Account (in which the principal amounts of the Credit Rights on each Payment Date shall be deposited), both opened with the Bank, shall accrue interest at a guaranteed rate, but only whilst the credit rating of the short-term debt of the Bank does not fall below P-1 or A-1, according to the rating scales of Moody's Investors Service Limited and S&P Ratings Services, respectively, as described in Section II.3 of the Prospectus. In the event that any of the above referred credit ratings fall, the Managing Company will transfer the Cash Account and the Principal Account to another entity whose credit rating of its short-term debt is a minimum of P-1 and A-1, and the Bank will then stop investing the available funds of the Cash Account and the Principal Account. However, the Managing Company may transfer the Cash Account and the Principal Account back to the Bank if and when it reaches the above-mentioned minimum credit ratings. The agreements are described in Sections V.3.3. and V.3.1.a) and b) below.

II.4.2 Other implications and risks that, due to the legal and economic nature of the assets which are grouped together in the Fund, might affect the financial performance of the Notes issued by the Fund as a result of the securitisation of such assets.

a) Risk of non-payment of the Credit Rights.

The risk of non-payment of the Credit Rights shall be borne by the Noteholders.

As a result, the Assignor only assumes responsibility for the existence and lawfulness of the Credit Rights, as well as with respect to the capacity by virtue of which the Assignor assigns the Credit Rights to the Fund, but it will assume no responsibility for any default in payment by the debtors, whether of principal, interest or any other amounts which might be owed by such debtors under the Consumer Loans, as provided by Article 348 of the Code of Commerce. The Assignor will also assume no responsibility for ensuring, directly or indirectly, the successful completion of the transaction nor will it provide any support or guarantee, or enter into any repurchase agreement in connection with the Credit Rights, save for those which do not comply with the conditions and characteristics contained in Section IV.1.a) of the Prospectus and in accordance with the provisions set forth in Section IV.1.d).

b) Risk of prepayment of the Credit Rights.

The Credit Rights contained in the Fund may be repaid early if the borrowers prepay that part of the Credit Right which is not yet due or subject to amortisation.

Prepayment risk will be transferred on a quarterly basis, on each Payment Date, to the Noteholders in accordance with the provisions set forth in Section II.11 of the Prospectus.

c) Other considerations.

II.4.2.c).1 Protection.

An investment in the Notes may be affected by, among other factors, a deterioration in general economic conditions which may have a negative effect on the payment of the Credit Rights securing the issue of the Fund. In the event that a high level of Credit Rights' delinquency is reached, the protection against losses in the portfolio of Credit Rights which the Notes have the benefit of as a result of the credit enhancement described in Section V.3 of the Prospectus, may be reduced or even lost.

II.4.2.c).2 Responsibility.

The Notes issued by the Fund do not represent a liability of the Managing Company or the Assignor. The amounts used to pay the liabilities arising from the Notes are only insured or guaranteed within the limits and conditions set forth in the Prospectus. Apart from these guarantees, there are no others granted by any public or private entity, including the Assignor, the Managing Company, or any of its affiliates. The Credit Rights grouped in the Fund are the main source of income of the Fund and, consequently, the only source for payment to the creditors of the Fund.

II.4.2.c).3 Limited liquidity.

There is no guarantee of a minimum amount or minimum regularity for the trading of the Notes in the market. In addition, the Fund may not buy back the Notes from the Noteholders. It may however carry out an early redemption in full in the event of the early liquidation of the Fund, where the Nominal Balance of the Credit Rights pending amortisation is less than 10% of the initial amount, as provided in Section III.8.1 of the Prospectus.

II.4.2.c).4 Profitability.

The prepayment rate of the Credit Rights may be influenced by a variety of geographical, economic and social factors such as seasons, market interest rates, distribution of the portfolio by sector and, in general, the level of economic activity.

The calculation of the internal rate of return, the average life and the duration of the Notes are subject to hypothetical early principal repayment rates which may or may not be fulfilled.

II.4.2.c).5 Certain legal aspects.

On the date of verification of this Prospectus, the Assignor has made, as set forth in Chapter IV of the Prospectus, among others, a number of representations and warranties related to the characteristics of the Consumer Loans, which will replicate those to be established in the Incorporation Deed. However, the Assignor does not guarantee the solvency of the debtors of the Credit Rights. In addition, these guarantees will not entitle the Noteholders to claim against the Assignor any right held against the Fund. The Managing Company, as provided in Section II.21 below, is the only entity authorised to represent the Noteholders in their relations with any third party or in any claim related to the Fund.

The Assignor, as administrator of the Credit Rights in accordance with Article 2.2.b) of Royal Decree 926/1998, undertakes to act with the same due

diligence regarding the Credit Rights as if they were any other right included in its portfolio.

II.5 Form of representation and name and address of the entity in charge of its book entry.

The Notes will be represented by means of book entries in accordance with the Law 19/1992 and Royal Decree 116/1992, and will be incorporated as such by means of their registration in the relevant book entry record. The Incorporation Deed will have the effects set forth in Article 6 of Law 24/1998, as amended by Law 37/1998.

The Noteholders will be identified as such in accordance with the book entry record held by the Servicio de Compensación y Liquidación de Valores, S.A. (hereinafter, "SCLV"), which will be appointed in the Incorporation Deed as the entity in charge of the book entry records of the Notes, in such a way that the clearing and settlement of the Notes is carried out pursuant to the operating rules of the SCLV with regard to the securities which are listed in the AIAF and represented through book entries.

The following will be held for each adhering entity in the Central Registry of the SCLV, (a) an account showing the balance of the Notes owned by the adhering entity at any time, and (b) another account showing the total balance of the Notes registered by each adhering entity in the name of third parties.

The accounts of each owner of the Notes will be kept in book entry records held by the adhering entities, and will express at all times the value of the Notes they own.

The registered office of the SCLV is located in Madrid, Edificio "Iberia Mart I", Orense 34, 28020.

The references made in this Prospectus to the SCLV shall be applicable to the entity replacing the SCLV in its duties pursuant to article 44.bis of Law 24/1988, as amended by Law 44/2002.

II.6 Face value of the Notes issued by the Fund, the number of Notes included and their numbering, broken down into their respective Classes, if applicable.

The total value of the Notes on issue equals one billion, eighty million (1,080,000,000) euro, made up of ten thousand and eight hundred (10,800) Notes divided into four Classes:

- (i) **Class A:** made up of nine thousand, seven hundred and twenty (9,720) Notes with a total nominal value of nine hundred and seventy two million (972,000,000) euro.
- (ii) **Class B:** made up of three hundred and seventy eight (378) Notes with a total nominal value of thirty seven million, eight hundred thousand (37,800,000) euro.
- (iii) **Class C:** made up of three hundred and fifty one (351) Notes with a total nominal value of thirty five million, one hundred thousand (35,100,000) euro.
- (iii) **Class D:** made up of three hundred and fifty one (351) Notes with a total nominal value of thirty five million, one hundred thousand (35,100,000) euro.

The payment of interest, first, and the redemption of the principal amount, second, of the Class B Notes, Class C Notes and Class D Notes are subordinated with regard to the Class A Notes, as well as among them, in accordance with the Payment Priority Order contained in Section V.5.1.b), 2 of the Prospectus.

Subscription for or possession of the Notes of one Class does not require or entail the subscription or possession of Notes of other Class.

II.7 Face value and effective value of each security.

The issue price of the Notes for all Classes will be one hundred thousand (100,000) euro per Note, free of taxes and subscription expenses for the subscriber.

The expenses and taxes inherent in the subscription of Notes will be borne by the Fund.

The redemption amount of the Notes will be one hundred thousand (100,000) euro per Note, which is equivalent to their nominal amount, free of expenses for the Noteholder and payable in instalments on each Payment Date.

II.8 Commissions and related expenses of all kinds which must be borne by the investors upon subscription to the Notes issued by the Fund.

The subscription price set forth above will be exclusive of taxes and subscription expenses for the subscriber.

II.9 Reference, if applicable, to the existence, as the case may be, of commissions to be paid by the holders of the Notes issued by the Fund and which must be represented by book entries, for registration and maintenance of balance.

The expenses and fees incurred for the registration of the Notes in the Central Registry of the SCLV will be borne by the Fund, and will not be charged to the Noteholders.

Likewise, the entities adhering to the SCLV may establish, in accordance with the legislation currently in force, rates for the commissions and expenses to be charged to the Noteholders for the management of securities which they may freely determine, and which may have been communicated to the Banco de España, and/or to the CNMV, as their supervising bodies, from time to time.

II.10 Interest rate clause.

II.10.1 Nominal interest rate.

The Notes will bear a floating annual nominal interest rate, which is payable on a quarterly basis and will be calculated, for each Class, following the criteria set out below.

The annual nominal interest rate will be paid on a quarterly basis on each Payment Date, as described below in Section II.10.3, on the Unpaid Principal Balance of each Class, as provided in Section II.11.3.b), 3.

Withholdings, levies, duties and taxes already established or to be established in the future on capital, interest or returns of the Notes will be solely borne by the Noteholders, and their amount will be deducted, as the case may be, by the Managing Company, in the name and on behalf of the Fund, in the manner established by law.

a) Accrued interest.

The duration of the issue will be divided into successive interest accrual periods which will include the days elapsed between each Payment Date, including the initial Payment Date in each Interest Accrual Period and excluding the final Payment Date, in accordance with Section II.10.3 (the "Interest Accrual Period"), being calculated on the basis of a year of 360 days (exceptionally, the first Interest Accrual Period will have a duration of less than three months and equivalent to the time elapsed between the Disbursement Date (included) provided for in Section II.18.5 and the first Payment Date (excluded)).

b) Nominal interest rate.

The nominal interest rate for each Interest Accrual Period of the Notes will be that resulting from adding (i) the reference three (3) month EURIBOR interest rate or the two (2) month EURIBOR interest rate for the first Interest Accrual Period or, if necessary, its substitute, described in paragraph c) below, and (ii) a spread for each Class:

1. of 0.25% for the Class A Notes,
 2. of 0.43% for the Class B Notes,
 3. of 0.73% for the Class C Notes,
 4. of 1.40% for the Class D Notes,
- all rounded up to five decimal places.

c) Calculation of the EURIBOR interest rate.

(i) The reference interest rate for the determination of the applicable interest rate of the Notes will be the three (3) month EURIBOR interest rate or the two (2) month EURIBOR interest rate for the first Interest Accrual Period ("*Euro InterBank Borrowing Offered Rate*") calculated, supplied and distributed by REUTERS, which is currently published in the EURIBOR01 electronic pages (or in any other page that might replace such page in the future), as determined at 11 am (CET time, "*Central European Time*") on the Interest Rate Fixing Date which is described below.

(ii) In the event of non-publication of the interest rate referred to in paragraph (i) above, the substitute reference interest rate shall be the interest rate resulting from calculating the simple arithmetic mean of the interbanking interest rates offered for operations of deposits in euro (EURIBOR) with three (3) month maturity or two (2) month maturity for the first Interest Accrual Period, on the Interest Rate Fixing Date, quoted by the entities listed below:

- Banco Santander Central Hispano, S.A., London Branch;
- BNP Paribas, London Branch; and
- J.P. Morgan Chase, London Branch;

all rounded up to five decimal places.

In the event that the above substitute reference interest rate cannot be applied due to a continued failure to supply the quotation statement by any of the above entities, the interest rate to be applied will be that resulting from applying the simple arithmetic mean of the interest rates provided by the other two (2) entities offering interest rates, all rounded up to five decimal places.

If one of the aforementioned two entities fails to provide the interest rates determined in paragraphs (i) and (ii) above, the interest rate to be applied will be the last reference interest rate applied to the last Interest Accrual Period, and so on for the subsequent Interest Accrual Periods for as long as this situation continues.

If any two of the above entities started quoting statements again, the substitute reference interest rate would once again apply in accordance with the above rules.

The Managing Company will keep the listings with the content of REUTERS or, as the case may be, the quotation statements of the mentioned entities, as documents evidencing the EURIBOR rate applied.

d) Interest Rate Fixing Date.

The nominal interest rate applicable to the four Classes of Notes for each Interest Accrual Period will be determined by the Managing Company, in the name and on behalf of the Fund, at 11:00 hours (CET) of the second Business Day preceding each Payment Date, as described in Section II.10.3 below (hereinafter “Interest Rate Fixing Date”) according to the TARGET calendar (*Trans European Automated Real-Time Gross Settlement Express Transfer System*). This rate will be applicable to the following Interest Accrual Period.

The interest rate of the Notes of the four Classes for the first Interest Accrual Period shall be determined on the basis of the reference interest rate (two (2) month EURIBOR), at 11:00 hours (CET) on the date of granting of the Incorporation Deed provided for in Section II.1.1.c) or, if not a Business Day according to TARGET calendar, the previous Business Day, and it will be disclosed to the public in the announcement of incorporation of the Fund and issue of the Notes as provided in Section III.5.3.b), b’).

The nominal interest rates determined for each Class of Notes for the subsequent Interest Accrual Periods shall be communicated to the Noteholders as provided in Section III.5.3.a), a’).

For the purposes of the issue of the Notes, non-Business Days shall mean any day being:

- (i) Saturday;
- (ii) Sunday;
- (iii) only in reference to the calculation of the nominal interest rate applicable to each Interest Accrual Period, in accordance with the TARGET calendar will not be those Business Days referred to in (i) and (ii) above and January 1, Good Friday, Easter Monday, May 1, December 25 and December 26; and
- (iv) a day which is a public holiday in Madrid (for the rest of the conditions to the issue of Notes).

Business Days shall mean any day other than those referred to in paragraphs (i), (ii) and (iii) above and not being public holiday in Madrid.

e) Information chart on the evolution of the reference interest rate to be used

The information shown below on the three (3) month EURIBOR interest rates supplied by REUTERS and the rates that would apply to each Class A Notes, Class B Notes, Class C Notes and Class D Notes is given for information purposes only:

Dates	EURIBOR 2 month	EURIBOR 3 month	Class A Notes	Class B Notes	Class C Notes	Class D Notes
January 11, 2002	3.348%	3.345%	3.595%	3.775%	4.075%	4.745%
February 13, 2002	3.361%	3.358%	3.608%	3.788%	4.088%	4.758%
March 13, 2002	3.361%	3.374%	3.624%	3.804%	4.104%	4.774%
April 11, 2002	3.373%	3.414%	3.664%	3.844%	4.144%	4.814%
May 13, 2002	3.387%	3.430%	3.680%	3.860%	4.160%	4.830%
June 13, 2002	3.425%	3.470%	3.720%	3.900%	4.200%	4.870%
July 11, 2002	3.391%	3.414%	3.664%	3.844%	4.144%	4.814%
August 13, 2002	3.333%	3.340%	3.590%	3.770%	4.070%	4.740%

September 12, 2002	3.314%	3.315%	3.565%	3.745%	4.045%	4.715%
October 11, 2002	3.265%	3.226%	3.476%	3.656%	3.956%	4.626%
November 12, 2002	3.229%	3.174%	3.424%	3.604%	3.904%	4.574%
December 12, 2002	2.934%	2.930%	3.180%	3.360%	3.660%	4.330%
January 13, 2003	2.845%	2.830%	3.080%	3.260%	3.560%	4.230%
February 13, 2003	2.745%	2.741%	2.991%	3.171%	3.471%	4.141%

For the first Interest Accrual Period the reference interest rate will be the two (2) month EURIBOR, being 2.995% the interest rate applicable to Class A Notes, 3.175% to the Class B Notes, 3.475% to the Class C Notes and 4.145% to the Class D Notes.

II.10.2 Brief reference to the ranking of payments of interest of the Notes issued by the Fund in the Payment Priority Order of the Fund, and an accurate indication of the paragraph and pages of the Prospectus where the rules of the priority order are established for the payments of the Fund, and specifically those which affect the payment of interest of such Notes, are described.

The payment of interest accrued by the Class A Notes shall rank third (3rd) in the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus.

The payment of interest accrued by the Class B Notes shall rank fourth (4th) in the Payment Priority Order established in the mentioned Section of the Prospectus.

The payment of interest accrued by the Class C Notes shall rank fifth (5th) in the Payment Priority Order established in the mentioned Section of the Prospectus.

The payment of interest accrued by the Class D Notes shall rank sixth (6th) in the Payment Priority Order established in the mentioned Section of the Prospectus.

II.10.3 Dates, place, entities and procedure for payment of interest.

The interest accrued on the Notes of all Classes will be paid on the 15th day of February, May, August and November of each year, or if this date is not a Business Date, on the next Business Day, until the Notes are fully repaid (each of these dates being a "Payment Date") in accordance with the procedure provided in Section II.12, first paragraph, of the Prospectus.

In the event that any of the dates set forth in the above paragraph are not Business Days pursuant to Section II.10.1.d) above, the Payment Date will be the next Business Day in Madrid, with interest corresponding to the current Interest Accrual Period accruing up to such Business Day, excluding such day.

The first payment date of interest on the Notes of the four Classes will be May 16, 2003. Consequently, a full quarter from the Disbursement Date will not have elapsed, so interest will be accrued at the relevant nominal interest rate from and including the Disbursement Date (March 7, 2003) provided in Section II.18.5, up until but not including May 16, 2003.

Interest to be paid on each Payment Date for each Interest Accrual Period will be calculated in accordance with the following formula:

$$I = N \times C \times d / (360 \times 100)$$

Where:

I = Interest to be paid on a given Payment Date.

N = Unpaid Principal Balance of the Notes on the Calculation Date corresponding to such Payment Date.

C = Nominal interest rate expressed as an annual percentage.

d = Number of days elapsed during each Interest Accrual Period.

Both interest accrued in favour of the Noteholders, calculated as provided above, and the amount of the accrued but unpaid interest, shall be communicated to the Noteholders as described in Section III.5.3.a), a”) of the Prospectus, at least one (1) calendar day in advance of each Payment Date.

In the event that the Fund fails to provide for payment of interest accrued on the Notes of either Class on a given Payment Date in accordance with the relevant Payment Priority Order set forth in Section V.5.1.b), 2, the amounts which the Noteholders have not received shall be paid on the next Payment Date. Any deferred amounts of interest will accrue, in favour of the Noteholders, the same interest as that applied to the principal of the Notes of their respective Class during the Interest Accrual Period/s until the Payment Date on which such deferred amounts of interest are paid, without accruing any interest for delayed payment and not involving any capitalisation of the debt.

The Fund, through the Managing Company, may not defer payment of interest of the Notes of either of the Classes to a date later than November 15, 2012 (hereinafter, the “Final Maturity Date” of the Notes) or, if this is a non-Business Day, the next Business Day.

In order to better explain to the subscriber the calculation system used to fix the applicable nominal interest rate and the amount of interest which may correspond to each Note on each Payment Date, Section II.12.a) and b) provides a practical example, as well as the Theoretical Charts in relation to the Early Repayment Sensitivity of the Loan (“*Cuadros Teóricos del Servicio Financiero del Empréstimo*”).

II.11 Redemption amount of the Notes.

II.11.1 Redemption amount.

The redemption amount of the four Classes of Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes, will be one hundred thousand (100,000) euro per Note, which corresponds to their nominal amount, free of expenses for the Noteholder, to be paid in instalments on each Payment Date.

II.11.2 Brief reference to the ranking of the payments of principal of the Notes issued by the Fund in the payment priority order of the said Fund, and an accurate indication of the section and pages of the Prospectus where the rules of order of priority established for the payments of the Fund are described, in particular those which affect the payment of the principal of said Notes.

The payment of principal of the Class A Notes, Class B Notes, Class C Notes and Class D Notes is ranked eighth (8th) in the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus.

II.11.3 Redemption methods, specifying dates, place, entities, procedure and publicity.

a) Final Redemption.

The Final Maturity Date and date of final redemption for the four Classes of Notes will be November 15, 2012 or, in the event that such date is not a Business Day, the next Business Day, without prejudice to any early redemption of the Notes that the Managing Company may carry out in the name and on behalf of the Fund, in accordance with paragraph c) below. In the latter case, the last Payment Date when

such early redemption takes place shall be the final date of redemption of the Notes. In the event of extinguishment of the Fund established in Section III.8.2, the date of extinguishment of the Fund will be the final date of redemption of the Notes.

b) Partial Redemption.

Notwithstanding the aforementioned, the Fund will make, through its Managing Company, partial redemptions of the Notes of the four Classes starting on the end of the Revolving Period, whether on its ordinary term or early, in the terms described below:

1. Redemption dates.

The redemption dates will coincide with the Payment Dates for interest starting on the end of the Revolving Period and accordingly will be the 15th of February, May, August and November of each year or, if applicable, the next Business Day as provided under Section II.10.3, until redemption in full is made.

The first redemption of the Class A Notes shall be August 15, 2005, that is, the Payment Date following the end of the Revolving Period or that previous Payment Date on which any of those circumstances established in Section IV.1.c). (iii) for early termination of the Revolving Period occurs.

The first redemption of the Class B Notes shall be carried out on such Payment Date on which Class A Notes are fully redeemed.

The first redemption of the Class C Notes shall be carried out on the Payment Date on which Class A and Class B Notes are fully redeemed.

The first redemption of the Class D Notes shall be carried out on the Payment Date on which Class A, Class B and Class C Notes are fully redeemed.

2. Calculation Dates and Periods.

“Calculation Dates” are those dates in which the Managing Company, on behalf of the Fund, shall carry out the required calculations to distribute or withhold Available Funds on such dates, in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2 of the Prospectus.

The Calculation Date for each relevant period shall be the fifth (5th) Business Day in Madrid prior to each Payment Date and the periods between two subsequent Calculation Dates shall be called “Calculation Periods”, with the initial Calculation Date being included in each Calculation Period and the final Calculation Date being excluded.

As an exception, the first Calculation Period shall be that between the Disbursement Date referred to in Section II.18.5 (included) and the first Calculation Date (excluded).

3. Unpaid Principal Balances of the Class A Notes, Class B Notes, Class C Notes and Class D Notes.

Unpaid principal balances will be the principal balances of the four Classes of Notes, including the Principal Due for Repayment accrued on previous Payment Dates and not paid due to lack of Available Funds, as provided in paragraph 4 below, and in accordance with the Payment Priority Order described in Section V.5.1.b), 2 of the Prospectus.

4. *Principal Due for Repayment on each Payment Date.*

The Principal Due for Repayment of the Notes of the four Classes of Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes, without distinguishing between them, will be equal to the difference between the sum of the Unpaid Principal Balance of the four Classes of Notes, Class A Notes, Class B Notes, Class C Notes and Class D Notes, on the Calculation Date prior to each Payment Date and the unpaid principal balance of the Credit Rights (as referred to in the following paragraph). The Principal Due for Repayment shall have a minimum of zero.

The unpaid principal balance of the Credit Rights (“Unpaid Principal Balance of the Credit Rights”) will be the Principal Due but not paid and the outstanding principal of the Credit Rights, less the whole principal amount of the loans in debt on the Credit Rights (whether outstanding or not) with twelve (12) months or more in arrears and without having collected any amount during such period, and the principal in debt on the Credit Rights (whether outstanding or not) once all legal actions for collecting such amounts are exhausted and even if the referred twelve month period has not elapsed.

5. *Amount for the redemption of principal on each Payment Date, and Principal Deficiency.*

Depending on the existing liquidity, the Principal Due for Repayment of the Notes that may be available in view of the payment ranking provided in Section V.5.1, 2 eighth (8th), will constitute the Available Funds for Repayment.

The Principal Deficiency, if any, will be the positive difference between the Principal Due for Repayment of the Notes and the Available Funds for Repayment.

6. *Allocation of the Available Funds for Repayment between the Notes of each Class.*

During the Revolving Period, that is, until May 15, 2005, inclusive, the Fund will purchase to the Assignor additional Credit Rights on a quarterly basis; as a result, the Available Funds for Repayment of the Notes will be allocated to purchase Additional Credit Rights. The Revolving Period will be early terminated if any of the circumstances defined in Section IV.1.c).(iii) occurs.

Once the Revolving Period has elapsed, Available Funds for Repayment representing the amounts available pursuant to item eight (8th) of Section V.5.1.b) 2 of the Payment Priority Order, will be fully allocated for such redemption in accordance with the following rules:

Available Funds for Repayment will be allocated to redemption of Class A Notes, pro rata between them, by reducing their nominal value on each Payment Date until redemption is completed.

Once the redemption of Class A Notes is completed, redemption of Class B Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

Once the redemption of Class A and Class B Notes is completed, redemption of Class C Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

Once the redemption of Class A, Class B and Class C Notes is completed, redemption of Class D Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

Despite the above, any amounts that the Noteholders may not receive on a given Payment Date, as a result of the lack of sufficient liquidity in the Fund due to the Payment Priority Order set forth in Section V.5.1.b) 2 of this Prospectus, that is, if a Principal Deficiency arises, such unpaid amounts shall be paid on the next Payment Date (again, subject to the existence of Available Funds for Repayment), such amounts creating no right to any additional or delayed payment interest whatsoever, other than the interest applicable to each Class of Notes (since they will form part of the unpaid principal balance of the Notes of all Classes, which is the amount pending repayment of each of the Classes of Notes (“Unpaid Principal Balance of the Notes”)).

The Managing Company will notify to the Noteholders as provided in Section III.5.3.a), a”) the repayment amounts to be distributed, the Unpaid Principal Balances of the Notes, the Principal Deficiency due to an insufficiency of Available Funds, if any, as well as the actual rates of prepayment of the Credit Rights and the estimated remaining term of the Notes.

7. Certificates

Within seven (7) Business Days following each Payment Date, the Managing Company will issue a certificate signed by a duly empowered person, which will provide evidence of: the Unpaid Principal Balances of the Notes, the Principal Deficiency unpaid due to an insufficiency of Available Funds, if any, and if applicable, the amount of interest accrued and unpaid to the Noteholders in accordance with Section II.10.3 of the Prospectus.

Such certification will be submitted to the Comisión Nacional del Mercado de Valores, to the entity in charge of the accounting record and to the governing authority of the AIAF, to make it available to the public.

c) Prepayment.

Without prejudice to the obligation of the Fund to repay the Notes through the Managing Company on the Final Maturity Date and without prejudice to the preceding paragraphs, the Fund will be empowered, subject to Article 5.3 of Law 19/1992, to liquidate the Fund, through the Managing Company and consequently to repay in advance all the Notes on a Payment Date, if the Unpaid Principal Balance of the Credit Rights is lower than 10% of their initial balance, if and when the result of selling the unpaid Credit Rights plus the existing balance of the Principal Account and the Cash Account allows a total cancellation of all the obligations due to the Noteholders after fulfilling the priority payment order as described in Section V.5.

In addition, an event of liquidation of the Fund and prepayment of the Notes will take place when the Managing Company is declared to be in liquidation, suspension of payments (“*suspension de pagos*”), bankrupt (“*quiebra*”) or in case its authorisation was revoked and a new Managing Company was not designated within the term provided by Law, in accordance with Section III.3.2 of the Prospectus.

Therefore, the following requirements must be met in order to proceed with the early liquidation of the Fund:

- (i) all payment obligations may be complied with and fully cancelled; and,
- (ii) the Managing Company notifies the Noteholders as provided in Sections III.5.3.b), b”) and c), thirty (30) Business Days before the early liquidation date, which shall necessarily be a Payment Date. Such notice (previously given to the Comisión Nacional del Mercado de Valores) shall contain the liquidation procedure as described below and the means to obtain enough liquidity, in order to pay and cancel all the obligations deriving from the Notes. The prepayment will necessarily be conducted over all of the Notes.

The prepayment of all the Notes, in the above scenarios, will be conducted over the Unpaid Principal Balance of the Notes up to that date plus the accrued but unpaid interest from the last Payment Date up to the prepayment date, reduced, as the case may be, with the relevant withholding tax and free of expenses for the Noteholder. These amounts shall be deemed to be legally due and payable on that date.

For the purpose of the Fund, through its Managing Company, conducting the prepayment of the Notes and, specifically, in order to raise enough liquidity from the Fund to pay the Unpaid Principal Balance of the Notes, plus the accrued but unpaid interest from the last Payment Date until the date of prepayment, the Managing Company, on behalf of the Fund, shall be entitled to:

- (i) sell the Credit Rights at a price not lower than the sum of the principal value plus the accrued but unpaid interest of the Credit Rights pending amortisation; and/or,
- (ii) subscribe a credit facility with a credit institution which will be immediately and fully allocated to the prepayment of the Notes. Such credit facility will only be guaranteed by the flows of principal and interests corresponding to the Credit Rights pending amortisation; and/or,
- (iii) cancel those agreements which are not necessary to carry out the liquidation of the Fund; and/or,
- (iv) sell the assets which belong to the Fund, if the previous actions prove insufficient or if there are assets remaining. The Managing Company will be authorised to accept those offers that, at its opinion, cover the market value of the relevant asset and be paid in cash. To establish the market value, the Managing Company may be entitled to obtain the reports that it may find appropriate.

Section III.8 of this Prospectus describes other events of extinguishment of the Fund and its consequent early liquidation.

II.12 Table of the financial service of the loan, including both the payments of interest and the redemption of principal for each of the-classes of Securitisation Notes to be issued by the Fund.

The administration of payments (“*servicio financiero*”) of the Notes shall be provided by the Bank, which will be considered the Financial Agent for these purposes. The payment of interest and redemptions of principal shall be communicated to the holders of the Notes as provided in Section III.5.3.a), a”). The payment of interest and redemptions of principal to the Noteholders shall be made by presenting the relevant document evidencing their ownership or through the

appropriate Certificate of Ownership issued by the entity in charge of the relevant book entry registry as indicated in Section II.5 of the Prospectus.

a) Practical example of the calculation of the nominal interest rate.

In accordance with Section II.10.3 and in order to make it easier for the subscriber to understand the calculation system used for the nominal interest rate and the amount of interest to be received per Class A Note on each Payment Date, the example given below indicates the method of calculation for this Class:

- 3 month EURIBOR rate: 2.741%
 - Spread: 0.250%
-
- Amount of interest per Note: 2.991%
- Period of interest per Note: 89 days (*)
 - Unpaid Principal Balance of the Note: 100,000 euro
- $$\frac{2.991 \times 89 \times 100,000}{100 \times 360} = 739.441667 \text{ euro}$$
- Rounded up to the nearest cent: 739.44 euro

(*) taking as an example a quarter of such duration, for instance, February, March and April.

Consequently, the amount of interest to be received for each Class A Note would be 739.44 euro on an Unpaid Principal Balance of 100,000 euro. The example would be identical for the Class B Notes, the Class C Notes and the Class D Notes, substituting the Class A spread of 0.25%, for the spreads corresponding to Class B Notes, Class C Notes and Class D Notes.

b) Table of the Prepayment Sensitivity (“Cuadros del servicio financiero del empréstito”) of the loan.

The main characteristic of the Notes is their periodic redemption. As a result, their average term and duration depends fundamentally on the speed at which the debtors repay their loans.

The advanced repayments that the debtors decide to make, subject to continual changes and estimated in the Prospectus through the use of the Constant Annual Prepayment Rate (hereinafter “CPR”), will have a direct effect on the speed of repayment of the loans and the average term and duration of the Notes.

Other variables exist which are also subject to continual changes, and which affect the average term and duration of the Notes. The variables and their hypothetical values assumed in all the charts provided in this Section are the following:

- that the interest rate of the Credit Rights is 8.83%;
- that the proportion of the portfolio of Credit Rights in arrears is 2.90% annually and 0.24% monthly, with a 12 month recovery period;
- that the proportion of the portfolio of Credit Rights in default is 0%;
- that the CPR stays constant throughout the lifetime of the Notes;

- that the Disbursement Date of the Notes is March 7, 2003;
- that the Principal Deficiency does not exist;
- that the Revolving Period is not early expired.

Finally, the real adjusted duration of the Notes will also depend on their floating interest rates. In all the charts provided in this Section the rate is assumed to be constant at 2.991% for the Class A Notes, 3.171% for the Class B Notes, 3.471% for the Class C Notes and 4.141% for the Class D Notes.

Assuming that the Fund exercises the early repayment option set out in the first paragraph of Section II.11.3. c) (where the Principal Balance of the Credit Rights is lower than 10% of its initial amount), the average term and duration of the Notes with different CPR set out in the chart below, would be the following:

CPR	0%	4%	8%	10%	12%	16%	20%
CLASS A							
Term	3.32	3.28	3.24	3.22	3.19	3.15	3.12
IRR	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%	3.02%
Duration	3.08	3.04	3.00	2.98	2.96	2.93	2.89
Final maturity	4.93	4.93	4.68	4.68	4.68	4.68	4.42
CLASS B							
Term	5.12	5.05	4.90	4.86	4.83	4.76	4.63
IRR	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%	3.21%
Duration	4.60	4.54	4.41	4.38	4.35	4.29	4.19
Final maturity	5.18	5.18	4.93	4.93	4.93	4.93	4.68
CLASS C							
Term	5.18	5.18	4.93	4.93	4.93	4.93	4.68
IRR	3.52%	3.52%	3.52%	3.52%	3.52%	3.52%	3.52%
Duration	4.60	4.60	4.40	4.40	4.40	4.40	4.19
Final maturity	5.18	5.18	4.93	4.93	4.93	4.93	4.68
CLASS D							
Term	5.18	5.18	4.93	4.93	4.93	4.93	4.68
IRR	4.21%	4.21%	4.21%	4.21%	4.21%	4.21%	4.21%
Duration	4.49	4.49	4.30	4.30	4.30	4.30	4.10
Final maturity	5.18	5.18	4.93	4.93	4.93	4.93	4.68

The above figures were calculated by using the following formulas:

Average term of the Notes:

$$A = \frac{\sum(B \times d)}{C} \times \frac{1}{365}$$

Where:

A = Average term of each Class of issued Notes expressed in years.

B = Principal of each Class of Notes to be repaid on each Payment Date, in accordance with the amount to be repaid corresponding to each Class of Notes, pursuant to Section II.11.3.b), 4 and considering that the repayment profile of the portfolio on the date on which repayment of the Notes begins (at the end of the Revolving Period) is equal to the repayment profile of the current portfolio.

d = Number of days elapsed between the Disbursement Date and the relevant Payment Date.

C = Total nominal value of each Class A, B, C and D of Notes in euro.

Duration of the Notes (Macaulay adjusted formula):

$$D = \frac{\sum (P \times VA)}{PE} \times \frac{1}{(1+I)}$$

Where:

D = Duration of each Class of Notes expressed in years.

P = Time elapsed (in years) between the Disbursement Date and each Payment Date.

VA = Present value of each amount comprising gross principal and interest, to be paid on each Payment Date with a deduction of the gross effective interest rate (IRR), which is 3.025% for Class A Notes, 3.210% for Class B Notes, 3.516% for Class C Notes and 4.206% for Class D Notes.

PE = Price of issue of the Notes (100,000 euro).

I = Gross internal rate of return ("IRR"), which is 3.025% for Class A Notes, 3.210% for Class B Notes, 3.516% for Class C Notes and 4.206% for Class D Notes.

Finally, the Fund states that the tables of the financial service of the loan shown herein are merely theoretical and therefore impose no payment obligation whatsoever, bearing in mind that:

- The CPR are assumed to be constant at 8% and 16% throughout the life of the loan, although the real rate of early repayment changes continuously.
- The Unpaid Principal Balance of the Notes on each Payment Date and the interest to be paid on each of such dates will depend on the real rate of early repayment which may affect the portfolio of Credit Rights.
- It is assumed that repayment of principal of the Notes will be carried out pursuant to the general rules established in Section II.11.3.b).6 of the Prospectus, and that the repayment profile of the portfolio on the date on which repayment begins (at the end of the Revolving Period) is equal to the repayment profile of the current portfolio.
- The interest rates of the Notes are assumed to be constant at 2.991% for the Class A Notes, 3.171% for the Class B Notes, 3.471% for the Class C Notes and 4.141% for the Class D Notes, although the interest rate of the four Classes is floating.
- The hypothetical values mentioned at the beginning of this Section are assumed in all cases.
- It is assumed that the Managing Company, on behalf of the Fund, will exercise the option of early repayment provided in Section II.11.3.c).

CASH FLOWS PER NOTE EXCLUDING WITHHOLDING FROM THE NOTEHOLDER
(EURO)

CPR= 8%

DATE	PRINCIPAL PAYMENT ON CLASS A NOTES	GROSS INTEREST CLASS A	TOTAL CLASS A NOTES	PRINCIPAL PAYMENT ON CLASS B NOTES	GROSS INTEREST CLASS B	TOTAL CLASS B NOTES	PRINCIPAL PAYMENT ON CLASS C NOTES	GROSS INTEREST CLASS C	TOTAL CLASS C NOTES	PRINCIPAL PAYMENT ON CLASS D NOTES	GROSS INTEREST CLASS D	TOTAL CLASS D NOTES
3/7/03												
5/15/03	0.00	573.28	573.28	0.00	607.78	607.78	0.00	665.28	665.28	0.00	793.69	793.69
8/15/03	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/03	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/04	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/04	0.00	747.75	747.75	0.00	792.75	792.75	0.00	867.75	867.75	0.00	1,035.25	1,035.25
8/15/04	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/04	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/05	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/05	0.00	739.44	739.44	0.00	783.94	783.94	0.00	858.11	858.11	0.00	1,023.75	1,023.75
8/15/05	17,039.33	764.37	17,803.69	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/05	15,613.78	634.12	16,247.91	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/06	13,656.04	514.78	14,170.82	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/06	12,651.14	397.01	13,048.15	0.00	783.94	783.94	0.00	858.11	858.11	0.00	1,023.75	1,023.75
8/15/06	10,774.95	313.69	11,088.65	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/06	9,660.86	231.33	9,892.20	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/07	7,760.62	157.49	7,918.11	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/07	6,743.03	94.97	6,838.00	0.00	783.94	783.94	0.00	858.11	858.11	0.00	1,023.75	1,023.75
8/15/07	4,870.04	46.63	4,916.57	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/07	1,230.20	9.40	1,239.60	100,000.00	810.37	100,810.37	100,000.00	887.03	100,887.03	100,000.00	1,058.26	100,058.26
	100,000.00	9,810.46	3.0247%	100,000.00	15,097.48	3.2089%	100,000.00	16,525.82	3.5164%	100,000.00	19,715.76	4.2057%

CASH FLOWS PER NOTE EXCLUDING WITHHOLDING FROM THE NOTEHOLDER
(EURO)

CPR= 16%

DATE	PRINCIPAL PAYMENT ON CLASS A NOTES	GROSS INTEREST CLASS A	TOTAL CLASS A NOTES	PRINCIPAL PAYMENT ON CLASS B NOTES	GROSS INTEREST CLASS B	TOTAL CLASS B NOTES	PRINCIPAL PAYMENT ON CLASS C NOTES	GROSS INTEREST CLASS C	TOTAL CLASS C NOTES	PRINCIPAL PAYMENT ON CLASS D NOTES	GROSS INTEREST CLASS D	TOTAL CLASS D NOTES
3/7/03												
5/15/03	0.00	573.28	573.28	0.00	607.78	607.78	0.00	665.28	665.28	0.00	793.69	793.69
8/15/03	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/03	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/04	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/04	0.00	747.75	747.75	0.00	792.75	792.75	0.00	867.75	867.75	0.00	1,035.25	1,035.25
8/15/04	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/04	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/05	0.00	764.37	764.37	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/05	0.00	739.44	739.44	0.00	783.94	783.94	0.00	858.11	858.11	0.00	1,023.75	1,023.75
8/15/05	19,081.35	764.37	19,845.71	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/05	16,917.13	618.52	17,535.65	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/06	14,376.38	489.21	14,865.59	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/06	12,899.17	366.95	13,266.12	0.00	783.94	783.94	0.00	858.11	858.11	0.00	1,023.75	1,023.75
8/15/06	10,761.49	280.72	11,042.21	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/06	9,329.32	198.46	9,527.78	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
2/15/07	7,307.33	127.15	7,434.48	0.00	810.37	810.37	0.00	887.03	887.03	0.00	1,058.26	1,058.26
5/15/07	6,144.15	68.97	6,213.13	0.00	783.94	783.94	0.00	858.11	858.11	0.00	1,023.75	1,023.75
8/15/07	3,183.69	24.34	3,208.02	30,027.63	810.37	30,838.00	0.00	887.03	887.03	0.00	1,058.26	1,058.26
11/15/07	0,00	0,00	0,00	69,972.37	567.03	70,539.40	100,000.00	887.03	100,887.03	100,000.00	1,058.26	101,058.26
	100,000.00	9,585.35	3.0247%	100,000.00	14,854.15	3.2089%	100,000.00	16,525.82	3.5164%	100,000.00	19,715.76	4.2057%

II.13 Effective interest estimated for the Noteholder, in accordance with the characteristics of the issue, specifying the calculation method used and the anticipated expenses in accordance with their actual nature.

Effective gross interest for the Noteholder.

If the annual nominal interest rates applicable to the four Classes, were kept constant throughout the life of the Notes at the interest rates of 2.991% for Class A Notes, 3.171% for Class B Notes, 3.471% for Class C Notes and 4.141% for Class D Notes, such interest rates would be transformed into annual and gross Internal Rates of Return (“IRR”) for the Noteholder of 3.025% for Class A Notes, 3.209% for Class B Notes, 3.516% for Class C Notes and 4.206% for Class D Notes as shown in the chart included in Section II.12.b). This is due to the effect produced by the quarterly payment of interest, which is calculated as an internal rate of return without taking into consideration the effects of tax, and always incorporating the assumptions contained in the aforementioned Section.

The IRR was calculated using the following formula:

$$100,000 = \sum_{i=1}^N ai(1 + I)^{-[ni/365]}$$

Where:

I = IRR expressed as an annual rate, on a per unit basis.

ai = Total amounts of repayment and interest which will be received by Noteholders.

(a1 aN)

ni = Number of days elapsed between the Disbursement Date of the issue and February 15, May 15, August 15 and November 15 of each year, not inclusive.

II.14 Effective interest estimated for the Fund at the time of issue of the Notes, taking into account all expenses incurred in design and placement, and specifying the method of calculation.

In the event that the floating nominal interest rate of the Notes remains constant throughout the life of the loan at a rate of 2.991% for the Class A Notes, 3.171% for the Class B Notes, 3.471% for the Class C Notes and 4.141% for the Class D Notes, such rates would be transformed into internal rates of return (IRR) for the total of the issue of 3.1446% for a CPR of 8%, calculated in accordance with the assumptions mentioned in Section II.12.b) as the liquid value of the issue, after deductions for expenses of the issue, from the values of all the payments for interest, repayments and cancellation expenses updated to the date of issue.

The anticipated expenses are as follows:

a) Incorporation expenses (*documentation, publications and fees*):

	euro
• CNMV Fees ¹ :	69,917.58
• AIAF Fees:	62,640.00
• SCLV Fees:	635.68
• Rating agencies:	255,200.00
• Others (legal advise, publications, printing, notary and audit expenses): ..	99,762.99
	<hr/>
Subtotal (0.045%):	488,156.25

b) Issue expenses:

	euro
• Managing Company Fee:	150,000.00
• Arrangement and Underwriting Fees:	
* Class A (0.050%):	486,000.00
* Class B (0.100%):	37,800.00
* Class C (0.150%):	52,650.00
* Class D (0.200%):	70,200.00
	<hr/>
Subtotal (0.074%):	796,650.00

GRAND TOTAL (0.244%): **1,284,806.25**

The expenses resulting from the liquidation of the Fund and the expenses of auditing the portfolio of Credit Rights portfolio will be borne by the Fund.

II.15 Existence or non-existence of special guarantees of the Credit Rights.

Guarantees of the Assignor:

The Bank, as Assignor of the Credit Rights, undertakes:

- (i) to replace each and every Credit Right which does not conform to the statements contained in paragraph IV.1.a) and to the Selection Criteria, with other Credit Rights in accordance with Section IV.1.d). If this is not possible, the Assignor undertakes to terminate the assignment of the non-replaced affected Credit Right pursuant to the mentioned Section;
- (ii) that all amounts received by the Assignor from the debtors in connection with the Credit Rights assigned by the Assignor to the Fund, will be delivered by the Assignor to the Fund through the Managing Company;

¹ 0.14% of the Domestic Tranche (maximum of 37,517.58), and 0.03% of the total of the issue for the process of admission to quotation.

- (iii) that, without prejudice to the representations of Section IV.1.a), the Bank undertakes that if any of the debtors or their guarantors has any credit right against the Bank and proceeds to exercise it by setting-off this credit against the debt derived from a Consumer Loan assigned to the Fund subject to Article 1,198 of the Civil Code, the Bank shall pay to the Fund, in the Cash Account described in Section V.3.1 a), an amount equal to the set off amount which would have been due to the Fund. Nevertheless, the Bank represents in Section IV.1.a), 15 that it has no knowledge of any of the debtor or their guarantors being a creditor of the Bank with the capacity to claim for compensation, and
- (iv) that it shall indemnify the Fund, through the Managing Company, for any damage, loss or expenses incurred by the Fund by reason of the lack of fulfilment by the Bank of its obligations of custody and management of the Credit Rights.

Additionally, the Bank makes the representations and guarantees regarding the Credit Rights mentioned in Section IV.1.a) of the Prospectus.

None of the above undertakings shall be regarded as a payment guarantee in the event of the default of the debtors.

The Bank will not receive any fee for the abovementioned undertakings.

II.16 Law governing the transfer of the Notes, indicating, in particular, if there are any restrictions on their free transferability.

The Notes are not subject to any particular restriction on their free transferability, which will be carried out in accordance with the conditions set forth in Section II.4.1 of the Prospectus.

II.17 Listing of the Notes issued.

In accordance with Article 2.3 of Royal Decree 926/1998, the Managing Company shall request, once the disbursement of the Notes (as described in Section II.18.5) has been carried out, the listing of the issue of the Notes in AIAF (an official secondary securities market recognised in the Sixth Temporary Disposition set forth in Law 37/1998, by virtue of which Law 24/1988 is amended). The listing will be completed no later than forty (40) days after the Disbursement Date and always before the first interest payment date of the Notes (May 16, 2003).

Likewise, once the Notes are subscribed, the Managing Company will request, in the name and on behalf of the Fund, the inclusion of the issue of Notes in the Servicio de Compensación y Liquidación de Valores, S.A., thus ensuring that the clearing and settlement of the Notes is carried out in accordance with the operating rules which the SCLV has established or may establish in the future with regard to securities listed in AIAF and represented through book entries.

The Managing Company expressly acknowledges that it is aware of the requirements and conditions required for the listing, presence and delisting of securities on AIAF in accordance with the legislation currently in force and the requirements of its governing bodies. The Fund in turn agrees, through the Managing Company, to meet and comply with these requirements and conditions.

In the event that the listing of the Notes in AIAF is not completed within the above term, the Managing Company shall immediately inform the Noteholders, indicating the reasons and the new anticipated listing date in a national newspaper, in accordance with Sections III.5.3.b), b”) and c) of the Prospectus, without prejudice to the potential liability of the issuer of the Notes in the event that the non-fulfilment was a result of its behaviour.

II.18 Applications for subscription and acquisition.

II.18.1 Group of potential investors to whom the Notes are offered.

It is intended that the Notes will be sold to institutional or professional investors, either with or without legal status, such as, without limitation, Pension Funds, Collective Investment Institutions or Insurance Entities and, in general, Credit Entities, Securities Agencies or entities authorised to manage securities' portfolios that regularly and on a professional basis carry out investment on securities.

The Bank does not previously intend to initially subscribe any of the Notes to be issued.

II.18.2 Legal suitability of the Notes.

The following legal considerations are applicable to the Notes, for the purposes of being subscribed by certain investors:

- (i) In accordance with Royal Decree 2345/1996, of November 8, the Notes are appropriate for the investment of the compulsory reserves of Reciprocal Guarantee Entities (*Sociedades de Garantía Recíproca*);
- (ii) The Notes may be acquired by Insurance Entities in order to comply with their obligations under technical provisions, in accordance with Royal Decree 2486/1998, of November 20;
- (iii) The Notes may be acquired by Pension Funds in accordance with Article 34 of Royal Decree 1307/1988, of September 30;
- (iv) The Notes may be acquired by Collective Investment Institutions in accordance with the particular rules established for each one by Royal Decree 1393/1990, of November 2, as amended by Royal Decree 91/2001, of February 2, and the Order of May 28, 1999, which modifies the Order of June 7, 1990, on Cooperation Treaties related to Investment Funds in government stock ("*Fondtesoros*");
- (v) In accordance with the Ministerial Order of December 29, 1992, as amended by the Orders of April 13, 2000 and January 8, 2003, among others, on equity and supervision on a consolidated base of securities companies and agencies and their groups, the Notes will have the weighting corresponding to the asset with the highest weighting that is included in the fund.

II.18.3 Subscription Period.

The subscription period of the Notes (the "Subscription Period") will have a duration of eight (8) hours from 9:00 to 17:00 on the immediately subsequent Business Day on which the announcement of the incorporation of the Fund and issue of the Notes is published, as provided in Sections III.5.3.b), b') and c) of the Prospectus.

The Subscription Period will occur on March 6, 2003.

II.18.4 Where and by whom may the subscription or acquisition be processed.

The applications for subscription of the Domestic Tranche described in Section II.19 may be carried out by any means permitted by law during the Subscription Period referred to in Section II.18.3, and should be addressed to the Underwriting Entity, the Bank (Treasury Department), located at Paseo de la Castellana 75, 2º 28046 Madrid.

The applications for subscription of the International Tranche described in Section II.19 shall be made in accordance with Section II.19 of the Prospectus.

Each of the Domestic Tranche Underwriting Entity and the International Tranche Underwriting Entities, the Bank as regards to the Domestic Tranche and the Bank and Soci t  Gen rale, Sucursal en Espa a (“Soci t  Gen rale”) as regards to the International Tranche, will subscribe the amount of Notes pending subscription at the end of the Subscription Period, by virtue of their undertakings described in Sections II.19.3 and V.4.1 of this Prospectus.

II.18.5 Method and Date of Disbursement.

The investors to whom the Notes have been sold shall pay to the Underwriting Entities, on the Business Day following the closing date of the Subscription Period (the “Disbursement Date”), before 13.00 hours (Madrid time), with same-day value, the price of issue (100% of the nominal amount) which may correspond to each Note assigned to them.

Before 14:00 hours (Madrid time), with same-day value, each Underwriting Entity shall pay the agreed amount corresponding to the Notes assigned to them, less their Underwriting Fee, to the Bank, which in its capacity as Financial Agent shall pay to the Fund, on the same date, the total amount of the issue less the Underwriting Fee, before 15.00 hours (Madrid time), with same-day value, in accordance with the provisions of the Subscription Agreements.

The Disbursement Date shall be March 7, 2003.

II.18.6 Method and term of delivery of the copies of the subscription bulletins or provisional certificates to the subscribers.

No later than fifteen (15) days after the Disbursement Date, each investor will receive from the Underwriting Entity through which it has subscribed the Notes, a document providing evidence of the subscription of the Notes and the amount effectively disbursed through this subscription. Notwithstanding the above, ownership of the Notes will be proved by means of the relevant registration carried by the entity in charge of the book entry record of the Notes, which are represented in book entry form. This supporting document will not be negotiable and will only reflect the initial subscription of the Notes. It will be valid to prove the subscription of the relevant Notes until their registration in the relevant book entry record.

II.19 Placement and assignment of the Notes.

The placement of the Notes shall be divided in two Tranches:

- (i) **Domestic Tranche:** four hundred and twenty three million, nine hundred thousand 423,900,000) euro will be placed in the following manner:
- Three hundred and fifteen million, nine hundred thousand (315,900,000) euro, that is three thousand, one hundred and fifty nine (3,159) Class A Notes, approximately 32.5% of the total nominal value of that Class.
 - Thirty seven million, eight hundred thousand (37,800,000) euro, that is three hundred and seventy eight (378) Class B Notes (which represent 100% of the total nominal value of that Class).
 - Thirty five million, one hundred thousand (35,100,000) euro, that is three hundred and fifty one (351) Class C Notes (which represent 100% of the total nominal value of that Class).

- Thirty five million, one hundred thousand (35,100,000) euro, that is three hundred and fifty one (351) Class D Notes (which represent 100% of the total nominal value of that Class).

(ii) **International Tranche:** six hundred and fifty six million, one hundred thousand (656,100,000) euro, that is six thousand, five hundred and sixty one (6,561) Class A Notes, approximately 67.5% of the total nominal value of that Class.

The placement procedure for both the Domestic Tranche and the International Tranche will be the following:

Once the Subscription Period has been opened as provided for in Section II.18.3 below, applications shall be directed to the Bank (in the Domestic Tranche) or to the Underwriting Entities and Managers described in the International Tranche Subscription Agreement (in the International Tranche), which will be free to accept or reject the applications for subscription received, provided however that there is no discrimination among applications with similar characteristics on time. The Bank and the rest of Underwriting Entities undertake to subscribe, on their own behalf, upon termination of the Subscription Period, the number of Notes required to fulfil their underwriting obligations, as set out in Section II.19.1.

It is not foreseen the redistribution of the initial amount of Notes assigned to each Tranche prior to the closing of the Subscription Period nor at any other moment.

II.19.1 Entities which take part in the placement or marketing indicating their different duties, with a precise description of such duties. Total amount of fees agreed between the different placement entities and the Managing Company.

The placement and underwriting of the Domestic Tranche (as referred to in Section II.18.4) will be carried out by the Domestic Tranche Underwriting Entity for the following initial amounts:

Underwriting Entity	euro			
	Class A	Class B	Class C	Class D
• Banco Santander Central Hispano	315.90	37.80	35.10	35.10
Totals	315.90	37.80	35.10	35.10

The placement and underwriting of the International Tranche will be carried out by the International Tranche Underwriting Entities for the following amounts:

Underwriting Entities	euro			
	Class A	Class B	Class C	Class D
• Société Générale	486.00	-	-	-
• Banco Santander Central Hispano	170.10	-	-	-
Totals	656.10	-	-	-

Each of the Underwriting Entities of the Class A Notes will receive an underwriting fee of 0.05% of the total nominal amount of Class A Notes

underwritten by the relevant entity by virtue of the Subscription Agreements referred to in Section V.4.1 of the Prospectus.

Each of the Underwriting Entities of the Class B Notes will receive an underwriting fee of 0.10% of the total nominal amount of Class B Notes effectively underwritten by the relevant entity.

Each of the Underwriting Entities of the Class C Notes will receive an underwriting fee of 0.15% of the total nominal amount of Class C Notes effectively underwritten by the relevant entity.

Each of the Underwriting Entities of the Class D Notes will receive an underwriting fee of 0.20% of the total nominal amount of Class D Notes effectively underwritten by the relevant entity.

In addition, each Underwriting Entity undertakes to disclose to the Managing Company, within five (5) Business Days following the Disbursement Date, all the information requested by the CNMV on the results of the placement, in order to complete the Distribution Charts. In particular, the distribution among the subscribers detailing the number of Notes, the number and nature of subscribers of the Notes and any other information that may be requested by the CNMV.

II.19.2 Managers of the Issue.

The Bank will act as sole Manager of the Domestic Tranche of the issue of Notes. The Bank and Société Générale will act as Managers of the International Tranche of the issue of Notes. Below is a copy of the letters issued by the Managers containing the statements signed by the persons duly empowered:

On behalf of the Bank:

“MR. JAVIER PAZOS ACEVES in the name and on behalf of Banco Santander Central Hispano, S.A., as Manager of the Domestic Tranche and of the International Tranche, with registered office at Santander, Pº de Pereda No. 9 and 12, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS CONSUMO SANTANDER 1, for the issue of an amount of one billion, eighty million (1,080,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARES

That the required verification has been carried out in order to confirm the truthfulness and completeness of the information contained in the Prospectus.

That as a result of that verification, there is no circumstance which may contradict or alter the information contained in the Prospectus, which does not omit any data or significant facts that could be relevant for the investor.

This statement does not refer to data which are the subject matter of the audit report.

In witness whereof, I draft this statement in Madrid on March 3, 2003.”

On behalf of Société Générale:

“MR. ÁLVARO HUETE GÓMEZ and MR. DEMETRIO SALORIO SIMONET in the name and on behalf of Société Générale, Sucursal en España, with registered office at Madrid, Génova 26, and duly authorised for these purposes in connection with

the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS CONSUMO SANTANDER 1, for the issue of an amount of one billion, eighty million (1,080,000,000) euro, in compliance with Article 20 of Royal Decree 291/1992, of March 27, on issues and public offers of securities, as amended by Royal Decree 2590/1998, of December 7,

DECLARE

That the required verification has been carried out in order to confirm the truthfulness and completeness of the information contained in the Prospectus.

That as a result of that verification, there is no circumstance which may contradict or alter the information contained in the Prospectus, which does not omit any data or significant facts that could be relevant for the investor.

This statement does not refer to data which are the subject matter of the audit report.

In witness whereof, we draft this statement in Madrid on March 3, 2003.”

None of the Managers of the Domestic Tranche and of the International Tranche will receive any fee for their duties as Managers.

The letters from the Managers containing the required representations are attached to this Prospectus as Annex V.

II.19.3 Underwriting of the issue.

The Managing Company, acting in the name and on behalf of the Fund, will enter into two Subscription Agreements with the Underwriting Entities, whereby these entities in their respective Tranches (Domestic and International) will freely assign the Notes to third parties for the amounts set out in respect of each in Section II.19.1, and once the Subscription Period has closed, they will subscribe on their own behalf any amount of Notes which remain unsubscribed, in accordance with their underwriting commitment.

As Underwriting Entities, the Bank as regards to the Domestic Tranche, and the Bank and Société Générale as regards to the International Tranche, assume the obligations provided in the Subscription Agreements, which are essentially the following: 1) an undertaking to subscribe to the Notes which have not been subscribed at the closing of the Subscription Period, up to the amounts established above (undertaking which the Underwriting Entities of the International Tranche assume on a joint and several basis); 2) payment to the Bank, in its role as Financial Agent, of the underwriting commitment by the Bank and Société Générale, with same-day value, before 14:00 hours (Madrid time) on the Business Day following the closing date of the Subscription Period, after deducting of the underwriting fee agreed in the relevant Subscription Agreement; 3) payment to the Fund, by the Bank, in its role as Financial Agent, before 15:00 hours (Madrid time) on the same date, of the total amount of the issue, after deducting of the total underwriting fee that corresponds to the Bank as Underwriting Entity; 4) payment of any interest (at EURIBOR rate for 1 day deposit transactions plus 70 basic points, capitalised weekly) accrued for delayed payment, as agreed in the Subscription Agreements in the case of delay in payment of the owed amounts.

The early termination of the Subscription Agreements may only occur if the rating agencies (S&P España and Moody's España) do not confirm, before the commencement of the Subscription Period of the Notes, the AAA/Aaa ratings for

the Class A Notes, the AA/Aa1 ratings for the Class B Notes, the A/A1 ratings for the Class C Notes and the BBB/Baa2 ratings for the Class D Notes, in accordance with the rating scales of S&P España and Moody's España, respectively.

II.19.4 Pro-rata allocation in the placement.

Not applicable.

II.20 Term and method established for delivery to subscribers of certificates or supporting documentation of subscription.

The Notes represented through book entries will be incorporated as such by virtue of their registration in the relevant book entry record carried out by the SCLV, in accordance with the provisions set forth in Section II.5, and there will be no physical delivery of the Notes.

The Noteholders may be provided, up on request and at their own cost, Ownership Certificates for the assigned Notes and the corresponding amounts disbursed. These documents will also include the identity of the Noteholder, the reason for the issue of the Certificate and its period of validity, in accordance with the fourth Section of Chapter I, Title I of Royal Decree 116/1992.

II.21 Spanish legislation under which the Notes are created and indication of the competent court in the event of litigation.

The issue of the Notes is subject to Spanish legislation in accordance with the provisions set forth in Royal Decree 926/1998 of May 14, on Asset Securitization Funds and Managing Companies of Securitization Funds, subsidiarily by Law 19/1992, of July 7, on the Regime applicable to Companies and Real Estate Investment Funds and Mortgage Securitisation Funds; Law 24/1988, as amended; and in accordance with the provisions set forth in Royal Decree 291/1992, dated March 27, on Issues and Public Offerings of Sale of Securities, amended by Royal Decree 2590/1998, dated December 7, on amendment of the legal regime of the securities markets; as well as the Order of July 12, 1993 and other developments of Royal Decree 291/1992 of March 27, and the CNMV Circular 2/1994 of March 16, whereby a pro-forma prospectus for the incorporation of mortgage securitisation funds is approved and the CNMV Circular 2/1999 of April 22, whereby certain pro-forma prospectuses to be used in issues or public offerings of securities were approved. The International Tranche Subscription Agreement providing for the underwriting and placement of such Tranche is subject to English law.

All matters, discrepancies, disputes and claims which may arise between the Fund as issuer of the Notes and the Noteholders, will be submitted to and settled by the Courts and Tribunals of Spain.

Actions available in the case of default in payment of the Notes issued by the Fund

1. The Noteholders shall not be entitled to take direct action against the defaulting debtors of the assigned Credit Rights. Only the Managing Company, on behalf of the Fund, is entitled to take such action.
2. In the event of non-payment of the Notes as a result of a defaulting debtor of a Credit Right, the Noteholders shall not take any action against the Fund or the Managing Company.
3. The Noteholders shall not have any right of action against the Managing Company other than that deriving from a breach of its own obligations, but never as a consequence of non-payment or early repayment by the debtors of the Credit Rights.

The Incorporation Deed will be governed by and construed in accordance with Spanish law.

II.22 Tax consequences of the income derived from the Notes.

The following is a summary of the tax consequences of the investments derived from this offer. This summary is based on the Spanish law in force on the date of the offer and does not address all tax considerations that may be relevant to every category of investor. The investors should also take into account any personal tax circumstances and, in particular, those related to the territorial limitations of certain tax laws and the applicable tax regime at the time the income is obtained and declared.

This section considers the amendments made by Law 46/2002, of December 18, on Partial Reform of the Individual Income Tax, and by means of which laws on Corporate Income Tax and Non-Resident Income Tax are amended, as well as by Royal Decree 27/2003, of January 10, and Royal Decree 116/2003, of January 31, which amend the Regulations of the Individual Income Tax and the Non-Resident Income Tax, respectively.

II.22.1 Spanish Individual Income Tax (IIT)

Interest as well as income obtained on the transfer, redemption or repayment of the Notes, which is obtained by individuals that are resident in Spain for tax purposes, will be deemed income from the movable property pursuant to Section 23.2 of Law 40/1998, of December 9th, on Individual Income Tax (“IIT”).

If such income was generated after a two-year holding period, the individual taxpayer will benefit from a 40% reduction on the taxable income.

According to the IIT Regulations (Royal Decree 214/1999, of February 5th), a withholding tax will be levied on the aforementioned income derived from the Notes, pursuant to the following:

- Interest derived from the Notes will be subject to an 15% withholding tax.
- However, no withholding tax will be levied on the income derived from the transfer or repayment of the Notes, if the following requirements are fulfilled (as is anticipated in the case of this issue):
 - 1) The Notes are registered in book entry form; and
 - 2) The Notes are listed in a Spanish official secondary market.
- Notwithstanding the above, an 15% withholding tax shall be applied to the part of the transfer price corresponding to the accrued interest when the transfer of the Notes takes place within the 30-day period prior to the maturity of the interest, provided that:
 - 1) The acquiror is a non-resident in Spain for tax purposes or is a Corporate Income Tax taxpayer, and,
 - 2) The acquiror is not subject to withholding tax on the interest received from the Notes.

II.22.2 Corporate Income Tax (CIT)

Interest as well as income obtained from the transfer, redemption or repayment of the Notes, obtained by entities regarded as CIT taxpayers, will be included in their CIT taxable base in accordance with chapter IV of Law 43/1995, of December 27th, on Corporate Income Tax (“CIT”).

Such income will be subject to a withholding tax forming part of the investor's final CIT liability, in accordance with Chapter II of Section IV of the Royal Decree 537/1997 of April 14th, on CIT Regulations. However, Section 57), q) of Royal Decree 537/1997 states that no withholding tax will be levied on such income if (as is anticipated in the case of this issue):

- 1) The Notes are registered in book entry form; and
- 2) The Notes are listed in a Spanish official secondary market.

II.22.3 Non-Resident Income Tax (NRIT)

Interest and income obtained upon the transfer, redemption or repayment of the Notes, by individuals and entities not resident in Spain for tax purposes, either through a permanent establishment located in Spain or not, will be considered income obtained in Spain and therefore subject to Spanish taxation under Section 12 of Law 41/1998, of December 9th, on Non-Resident Income Tax ("NRIT").

a) Income obtained through a permanent establishment located in Spain

Income derived from the Notes and obtained through a permanent establishment located in Spain, will be taxed according to the regulations provided in Chapter III of said Law 41/1998. Such income will not be subject to any tax withholding at source, given that the Notes will be registered in book-entry forms and listed in a Spanish official secondary market.

b) Income obtained without a permanent establishment located in Spain

As a general rule, individuals and entities not resident in Spain for tax purposes and not conducting business in Spain through a permanent establishment, will be taxed in Spain at a rate of 15% on interest obtained from the Notes, including income arising from the transfer, redemption or repayment of the Notes, which may be considered interest for the purposes of Law 41/1998. For these purposes, the gross income obtained will be calculated in accordance with the rules set forth in the IIT Law, although no reduction on such income will be applicable.

In the case of transfer, repayment or redemption of the Notes, the expenses related to the acquisition and transfer of the Notes will be taken into account, to the extent they may be evidenced, when calculating the income obtained. Each accrual of income received by the taxpayer will be reported separately, it not being possible to offset positive and negative income.

Individuals and entities who are residents of a State which has entered into a Treaty for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (a "DTC") with Spain, will be taxed on income obtained from the Notes at the reduced tax rates provided by the relevant DTC if the taxpayer submits a certificate of residency issued by the relevant Tax authorities of the country in which he is a resident.

However, income derived from the Notes will be exempt from taxation in Spain when obtained by residents in a EU Member State that do not act through a permanent establishment in Spain and subject to the recipient of the income providing a certificate of tax residency duly issued by the relevant authorities of its country of residence. Additionally, income arising from the transfer of the Notes by individuals or entities, not acting through a permanent establishment in Spain, who are residents of a State which has entered into a DTC with Spain that includes an "exchange of information" clause, will be

exempt from taxation provided that such transfer is carried out in a Spanish official secondary market. Also in this case, the individual or entity will have to evidence its tax residency by means of a certificate issued by the relevant authorities.

The previous exemptions will be applicable provided that such incomes are not obtained through a country or territory regarded as a Tax Haven by any Regulations.

As a general rule, the income referred to will be subject to NRIT withholding tax, except in those cases in which the payment of the tax due is evidenced, or an exemption is applicable. No withholding tax will be applied to income derived from the transfer or repayment of the Notes if they 1) are registered in book entry form, and 2) are listed in a Spanish official secondary market, as is anticipated in the case of this issue.

If the requirements described above are not fulfilled, the Managing Company, acting on behalf of the Fund, will withhold an amount equal to the general withholding tax rate of 15% upon payment of the interest, transferring the resulting net amount to the entity acting as depositary of the Notes or in charge of the payment of the income derived from the Notes, as established in the Ministerial Order of April 13th, 2000.

Non-Spanish resident investors will be entitled to obtain a quick refund of the amount withheld in excess of the DTC-reduced rate, or the amount withheld if an exemption was applicable, provided that a tax certificate of residence stating that he/she is resident of the relevant State within the meaning of the applicable DTC, is provided to the Spanish resident entity acting as depositary of the Notes, before the 10th day following the end of the month in which the interest was distributed. Such certificate of residence is valid for a period of one year.

Once the requirements described above have been duly fulfilled, the Spanish resident entity acting as depositary of the Notes will pay to the non-resident investor, on behalf of the Managing Company, the total amount withheld or the amount withheld in excess of the DTC-reduced rate.

In the event that any exemption was applicable or the withholding tax rate was lower than 15% pursuant to any Treaty, should the mentioned certificate of residence be not provided within the abovementioned term, the investor may afterwards obtain a refund of the relevant amount withheld from the Spanish tax authorities, following the standard refund procedure set forth in the Spanish regulations (Ministerial Order of December 22nd, 1999).

II.22.4 Net Wealth Tax

Spanish resident individuals who hold Notes on the last day of any year will be subject to Spanish Net Wealth Tax (“NWT”) for that year, on the average market value of those Notes during the last quarter of such year. Non-residents of Spain who hold Notes on the last day of any year will also be subject to NWT, unless an applicable DTC to which Spain is a party provides otherwise. However, Noteholders resident in an EU Member State other than Spain will not be subject to NWT provided that the income derived from the Notes is exempt from NRIT in the terms described above.

II.22.5 Inheritance and Gift Tax (IGT)

Transfers of Notes upon death or by gift are subject to the Inheritance and Gift Tax if the transferee is an individual. If the acquirer of the Notes is a corporation, income obtained by such entity will be subject to CIT or NRIT, when applicable.

II.22.6 Indirect Taxation on the Notes.

The transfer of the Notes will not be subject to Spanish Transfer Tax, Stamp Duty or Value Added Tax.

II.23 Purpose of the transaction.

II.23.1 Allocation of the net amount of the issue.

The net proceeds of the issue of the Notes will be allocated entirely to the payment of the price for the acquisition of the Credit Rights assigned by the Assignor, grouped as assets of the Fund.

II.24 Secondary negotiation.

There are no companies involved in the secondary trading in order to provide liquidity by offering compensation.

II.25 Listing of individuals or entities that have taken part to a significant extent in the planning or advice regarding the incorporation of the fund or in any significant information contained in the Prospectus.

II.25.1 Listing.

- a) The financial design of issue of Notes has been carried out by Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A.
- b) The legal design of the issue of Notes has been carried out by Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., and Uría & Menéndez, as independent legal advisers.
- c) The Bank acts as Domestic Tranche Underwriting Entity.
- d) The Bank and Socièté Générale act as International Tranche Underwriting Entities.
- e) The Bank acts as Manager of the Domestic Tranche and of the International Tranche of the Issue. Socièté Générale acts as Manager of the International Tranche of the Issue.
- f) The Bank also acts as Financial Agent.

II.25.2 Statement of the person responsible for the Prospectus on behalf of the Managing Company.

“MR. IGNACIO ORTEGA GAVARA in the name and on behalf of SANTANDER CENTRAL HISPANO TITULIZACIÓN, SOCIEDAD GESTORA DE FONDOS DE TITULIZACIÓN, (S.G.F.T.), S.A., with registered office at Madrid, Paseo de la Castellana 75, in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS CONSUMO SANTANDER 1, for an issue of one billion and eighty million (1,080,000,000) euro, in compliance with point II.25.2. of Circular 2/1994, of March 16, of the Comisión Nacional del Mercado de Valores, by means of which the prospectus pro-forma for the incorporation of the mortgage securitisation funds is approved, as well as in compliance with the Order of July 12, 1993, by means of which Royal decree 291/92, of March 27 was developed,

DECLARES

That Banco Santander Central Hispano, S.A, as assignor of the Credit Rights, holds directly or indirectly 100% of the share capital of the Managing Company; and

That there is no other link or economic interest between the Managing Company and/or the assignor of the Credit Rights (BANCO SANTANDER CENTRAL HISPANO, S.A.) and the experts, consultants and/or the other entities that have participated in the planning or advice regarding the incorporation of the Fund or in any significant information contained in the Prospectus, including the underwriting of the placement, which are listed in Section II.25.1.

In witness whereof, I draft this statement in Madrid on March 3, 2003.”

II.25.3 Statement of the Assignor.

“MR. JAVIER PAZOS ACEVES in the name and on behalf of BANCO SANTANDER CENTRAL HISPANO, S.A., as assignor of the Credit Rights, with registered office at Santander, Pº de Pereda No. 9 and 12, and duly authorised for these purposes in connection with the incorporation of FONDO DE TITULIZACIÓN DE ACTIVOS CONSUMO SANTANDER 1, for an issue of one billion and eighty million (1,080,000,000) euro,

DECLARES

That the required verification has been carried out in order to confirm the truthfulness and completeness of the information contained in the Prospectus; and

That as a result of that verification, there is no circumstance which may contradict or alter the information contained in the Prospectus, which does not omit data or significant facts that could be relevant for the investor.

In witness whereof, I draft this statement in Madrid on February 27, 2003.”

A copy of the statement of the Assignor is attached to the Prospectus as ANNEX VI.

CHAPTER III

GENERAL INFORMATION REGARDING THE FUND

III.1 Legal background and purpose of the Fund.

The FONDO DE TITULIZACIÓN DE ACTIVOS CONSUMO SANTANDER 1 is governed by (i) the Incorporation Deed, (ii) Royal Decree 926/1998 and its subsequent developing regulations, (iii) Law 12/1992, of July 7, on the Regime applicable to Companies and Real Estate Investment Funds and on Mortgage Securitisation Funds, applies to any issues not governed by Royal Decree 926/1998 and provided it is deemed to be applicable, (iv) Law 24/1988, of July 25, on the Securities Market, amended by Law 37/1998 and Law 44/2002, among others, shall apply in connection with the surveillance, supervision and sanctioning of the Fund, and (v) by any other applicable regulations in force from time to time.

The sole purpose of the Fund will be the conversion of the Credit Rights that the Fund acquires from the Assignor into fixed income securities, homogeneous, standardised and, consequently, eligible for trading in organised securities markets.

The Fund shall constitute a separate asset, without any legal personality. The Fund is an open fund with a renewable character regarding the assets side of the balance sheet but closed regarding the liabilities side of the balance sheet, composed, as regards its assets, of the Credit Rights deriving from the Consumer Loans described in Chapter IV of the Prospectus, and the Reserve Fund (as such Reserve Fund is defined in Section V.3.4 of the Prospectus) and, as regards its liabilities, of the Notes and the Subordinated Loan (described in Section V.3.2 of the Prospectus), in such a way that the net value of the Fund is zero.

In accordance with the Fifth Additional Provision of Law 3/1994, of April 14, by virtue of which the Spanish regulations on credit entities are adapted to the Second Banking Co-ordination Directive and further amendments to the financial system are approved, in the event of bankruptcy (“*quiebra*”) or insolvency (“*suspensión de pagos*”) of the Assignor of the Credit Rights contained in the Fund, only the fraudulent assignment of credits is capable of being challenged before a Court. The Fund has an absolute right of separation in accordance with Articles 908 and 909 of the Spanish Commercial Code.

III.2 Complete name of the Fund, incorporation and verification.

The issuer of the Notes will be named FONDO DE TITULIZACIÓN DE ACTIVOS, CONSUMO SANTANDER 1.

Prior verification and registration with the Official Registries of the Comisión Nacional del Mercado de Valores, in accordance with Section II.1.1.b) of the Prospectus, is a requirement for the incorporation of the Fund and the issue of the Notes.

Within fifteen (15) Business Days (as defined in Section II.10.1.d) of the Prospectus) following verification and registration of the Prospectus of incorporation of the Fund and issue of the Notes with the Comisión Nacional del Mercado de Valores and before the Subscription Period has commenced, the Managing Company, together with the Bank, as Assignor of the Credit Rights, will execute the Incorporation Deed in accordance with Article 6 of Royal Decree 926/1998 and Article 5 of Law 19/1992 and the Credit Rights Assignment Agreement, which is expected to be executed on March 4, 2003.

The Incorporation Deed, in accordance with Law 19/1992, will have the effect set out in Article 6 of Law 24/1988, modified by Law 37/1998 and it will be, therefore, the deed of

issue of the Notes and the deed in which the representation of the Notes by means of book entries is expressly contemplated.

The Incorporation Deed will not be registered with the Mercantile Registry, in accordance with Article 5.4 of Royal Decree 926/1998.

III.3 Management and representation of the Fund and the Noteholders.

III.3.1 Duties and responsibilities assumed by the Managing Company.

The management and legal representation of the Fund shall correspond to Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., as promoter of the Fund. The Managing Company is authorised to incorporate *Fondos de Titulización de Activos* and, as a consequence thereof, to administer and represent them as provided by Royal Decree 926/1998, by virtue of the authorisation granted by the Minister of Economy and Finance on July 16, 1998, in accordance with the provisions of the Sole Temporary Provision of Royal Decree 926/1998.

The Managing Company, as manager of the business of third parties (“*gestor de negocios ajenos*”), will be responsible for the representation and defence of the interests of the holders of the Notes issued by the Fund.

The Noteholders will not take any action against the Managing Company for any reason other than a breach of its duties or a failure to comply with the provisions of the Incorporation Deed.

Without limitation, the Managing Company, in its management duties of the Fund, will carry out the following activities:

- (i) It shall open two bank accounts (hereinafter, the “Cash Account” and the “Principal Account”) on behalf of the Fund with the Bank as Financial Agent, as long as the short-term debt rating of the Bank is not lower than A-1 (according to the rating scale of S&P Ratings Group) or P-1 (according to the rating scale of Moody’s Investors Service Limited), as described in Section II.3 of the Prospectus.

In the event that the short-term debt of the Bank was downgraded during the life of the Notes, being under A-1 (according to the rating scale of S&P Ratings Group) or P-1 (according to the rating scale of Moody’s Investors Service Limited), the Managing Company, within a period of 30 Business Days following the assignment of this lower rating, shall transfer the Cash Account and the Principal Account of the Fund to another entity with a short-term debt rating of at least A-1 and P-1, obtaining the maximum possible profitability for the balance of both accounts, which may be different to that agreed with the Bank. Consequently, the Bank shall stop reinvesting the amounts deposited in both accounts once such funds are transferred to the new entity. The Managing Company will be entitled to transfer the Cash Account and the Principal Account to the Bank when the Bank’s short-term debt, according to the rating scales previously described, achieves a rating of A-1 and P-1 once again (in accordance with Section V.3.1 of the Prospectus on Guaranteed Rate Reinvestment Agreements);

- (ii) It shall verify that the amount of income that the Fund effectively receives corresponds to the income that the Fund should have received in accordance with the terms of each Credit Right and the Agreements from which such income derives. The Managing Company, will exercise the judicial actions,

in or out of Court, that are necessary or advisable in order to protect the Fund and the Noteholders' rights, if necessary;

- (iii) It shall deposit in the Cash Account the amounts received by the Bank in respect of the principal and interest of the Credit Rights;
- (iv) It shall deposit in the Cash Account the amounts that make up the Reserve Fund from time to time (described in Section V.3.4 of the Prospectus);
- (v) It shall transfer the principal amounts of the Credit Rights on each Calculation Date from the Cash Account to the Principal Account;
- (vi) In accordance with Section V.3.1 of the Prospectus, it shall ensure that the amounts deposited in the Cash Account (which shall include the Reserve Fund) and in the Principal Account obtain the profitability set forth in the Guaranteed Rate Reinvestment Agreements of both accounts as long as the short-term debt rating of the Bank is not lower than A-1 (according to the rating scale of S&P Ratings Group) and P-1 (according to the rating scale of Moody's Investors Service Limited);
- (vii) It shall calculate (on each Interest Rate Fixing Date), with regard to the next Interest Accrual Period, the nominal interest rates applicable to the four Classes of Notes resulting from the calculation made in accordance with Section II.10, and shall publish them as provided in Section III.5.3.a, a');
- (viii) It shall calculate, on each Calculation Date, the principal to be repaid for the four Classes of Notes, and together with the accrued interest in accordance with Section II.11, it shall publish them as provided in Section III.5.3.a, a');
- (ix) It shall allocate the Available Funds referred to in Section V.5.1.b) 1 to the fulfilment of the payment or withholding obligations of the Fund in the terms and in the Payment Priority Order provided for in Section V.5.1.b), 2 of the Prospectus;
- (x) It shall appoint the auditor of the Fund;
- (xi) In accordance with the Incorporation Deed, it shall adopt the appropriate resolutions with regard to the liquidation of the Fund, including the resolution for the early liquidation of the Fund;
- (xii) It shall manage the Fund with the objective of maintaining the net value of the Fund at zero at all times; and
- (xiii) It shall comply with its formal duties as well as with those duties relating to the submission of information and documents to the CNMV, Rating Agencies, the SCLV, the AIAF and any other supervising authority.
- (xiv) It shall calculate on each Date of Call for Offers the Maximum Purchase Amount which may be allocated to purchase Additional Credit Rights on the following Payment Date;
- (xv) It shall send to the Bank, if applicable, a written notification requesting the assignment of Additional Credit Rights to the Fund, and indicating the Maximum Purchase Amount and the Payment Date on which the assignment and its payment should be carried out;
- (xvi) It shall check that the Credit Rights making up the Additional Credit Rights assignment offer made by the Bank comply with the Individual Requirements and the Global Requirements established for the purchase of Additional Credit Rights, and it shall communicate to the Bank the list of

Credit Rights which are accepted for the purposes of their assignment to the Fund on the relevant assignment date;

- (xvii) It shall enter into the relevant assignment agreements with the Bank on each Payment Date on which the assignment of Additional Credit Rights to the Fund takes place, and it shall send to the CNMV, by means of Cifradoc and in accordance with the pro-forma of notification attached to this Prospectus as Annex VIII, an indication of the Additional Credit Rights as well as written statement on the compliance of such Credit Rights with the Selection Criteria established for the purchase of Additional Credit Rights.

III.3.2 Substitution of the Managing Company.

The Managing Company shall be entitled to voluntarily request the appointment of a substitute managing company when a justified cause exists, by means of a written communication to the Comisión Nacional del Mercado de Valores. A written communication by the new securitisation fund managing company, duly authorized and registered with the Special Registries of the Comisión Nacional del Mercado de Valores, must also be attached. In this communication, the new managing company must declare that it is willing to accept such role. The resignation of the Managing Company and the appointment of a new managing company must be approved by the Comisión Nacional del Mercado de Valores. The Managing Company will not be entitled to discontinue its duties until all of the requirements and steps for the appointment of the substitute managing company have been completed. Additionally, the Managing Company will not be entitled to discontinue its duties in case that, as a result of its substitution, the rating granted to any of the Classes of Notes falls. All the expenses that may be generated as a consequence of this substitution will be borne by the Managing Company.

If the Managing Company is declared in liquidation, suspension of payments, or bankrupt, or if its authorisation is revoked, the Managing Company shall appoint a substitute managing company, in accordance with Articles 18 and 19 of the Royal Decree 926/1998.

If after four (4) months (such period established by Article 19.2 of the mentioned Royal Decree) after the event giving rise to the replacement occurred a new managing company has not been appointed, an event of early termination of the Fund and repayment of the Notes shall be triggered and the actions set out in Section II.11.3.c) of the Prospectus shall be carried out.

The replacement of the Managing Company and the appointment of a substitute managing company which is carried out in accordance with the preceding paragraphs, once approved by the Comisión Nacional del Mercado de Valores, shall also be communicated to S&P España and Moody's España.

III.3.3 Scheme of the Managing Company's remuneration for performing its duties.

The Incorporation Deed shall provide that the Managing Company will be entitled to collect the following fees for its duties:

- (i) **Fixed Management Fee:** payable on the Disbursement Date in one lump sum amounting to one hundred and fifty thousand (150,000) euro; and
- (ii) **Management Periodic Fee:** payable on each Payment Date (15th of February, May, August and November of each year or, as the case may be, the following Business Day, as provided for in Section II.10.3 of the Prospectus), of an annual 0.025% of the sum of the Unpaid Principal

Balance of the four Classes of Notes on the Calculation Date that corresponds to the current Payment Date.

The calculation of the Management Periodic Fee that shall be paid on a given Payment Date, will be made by means of the following formula:

$$A = B \times 0.025\% \times d / (365 \times 100)$$

Being:

A = Fee payable on a given Payment Date.

B = Sum of the Unpaid Principal Balances of all Classes of Notes on the Calculation Date that corresponds to that Payment Date.

d = Number of days elapsed during each Interest Accrual Period.

In any event, the annual amount of this periodic fee will not be lower than sixty thousand (60,000) euro and shall be governed by a side letter. If, during the life of the Fund, the Consumer Price Index published by the National Institute of Statistics corresponding to each calendar year rises, the annual minimum amount shall be adjusted cumulatively by the same proportion, starting from the year 2003 (inclusive) and effective from January 1st of each year.

The fee shall be paid as long as the Fund has enough liquidity in accordance with the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus.

If, on a Payment Date, the Fund, through the Managing Company, does not pay the total fee owed due to a lack of liquidity, the amount due will accrue annual interest similar to the weighted average interest rate of the Credit Rights' portfolio during the quarter immediately preceding each Payment Date minus a margin of 2.50%.

All payments to third parties in respect of ordinary expenses (such as audits, publications and the maintenance of ratings) and extraordinary expenses related to the management of the Fund, will be satisfied directly by the Managing Company, without prejudice to the right of the Managing Company to be reimbursed for those expenses by the Fund whenever the Fund has sufficient liquidity to do so in accordance with the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus.

III.4 Equity value of the Fund and indication of the assets and liabilities that determine this value. Periodic expenses. Income of the Fund.

The Fund shall constitute a separate estate, without a separate and independent legal status. In accordance with Article 4.1.b) of Royal Decree 926/1998, the Fund is an open fund regarding the assets side of the balance sheet, with a renewable character, composed, as regards its assets, of the Initial Credit Rights assigned upon incorporation of the Fund and, as a result of its renewable character due to the ordinary or early repayment of its assets, of the Additional Credit Rights which may be assigned to the Fund afterwards, and the Reserve Fund described in Section V.3.4 of the Prospectus, and, as regards its liabilities, of the Notes and the Subordinated Loan described in Section V.3.2 of the Prospectus, in such a way that the net value of the Fund is zero.

III.4.1 Equity Value of the Fund

Assets.

a) *At origin.*

On the date of execution of the Incorporation Deed, the Fund will have as principal assets:

- (i) the principal amount of the Initial Credit Rights deriving from the Consumer Loans assigned by the Bank, described in Chapter IV of the Prospectus;
- (ii) the amounts contributed as Reserve Fund as described in Section V.3.4 of the Prospectus;
- (iii) Issue and Incorporation expenses.

b) *Consequence of the operation of the Fund.*

After the date of execution of the Incorporation Deed and until the complete repayment of the Notes, the Fund will have as principal assets the following:

- (i) The principal amount of the Initial and Additional Credit Rights assigned by the Bank to the Fund.

In the event of early repayment by the debtors, the anticipated repayment fees which could accrue shall correspond to the Bank;

- (ii) The ordinary nominal interest calculated by applying the ordinary nominal interest rate to the Credit Rights, accrued from the Disbursement Date and the Payment Date on which the Additional Credit Rights are paid;
- (iii) The nominal arrears interest calculated in accordance with the preceding paragraph (ii);
- (iv) The net amount collected pursuant to the Swap Agreement's terms and conditions (as described in Section V.3.3), if applicable;
- (v) Any amounts or assets received as a result of the judicial or notarial enforcement of the guarantees of the Credit Rights, if any, from the date of execution of the incorporation deed (described in Section II.1.1.c of the Prospectus). Equally, all the possible rights or compensations that may be in favour of the Bank, including those deriving from any accessory right to the loan and excluding all the fees set out in the Credit Rights, which will be for the benefit of the Bank;
- (vi) The amount of the Reserve Fund;
- (vii) The existing balance of the Cash Account described in Section V.3.1.a) of the Prospectus, and the accrued interest;
- (viii) The existing balance of the Principal Account described in Section V.3.1.b) of the Prospectus, and the accrued interest;
- (ix) The Issue and Incorporation expenses which are not amortised;
- (x) The amounts which correspond to the Fund which are derived from the Agreements entered into by the Managing Company, on behalf of the Fund;

Liabilities.

a) *At origin.*

On the date of execution of the Incorporation Deed, the Fund will have as principal liabilities:

- (i) The amount to be paid for the purchase of the Credit Rights;
- (ii) The Subordinated Loan granted by the Bank, as described in Section V.3.2 of this Prospectus;

b) *Consequence of the operation of the Fund.*

After the date of execution of the Incorporation Deed, during the life of the Fund and until the complete repayment of the issued Notes, the Fund shall have as principal liabilities the following:

- (i) the issued Class A Notes, Class B Notes, Class C Notes and Class D Notes pending repayment;
- (ii) the Subordinated Loan granted by the Bank, as described in Section V.3.2 of the Prospectus, pending redemption;
- (iii) if applicable, the net amount to be paid pursuant to the Swap Agreement's terms and conditions (as described in Section V.3.3); and
- (iv) interest, commissions and other expenses established in the Agreements entered into by the Managing Company, as well as any others in which the Fund may incur.

III.4.2 Incorporation Expenses.

The estimation of the Fund's incorporation expenses is included in Section II.14 of the Prospectus.

III.4.3 Periodic expenses incurred by the Fund.

The Managing Company shall satisfy, on account of the Fund, all the necessary expenses for its management and representation, according to the Payment Priority Order established in Section V.5.1.b), 2 of the Prospectus. Without limitation, the Managing Company shall satisfy the following periodic expenses:

- (i) all the expenses of incorporation, verification and registration of the Fund as well as all expenses related to the issue and listing of the Notes that are referred to in Section II.14 of the Prospectus;
- (ii) expenses for the annual audit of the Fund's financial statements;
- (iii) the net amount to be paid under the Swap Agreement;
- (iv) expenses derived from the rating agency coverage of the Class A Notes, Class B Notes, Class C Notes and Class D Notes;
- (v) expenses for the notifications to be served to the Noteholders in accordance with the Prospectus by advertisements in newspapers;
- (vi) expenses that may be derived from the sale of the Credit Rights and/or the obtaining of a credit facility and/or cancellation of agreements and/or sale of remaining assets in the event of liquidation and early repayment of the Notes issued (in accordance with Section II.11.3.c) of the Prospectus);
- (vii) expenses necessary to carry out the enforcement of the underlying loans of the Credit Rights;

- (viii) expenses derived from the listing of the Notes in the AIAF and their recording in book entries;
- (ix) expenses derived from management of the Credit Rights;
- (x) commissions to be paid by the Fund under the executed Agreements, and
- (xi) in general, any other expenses supported by the Managing Company as a result of the management and representation of the Fund.

The VAT that the Fund may have paid on the current expenses may be deductible for the purposes of the Corporate Income Tax, as long as it is not deductible for VAT purposes and it is not considered to be the highest value of the asset.

III.4.4 Income of the Fund as a consequence of its operation.

The Fund will make use of income (hereinafter the “Income”) deposited in the Cash Account defined in Section V.3.1.a). The Income which can be used in a given Payment Date, for each Calculation Period referred to in Section II.11.3.b), 2 shall be the following:

- a) Amounts collected by reimbursement of the principal of the Credit Rights in the preceding Calculation Period. Such amounts will have been deposited in the Cash Account and transferred to the Principal Account in accordance with Section V.3.1 of the Prospectus.
- b) Ordinary and arrears interest arising from the Credit Rights in the preceding Calculation Period. Such amounts will have been deposited in the Cash Account in accordance with Section V.3.1 of the Prospectus.
- c) Returns obtained during the preceding Calculation Period by the reinvestment of the Reserve Fund in accordance with Section V.3.4 (ii), as well as the reinvestment of amounts deposited in the Cash Account and in the Principal Account according to Section V.3.1 of the Prospectus.
- d) Other amounts that the Fund may receive, including those resulting from the enforcement of guarantees, if any.

Likewise, the Fund will make use on each Payment date of the amounts of the Reserve Fund described in Section V.3.4.

- e) The net amount to be collected, if applicable, pursuant to the terms and conditions of the Swap Agreement (as described in Section V.3.3).

III.5 Drawing-up, verification and approval of annual accounts and other accounting documentation of the Fund. Name of the company auditing the Fund.

III.5.1 Obligations and foreseen terms for drawing-up, verification and approval of the annual accounts and management report.

The Managing Company shall submit to the CNMV the annual accounts of the Fund, together with their audit report, within four (4) months following the closing of the financial year of the Fund, that will coincide with the calendar year (that is, before April 30 of each calendar year).

The Board of Directors of the Managing Company at the meeting held on February 18, 2003, by virtue of which the incorporation of the Fund was approved (as described in Section II.1.1.a) of the Prospectus), decided to appoint Deloitte & Touche España, S.L. as the auditing company that will carry out the annual audit of the Fund.

III.5.2 Obligations and foreseen terms for disclosure to the public and submission to the CNMV of the periodic information of the economic-financial situation of the Fund

The Managing Company, as manager and administrator of the Fund, undertakes to submit to the Comisión Nacional del Mercado de Valores, with the best possible diligence, on a quarterly basis and at any other time when so requested, the information indicated below, and any other information which may be required (except the information contained in paragraph e), which will be submitted annually), in relation to the each of the Classes of Notes, the performance of the Credit Rights, anticipated repayments and the economic and or financial circumstances affecting the Fund, without prejudice to its duty to serve the Ordinary or Extraordinary Periodic Notifications referred to in Section III.5.3 of the Prospectus and to supply all additional information which may be required.

a) *With regard to each of the Class A1 Notes, Class A2 Notes and Class B Notes.*

1. Unpaid Principal Balances and percentages of the initial nominal amount of each Class of Notes.
2. Accrued and paid interest.
3. Accrued and unpaid interest.
4. Accrued and paid amortisation.
5. Amount of the Principal Deficiency, if any.

b) *With regard to the Credit Rights.*

1. Principal balance of the Credit Rights.
2. Amount of the Additional Credit Rights assigned during the Revolving Period.
3. Accrued and collected interest of the Credit Rights.
4. Amount of the quotas of delay in payment of the Credit Rights on the date of the notification.

c) *With regard to the economic-financial situation of the Fund.*

Report on the origin and subsequent application of the Available Funds in accordance with the Payment Priority Order referred to in Section V.5.1.b), 2 of the Prospectus.

d) *With regard to the early amortisation of the Loans.*

List showing the actual Average Rates of Early Amortisation of the Credit Rights, as well as the average term of the Notes assuming the maintenance of such Average Rates of Early Amortisation.

e) *With regard to the Annual Accounts of the Fund.*

The Balance Sheet, the Profit & Loss Account, the Management Report and the Audit Report, which shall include, in the event of purchase of Additional Credit Rights during the period subject to audit, the verification with respect to the loans underlying to the Additional Credit Rights of the same characteristics that were verified regarding the Initial Credit Rights assigned

to the Fund. This documentation shall be sent to the CNMV within four (4) months after the close of each financial year.

f) *During the Revolving Period, with regard to the new assignments of Additional Credit Rights.*

The Managing Company shall send to the CNMV the following documentation on every new purchase of Additional Credit Rights:

1. An indication of the Additional Credit Rights assigned to the Fund and their main characteristics, through Cifradoc.
2. A written statement by the Managing Company, which also shall be signed by the Bank, on the compliance of such Additional Credit Rights with all the Selection Requirements established for their assignment to the Fund, together with the pro-forma of acceptance of the assignment offer.

The pro-forma of notification including the mentions about the Credit Rights to be filled in and the written statement by the Managing Company and the Bank on the compliance of such Credit Rights with the Selection Requirements which shall be sent to the CNMV is attached to this Prospectus as Annex VIII. To these purposes, the Managing Company has become a member of the Cifradoc system of the CNMV for the transmission of the Additional Credit Rights in detail by means of sending electronic files.

III.5.3 Obligation to communicate relevant facts.

The Managing Company undertakes, for the sake of accurate compliance with the conditions of the issue, to serve the notices which are detailed below.

a) Regular ordinary notices

- a') In accordance with Section II.10.1.d), within the term comprised between the Interest Rate Fixing Date and the maximum of the next three (3) Business Days following each Payment Date, the Fund, through the Managing Company, shall inform the Noteholders of the nominal interest rates which apply for each Class of Notes for the next Interest Accrual Period following the criteria described in the aforementioned Section.
- a'') In accordance with Sections II.10.3 and II.11.3.b), the Fund, through the Managing Company, shall inform the Noteholders quarterly, at least one (1) calendar day in advance of each Payment Date, of the interest rates which apply for the Notes of the four Classes, together with their repayment, if applicable, in addition to:
 - (i) the actual Average Rates of Early Amortisation of the Credit Rights on the Calculation Date;
 - (ii) the average remaining term of the Notes of the four Classes estimated on the assumption that such actual rate of early amortisation remains constant as well as the anticipated repayment in accordance with Section II.11.3.c), first paragraph; and
 - (iii) the Unpaid Principal Balances of the Notes of each Class (after repayment to be settled on each Payment Date) and the percentages represented by such Unpaid Principal Balances over the initial

nominal amount of the Notes, that is, one hundred thousand (100,000) euro.

Likewise, if applicable, the Noteholders shall be informed of the amounts of interest and/or Principal Deficiency due for repayment which have accrued and remain unpaid due to a lack of Available Funds, in accordance with the Payment Priority Order rules established in Section V.5.1.b), 2 of the Prospectus.

Notices of this paragraph a''), shall be served following the conditions established in paragraph c) below and shall also be sent to the SCLV at a minimum term of three (3) Business Days in advance of each Payment Date.

b) Extraordinary notices.

b') As a result of the incorporation of the Fund and the issue of the Notes, the Managing Company will notify in the name and on behalf of the Fund (through the procedure established in paragraph c) below), the day after the granting of the Incorporation Deed, the incorporation of the Fund and the issue of the Notes, as well as the annual nominal interest rates floating quarterly of the three Classes of Notes, determined for the first Interest Accrual period which will run between the Disbursement Date (March 7, 2003) and May 16, 2003, in accordance with Section II.10 of the Prospectus, any day of the calendar, whether or not it is a Business Day (as defined in the Prospectus), which is suitable for such publication.

b'') Others.

The Fund, through its Managing Company, will also inform the Noteholders of any relevant fact which might have occurred in connection with the Credit Rights, the Notes, the Fund and the said Managing Company and which might significantly affect the performance of the Notes or, in general, of any significant alteration of the assets or liabilities of the Fund. Likewise, the Fund, through its Managing Company, will inform the Noteholders of any potential decision of early repayment of the Notes for any of the reasons set out in the Prospectus. In such a case, the Notarial Deed of Liquidation and Procedure referred to in Section III.8.1 will be sent to the CNMV.

c) Procedure.

All notices that in accordance with the above must be given by the Fund to the Noteholders, through the Managing Company, will be validly served by:

1. In the case of the regular ordinary notices referred to in paragraph a) above, by means of their publication in the AIAF daily bulletin, or any other that substitutes it in the future, or a publication of similar characteristics, or by means of their publication in a newspaper of wide distribution in Spain; or,
2. In the case of the extraordinary notices referred to in paragraph b) above, by means of their publication in a newspaper of wide distribution in Spain.

Additionally, the preceding notifications may be served by means of their publication in other means of general dissemination.

These notifications shall be considered to be served on the date of their publication, whereby publication may be on any day of the calendar, whether or not it is a Business Day (as defined in the Prospectus, as appropriate).

d) Information to be furnished to the Comisión Nacional del Mercado de Valores.

The Managing Company shall inform the CNMV of any publication, whether of an ordinary or of an extraordinary nature, which are published out as provided in the preceding paragraphs, as well as any information which may be requested by the CNMV, notwithstanding what is said above.

III.6 Tax regime of the Fund.

Law 43/1995, of December 27, on Corporate Tax provides that Funds of this nature are subject to the Corporate Tax, at the standard rate. Their management by the Managing Company is exempt from VAT in accordance with Article 20.One.18th.n) of Law 37/1992.

The returns to the Fund of interest on the Credit Rights shall not be subject to withholding of the Corporate Tax as established in Article 57. k) of Royal Decree 537/1997, of April 14.

Apart from this, the incorporation of the Fund is outside the scope of the concept of “*corporate transactions*” of the Stamp Duty and Transfer Tax in accordance with Article 5, paragraph 10 of Law 19/1992.

III.7 Amendment events to the Incorporation Deed of the Fund.

The Incorporation Deed may not be altered except in extraordinary circumstances and in accordance with the conditions established by applicable regulations, provided that such amendment does not damage the ratings assigned to the Notes by the Rating Agencies, and that such amendment has been previously notified by the Managing Company to the Rating Agencies and the CNMV or any other relevant authority. Any amendment of the Incorporation Deed will be notified to the CNMV, either as a relevant fact or through the verification and registration of a Supplement to the Prospectus, as appropriate. The Incorporation Deed may be also amended at the request of the CNMV.

III.8 Early liquidation of the Fund: events. Extinguishment of the Fund. Rights of the Assignor.

III.8.1 Early liquidation of the Fund: events.

The Managing Company is empowered to early liquidate the Fund, coinciding with a Payment Date, in the terms and conditions set forth in this Section and in Section II.11.3.c) of the Prospectus, if the nominal Unpaid Principal Balance of the Credit Rights is less than 10% of the initial balance, if and when the selling of the unpaid Credit Rights plus the existing balance in the Cash Account and in the Principal Account allows a total cancellation of all the obligations due to the Noteholders after fulfilling the preceding payments which have a priority payment order to that of the Noteholders as described in Section V.5.

Consequently, the Managing Company, upon the occurrence of the preceding early termination event as well as upon the occurrence of any other event of early termination of the issue referred to in Section III.8.2 of the Prospectus, once the Fund has been liquidated and within the maximum term of six (6) months after the distribution of the assets of the Fund as referred to in such Section and following the Payment Priority Order set forth in Section V.5.1.b), 2 of the Prospectus, will execute a notarial deed which will contain:

- (i) the reasons that gave rise to the extinguishment of the Fund, provided in the Incorporation Deed and in this Prospectus;
- (ii) the procedure used to inform the Noteholders and the Comisión Nacional del Mercado de Valores about the early repayment of the issued Notes; and,
- (iii) the distribution of the available funds of the Fund following the Payment Priority Order established in Section V.5.1.b), 2 of this Prospectus.

This notarial deed shall be served by the Managing Company on the Comisión Nacional del Mercado de Valores.

III.8.2 Extinguishment of the Fund.

The Fund shall be extinguished as a result of the early termination events which are explicitly set forth in the Incorporation Deed and in article 11 of Royal Decree 926/1998 and upon the occurrence of any of the events below. The CNMV shall be informed of the occurrence of any of them and, in all cases, the Payment Priority Order set forth in Section V.5 of the Prospectus shall be applied:

- (i) When the Credit Rights that make up the assets of the Fund are fully repaid;
- (ii) When the Notes issued are fully repaid;
- (iii) When in the Managing Company's opinion, exceptional circumstances occur that render the maintenance of the financial balance of the Fund extremely difficult or impossible. Any amendment of the legislation in force or the establishment of additional withholding obligations which may affect such balance are events included in this paragraph, as well as in the event of potential withholdings at source of the proceedings obtained from the Credit Rights deposited in the Cash Account or the Principal Account in the future, as a consequence of new regulations or any new interpretation by the relevant authority of the regulations in force, and consequently, the financial balance, as requested by Royal Decree 926/1998, for the Fund and the issue of the Notes, shall be substantially affected. In this latter case, if the Fund, through its Managing Company, does not exercise the preceding right, the Bank irrevocably and unconditionally guarantees to pay to the Fund, through its Managing Company, the additional amounts which may be required for the purposes of the Fund collecting the same net amount that it would have collected had not been applied such withholding, with the withholding being borne by the Bank;
- (iv) In the event set forth by Article 19 of Royal Decree 926/1998, by virtue of which, the early termination of the Fund is mandatory if after four (4) months following the occurrence of an event of mandatory replacement of the Managing Company as a result of the Managing Company being declared in suspension of payments or bankruptcy, a new managing company willing to carry out the management of the Fund has not been found; or,
- (v) When a relevant breach of payment exists or it is foreseen that there will be one, and such breach produces a significant permanent deterioration related to any of the Notes issued.

For the purposes of the early redemption of the Notes by the Fund, through the Managing Company, and, in particular, in order to provide the Fund with enough liquidity to pay the Unpaid Principal Balance of the Notes plus interest accrued

and not paid from the last Payment Date to the date of early redemption, the Managing Company may carry out one or more of the actions established in Section II.11.3.c) of the Prospectus.

If, once the Fund is extinguished and all the payments provided for in Section V of the Prospectus have been made according to the Payment Priority Order established, there are any amounts remaining, or there are pending judicial or notarial resolutions in proceedings initiated as a consequence of the default of the debtor of the Credit Rights (in accordance with Section IV.2.b), b') of the Prospectus, both the aforementioned remaining amount and the continuance and/or the result of the court decision of the referred proceedings, shall be in favour of the Bank.

Early repayment of all the Notes upon the occurrence of any of the preceding events will comprise the Unpaid Principal Balance on that date plus the accrued and unpaid interest from the last Payment Date until the early repayment date, reduced, as the case may be, by the relevant withholding tax, and free of expenses for the Noteholder; all these amounts shall be considered on that date and for all legal effects, as due and payable.

III.8.3 Rights of the Assignor in the event of Liquidation and Extinguishment of the Fund.

The Assignor shall have a pre-emptive right to acquire all the Credit Rights that it may have assigned and which belong to the Fund, as unpaid Credit Rights, if the Fund is liquidated and any unpaid balance of the Credit Rights remains, in accordance with the terms to be established by the Management Company upon liquidation. The Assignor shall be able to make use of the aforementioned right within five (5) Business days following a notification by the Managing Company to the Assignor of the terms and conditions (price, payment, etc.) upon which the Credit Rights will be sold.

In general, the price to be paid for the Credit Rights will not be lower than the price offered by the interested third party. In the event of early liquidation and extinguishment of the Fund, the price to be paid for the Credit Rights will not be lower than the sum of the principal amount plus the accrued and uncollected interest of the Credit Rights pending repayment.

Any exercise of this pre-emptive right on different terms shall be previously submitted to the CNMV. This pre-emptive right does not imply, in any event, a repurchasing agreement or statement of the Credit Rights assigned by the Assignor.

CHAPTER IV

INFORMATION REGARDING THE CHARACTERISTICS OF THE ASSETS SECURITISED BY THE FUND

IV.1 Credit Rights included in the Fund.

Article 2 of the Royal Decree 926/1998 provides that assets which are to be integrated in a securitisation fund may be, *inter alia*, the Credit Rights included in the assets of the assignor. In connection with this Fund, Banco Santander Central Hispano, S.A. is the owner and assignor (the “Assignor”) of the Credit Rights deriving from transactions with its clients (individuals) for financing the acquisition of personal goods excluding the investment in a business, granted as Consumer Loans with a personal security (guarantors), as the case may be, which the Assignor intends to write off the balance sheet through their assignment to the Fund. Such assignment will be carried out through the Credit Rights Assignment Agreement to be entered into between the Bank and the Managing Company, in the name and on behalf of the Fund, on the incorporation of the Fund, as described in paragraph IV.1.c) for an amount equal to the amount of the issue of Notes.

During the life of the Fund, its principal assets will be composed of the Initial Credit Rights assigned upon incorporation, and the Additional Credit Rights subsequently assigned during the Revolving Period.

The requirements which the Credit Rights must comply with for the purposes of their assignment to the Fund, the regime of the successive assignments of Additional Credit Rights during the Revolving Period and the terms and conditions of the assignment of Credit Rights are described in this Chapter, in accordance with the provisions of the Credit Rights Assignment Agreement, which shall be attached the Incorporation Deed as an annex.

a) Representations of the Bank regarding the Credit Rights.

The Bank, as holder of the Consumer Loans represents and warrants to the Managing Company, on behalf of the Fund, that:

- (1) The Bank is a duly incorporated credit entity in accordance with the applicable legislation, registered with the Commercial Registry and authorised to grant Consumer Loans;
- (2) Neither on the date of the Prospectus, nor at any time since its incorporation has the Bank been in any situation of insolvency, suspension of payments (“*suspensión de pagos*”), or bankruptcy (“*quiebra*”);
- (3) The Bank has had the financial statements, both individual and consolidated, of the last three fiscal years (1999, 2000 and 2001) audited, with an unqualified opinion on both of them in respect of the most recent fiscal year (2001), pursuant to article 2.2.a) of Royal Decree 926/1998;
- (4) The corporate bodies of the Bank have validly adopted all the necessary resolutions for the assignment of the Credit Rights and the execution of the Incorporation Deed and of the agreements to be entered into and undertakings assumed therein;
- (5) Consumer Loans are valid and enforceable in accordance with the applicable Law;

- (6) The Bank is the holder, without any limitation, of all of the Consumer Loans;
- (7) Data related to the Consumer Loans included in this Section is complete and provides a true, accurate and exact representation of the said Consumer Loans;
- (8) The Consumer Loans do not have a mortgage security or any other real security. They are personal loans, and the borrower or borrowers undertake to fulfil them with all their current or future assets. Additionally, several Consumer Loans have personal securities, in the event there are guarantors other than the borrowers;
- (9) There is documentary evidence of all Consumer Loans, which are formalised by means of a policy although some policies have not been executed before a public notary, in such a case being mere private documents between the parties. All Consumer Loans have been duly filed in the relevant archives in the Bank, and are at the disposal of the Managing Company;
- (10) All debtors are individuals resident in Spain;
- (11) Consumer Loans have been granted for the purpose of financing private individuals in the acquisition of personal goods excluding the investment in a business;
- (12) The Bank has the absolute ownership of all the Credit Rights and there is not any circumstance that prevents their assignment and, if any, the debtor's consent has been obtained;
- (13) The Consumer Loans shall be deducted from the assets of the Bank on the date of their assignment to the Fund upon its incorporation and for the assigned amount, in accordance with the provisions of Circular 4/91 of June 16 of the Bank of Spain;
- (14) The total outstanding balance of each Consumer Loan shall be equal to the sum of the nominal value of its assignment to the Fund, and the nominal value of the Credit Rights shall in turn be at least equal to the nominal value of the issue of Notes;
- (15) The Bank does not know of any credit right held against the Bank by any of the debtors of the Consumer Loans (or their guarantors), that confers a right of set-off on the debtor (or guarantor);
- (16) The Consumer Loans are clearly identified in their policies authorised by a public notary and the Bank monitors them;
- (17) Consumer Loans have been and are being managed by the Bank since they were granted in accordance with the ordinary procedures of the Bank;
- (18) All the Initial and Additional Credit Rights to be purchased by the Fund on the Incorporation Date and on each Payment Date during the Revolving Period, respectively, comply with the Selection Requirements at the time of their assignment;
- (19) The Bank represents and warrants that, on the Incorporation Date, none of the loans shall have payments pending for a period of more than thirty (30) days;
- (20) The Bank is unaware of the existence of any litigation related to the Consumer Loans which may affect their validity;
- (21) The information contained in this Prospectus regarding the Consumer Loans portfolio, is complete, true and accurate;
- (22) The granting of the Consumer Loans, as well as all acts related to them, have been carried out or will be carried out according to the market criteria;

- (23) The criteria established by the Bank in the Internal Memorandum attached as Annex VII to the Prospectus, have been fully complied with in the granting of all of the Consumer Loans;
- (24) The Bank is not aware of any defence which the debtors may raise with regard to the payment of any amount deriving from the Consumer Loans;
- (25) There is not any preferential right over the right of the Fund, as owner of the Consumer Loans;
- (26) The guarantees, as the case may be, of the Credit Rights are valid and enforceable in accordance with the applicable legislation and the Bank is not aware of the existence of any circumstance which may impede their enforcement;
- (27) All Consumer Loans have a final maturity date equal or prior to the Final Maturity Date of the Credit Rights, that is, October 23, 2010. Consequently, in the event that any amendment is made to the maturity date of any Consumer Loan as a consequence of a renegotiation accepted by the Managing Company, the new maturity date shall not be any later than the Final Maturity Date of the Credit Rights;
- (28) The Bank undertakes to provide the Managing Company with all periodical information regarding the Credit Rights, in accordance with the electronic applications of the Managing Company;
- (29) The Bank is not aware of any debtor being under an insolvency situation;
- (30) All Consumer Loans have a fixed interest rate;
- (31) The Unpaid Balance of each Loan is denominated in Euro on the assignment date;
- (32) The regular instalments for both principal and interest of the loans are settled on a monthly basis and the loans do not contain any provision which may allow principal or interest payment deferrals;
- (33) The debtor of the Consumer Loan has paid at least two (2) instalments at the moment of its assignment to the Fund; and
- (34) None of the Consumer Loans has been granted to employees of the Bank.

b) Number and amount of Credit Rights grouped in the Fund.

The number of Consumer Loans in the initial Credit Rights portfolio has not yet been determined. Its capital value will be equal to the value of this issue of Notes. This amount will be the Maximum Amount of the Credit Rights (the “Maximum Amount of the Credit Rights”), 1,080,000,000 euro. As an exception, the amount of the assigned Credit Rights may be slightly higher than the principal amount of the issue of Notes on the date of incorporation of the Fund.

c) Assignment of Credit Rights.

The assignment of Credit Rights deriving from the Consumer Loans will be carried out by distinguishing the Initial Credit Rights from the Additional Credit Rights.

(i) Initial Credit Rights Assignment

The Assignor will assign the Initial Credit Rights to the Fund at the time of incorporation of the Fund, through a credit rights purchase agreement, formalised in a private document: the “**Credit Rights Assignment Agreement**”.

The assignment will be complete and unconditional, and will be carried out for the total remaining period until the final maturity of the Initial Credit Rights, from the

time of the execution of the Credit Rights Assignment Agreement. As an exception, the amount of the assigned Credit Rights may be slightly higher than the principal amount of the issue of Notes on the date of incorporation of the Fund.

Price for the assignment of the Initial Credit Rights

The price for the assignment of the Initial Credit Rights will be par value. The price which the Fund, acting through its Managing Company, shall pay to the Bank on the Disbursement Date for the purchase of the Initial Credit Rights will be an amount equal to the nominal value of the unpaid principal balance of the Initial Credit Rights assigned to the Fund on the date of incorporation of the Fund.

The price shall be fully paid before 16:00 hours (Madrid time) of the same Business Day on which the issue of Notes is fully disbursed pursuant to Section II.18.5 of the Prospectus (March 7, 2003), with same day value.

(ii) Additional Credit Rights Assignment

Upon its incorporation, the Fund, represented by its Managing Company, will carry out successive purchases of Additional Credit Rights on each Payment Date during the Revolving Period described in paragraph (iii) below in order to restore the amount of the Unpaid Principal Balance of the Credit Rights which may have been redeemed.

The assignment to the Fund of Additional Credit Rights will be carried out by making purchase offers and their acceptance by the Fund, pursuant to the terms of the Credit Rights Assignment Agreement. All the expenses and taxes arising from the formalisation of the successive assignments shall be borne by the Bank.

The Managing Company shall send to the CNMV the following documentation on every new purchase of Additional Credit Rights:

1. An indication of the Additional Credit Rights assigned to the Fund and their main characteristics, through Cifradoc.
2. A statement by the Managing Company, which shall also be signed by the Bank, on the compliance of such Additional Credit Rights with all the Selection Requirements established for their assignment to the Fund, together with the document of acceptance of the assignment offer.

The pro-forma of notification including the mentions about the Credit Rights to be filled in and the written statement by the Managing Company and the Bank on the compliance of such Credit Rights with the Selection Requirements which shall be sent to the CNMV is attached to this Prospectus as Annex VIII. For this purpose, the Managing Company has become a member of the Cifradoc system of the CNMV for the transmission of the Additional Credit Rights in detail by sending electronic files.

The assignment will be full and unconditional, and will be carried out for the total remaining period until the final maturity of the Additional Credit Rights, from the Payment Date on which their purchase and payment by the Fund takes place.

(iii) Revolving Period

The Managing Company, in the name and on behalf of the Fund, will purchase Additional Credit Rights on each Payment Date falling on the period from the Disbursement Date to May 15, 2005, inclusive, which is also a Payment Date or, if it is not a Business Day, the first Business Day following such date (hereinafter, the “**Revolving Period**”).

Early termination of the Revolving Period will take place from the Payment Date (inclusive) on which any of the following circumstances occur:

- (i) That the Unpaid Principal Balance of the Credit Rights with more than 90 days in arrears is equal or greater than 4% of the Unpaid Principal Balance of the Credit Rights on a given Calculation Date, or
- (ii) That the average rate of collection of Credit Rights with more than 90 days in arrears on that observation date 360 days in advance to a Calculation Date (the “Observation Date”), calculated as the aggregated sum of all collections of such Credit Rights since they were more than 90 days in arrears until such Observation Date, divided by the principal amount of such Credit Rights on the Observation Date, is less than 40%, or
- (iii) That a Principal Deficiency occurs, as described in Section II.11.3.b).5 of the Prospectus, or
- (iv) That the tax legislation is amended in such a way that the assignment of Additional Credit Rights is excessively burdensome for the Assignor, or
- (v) That the Unpaid Principal Balance of the Credit Rights is lower than 90% of the Unpaid Principal Balance of the Notes for two (2) consecutive Payment Dates, or
- (vi) That the Swap Agreement is early terminated and a replacement, guarantor or alternative solution, which satisfies the Rating Agencies, is not found within a reasonable term, or
- (vii) That the Bank is in any situation of insolvency, suspension of payments (“*suspensión de pagos*”), or bankruptcy (“*quiebra*”) or that the Bank loses his capacity to grant loans for financing the acquisition of personal goods;
- (viii) That the Bank ceases or is replaced as Administrator of the Credit Rights, or that the Bank fails to comply with any of its obligations under the Credit Rights Assignment Agreement or the Incorporation Deed, or
- (ix) That the Fund is in any situation of insolvency or bankruptcy (“*quiebra*”).

(iv) Offer Dates

“Date of Call for Offers” will be the seventh (7th) Business Day preceding each Payment Date falling on the Revolving Period on which Additional Credit Rights should be purchased.

“Offer Date” will be the sixth (6th) Business Day preceding each Payment Date falling on the Revolving Period on which Additional Credit Rights should be purchased.

Price and Maximum Purchase Amount of the Additional Credit Rights

The price for the assignment of the Additional Credit Rights will be par value. Such price will be an amount equal to nominal value of the unpaid principal balance of the Additional Credit Rights assigned to the Fund on the relevant Payment Date (the “Purchase Amount”).

The maximum amount which the Managing Company shall allocate, on each Payment Date during the Revolving Period, to purchase Additional Credit Rights will be equal to the Available Funds for Repayment on such Payment Date (the “Maximum Purchase Amount”). The remaining amount, if any, shall be deposited in the Cash Account.

(v) Selection Requirements

The Additional Credit Rights shall comply on the relevant assignment date with each and all of the Selection Requirements established in this Section together with the representations and warranties set forth in Section IV.1.a) above for the purposes of their assignment to the Fund (the “**Selection Requirements**”).

? Individual Requirements:

Each of the Additional Credit Rights shall comply, individually, with each and all the following requirements for the purposes of its assignment to the Fund (the “**Individual Requirements**”):

- (1) The criteria established by the Bank in the Internal Memorandum attached to this Prospectus as Annex VII have been fully complied with in the granting of the Additional Credit Right,
- (2) The Additional Credit Right has been granted to an individual resident in Spain,
- (3) The Additional Credit Right has been granted for financing the acquisition of personal goods excluding the investment in a business,
- (4) The Additional Credit Right has a fixed interest rate equal or greater than 5%,
- (5) The regular instalments for both principal and interest of the Additional Credit Rights are settled on a monthly basis. No provision is contained in such Additional Credit Rights which may allow principal or interest payment deferrals. The monthly settlement of the Additional Credit Rights is carried out by means of the direct debiting of the instalments, which was authorised by the Debtor when the transaction was formalised,
- (6) The Unpaid Principal Balance of the Credit Right is denominated in Euro, and ranges between 500 and 60,000 euro,
- (7) The Additional Credit Right has a final maturity date prior to October 23, 2010 (Final Maturity Date of the Credit Rights), and
- (8) The debtor of the Additional Credit Right has paid at least two (2) instalments (without having any instalment pending payment) at the moment of its assignment to the Fund.

? Global Requirements:

In addition to the fulfilment of the Individual Requirements, the Additional Credit Rights (including those to be assigned on a given Payment Date) shall comply, collectively, with the following requirements for the purposes of their assignment to the Fund (the “**Global Requirements**”):

- (1) The weighted average interest rate of the Additional Credit Rights taking into account the unpaid principal balance of each Additional Credit Right is higher than 7%, and
- (2) The weighted average term from the formalisation of the Additional Credit Rights to the date on which this calculation is made taking into account the Unpaid Principal Balance of each Additional Credit Right is equal or greater than six (6) months.

(vi) Procedure for the purchase of Additional Credit Rights

The Managing Company will send to the Bank on each Date of Call for Offers a written communication requesting Additional Credit Rights to be assigned to the Fund, with indication of the Available Funds for Repayment which will be

allocated to the purchase of such Additional Credit Rights, that is, the Maximum Purchase Amount, and the Payment Date on which the assignment and its payment should be carried out.

Before 17:00 hours on the Offer Date, the Bank will send to the Managing Company a written communication offering the assignment of Additional Credit Rights, together with an electronic file with the selected loans which are offered in detail and which shall comply with the Selection Requirements (hereinafter, the "Assignment Offer").

The Managing Company will send to the Bank on the fifth (5th) Business Day preceding the relevant Payment Date a written communication accepting the assignment of the Additional Credit Rights, together with an electronic file with the accepted Additional Credit Rights in detail and their characteristics, as communicated by the Bank.

For the purposes of determining the Additional Credit Rights which are accepted in order to be assigned, the Managing Company will:

- a) Check that the loans included in the Assignment Offer comply with the Selection Requirements (both Individual and Global) pursuant to their characteristics, as communicated by the Bank. This does not imply the acceptance of the potential hidden defects of the assigned Additional Credit Rights.
- b) Determine which Additional Credit Rights are accepted and suitable for the purposes of being assigned to the Fund for the maximum amount of the Available Funds for Repayment.

The assignment of Additional Credit Rights will be valid by means of the acceptance of the Assignment Offer described above, with effects as from the relevant Payment Date. Additionally, the Managing Company, in the name and on behalf of the Fund, will pay to the Bank the price for the assignment pursuant to paragraph (iv) above, with same day value.

(vii) Rights conferred upon the Fund through the assignment of Credit Rights.

The Fund, as holder of the Credit Rights, shall hold all rights granted to the assignee in Article 1,528 of the Spanish Civil Code and Articles 347 and 348 of the Commercial Code. In particular, it shall have the right to all payments:

- 1.- made by the debtors, in the form of principal or interest (ordinary) on the Credit Rights and any other payment deriving from the Credit Rights, except as provided in paragraph (viii) below in connection with the rights conferred upon the Bank.
- 2.- any other payment received by the Assignor for the Credit Rights, including payments deriving from any right incidental to the financing operations e.g. payments made by possible guarantors, etc.

The rights of the Fund resulting from the assignment of the Credit Rights are linked to the payments of the Credit Rights made by the debtors and consequently, are directly affected by the evolution, delays, advance payments or any other circumstance affecting such payments.

Principal and any other payment will be in favour of the Fund, by means of the execution of the Credit Rights Assignment Agreement from the Disbursement Date, and ordinary interest shall accrue in favour of the Fund from the Disbursement Date. In the case of the assignments of Additional Credit Rights, rights will be in favour of the Fund from the relevant Payment Date.

Payments made to the Managing Company, on behalf of the Fund, as interest for Credit Rights shall not be subject to withholding tax in accordance with article 57. k) of Royal Decree 537/1997, of April 14, approving the Corporate Tax Regulation, as amended by Royal Decree 2717/1998, of December 18.

(viii) Rights conferred upon the Assignor through the assignment of Credit Rights.

The Bank, as Assignor of the Credit Rights in favour of the Fund, shall be entitled to receive from the debtors:

- 1.- Interest (ordinary) on the Credit Rights accrued up to the Disbursement Date or up to the Payment Date on which the purchase price of the Additional Credit Rights is paid.
- 2.- Arrears interest accrued on the Credit Rights.
- 3.- All commissions for claiming unpaid bills, commission for subrogation, commission for early repayment/cancellation, or any other commission or payment in advance.

d) Rules established for the substitution of Credit Rights.

In the event of an early repayment of the Credit Rights as a result of the early repayment of the relevant Consumer Loans, the substitution of such rights shall not be carried out.

In the event that while the loan is in force, it is detected that one of the Credit Rights, whether Initial or Additional, does not conform to the Selection Requirements or to the conditions and characteristics described in Section IV.1.a) of the Prospectus, and since the relevant Consumer Loan does not conform to such conditions either, the Bank undertakes to immediately replace that Credit Right for its principal amount plus interest accrued but not paid, subject to the following rules:

1. Substitution by the Bank (which shall be carried out at its capital value plus accrued and unpaid interest) for another Credit Right of a similar nature to the Credit Right to be substituted, with respect to its pending capital value, term, interest rate, and credit quality. Once the Managing Company has checked that the Selection Requirements (both Individual and Global) are met and having expressly confirmed to the Bank the suitability of the Credit Right to be assigned, the Bank will terminate the assignment of the affected Credit Right and will assign a new Credit Right in replacement.

Substitution of Initial Credit Rights will be carried out by entering into an assignment agreement of new Credit Rights and the formalisation of a notarial deed amending the Incorporation Deed, a copy of which shall be filed with the CNMV.

Substitution of Additional Credit Rights will be carried out through the same formalities established for the assignment of the said Additional Credit Rights.

2. Should it not be possible to assign a new Credit Right in accordance with the terms of paragraph 1 above, the assignment of the unreplaced affected Credit Right shall be terminated by reimbursing the unpaid principal balance in cash to the Fund together with the unpaid accrued interest and any other amounts which may correspond to the Fund up to such date by virtue of the Credit Right.

IV.2 Management of the Credit Rights.

a) Concise and summarised description of the ordinary administrative and management procedures of the loans, and the special procedures applied in the event of default in payment or early repayment.

1. Management.

The Bank, as assignor, according to Article 2.2 of Royal Decree 926/1998, shall be responsible for the custody and management of the Credit Rights and shall receive, as manager of their collection, on behalf of the Fund, all amounts paid by the debtors in relation to the Credit Rights. The amounts corresponding to the Fund shall be deposited immediately, in accordance with the provisions of Section IV.1.c) and paragraph 9 below, in the Cash Account opened in the name of the Fund by the Managing Company, as described in Section V.3.1 of the Prospectus.

The Bank shall carry out the management of the Credit Rights exercising the same standard of care as it would exercise with its own Credit Rights.

According to the provisions of the Incorporation Deed, the Bank shall assume, *inter alia*, the following obligations: (i) it shall guarantee to the Fund, through its Managing Company, certain conditions of the Credit Rights which are included in the Credit Rights Assignment Agreement and which are detailed in this Section of the Prospectus, and shall undertake to substitute those Credit Right(s) which do not conform to such conditions, and in the event that there was no Credit Right in its portfolio similar to the Credit Right to be replaced, it undertakes to terminate the assignment of the unreplaced affected Credit Right; and (ii) it shall be accountable to the Fund, through its Managing Company, for any damage, loss or expense incurred as a result of the lack of compliance of the Bank with its obligations of custody and management of the Credit Rights.

In the event that the Bank ceases to manage the Credit Rights, the Swap Agreement shall be terminated. In this case, the Managing Company shall comply with the obligations that follow the automatic termination of the Swap Agreement, that is, subscribing a new swap agreement in accordance with the terms established in the Swap Agreement described in Section V.3.3 of the Prospectus.

Additionally, in the event that the Bank ceases to manage the Credit Rights, the Managing Company, if permitted by law, shall appoint a new manager of the Credit Rights, who must accept the obligations set out in the Prospectus and the Incorporation Deed of the Fund. In order to avoid any adverse effects for the Fund and/or the Noteholders, in the event that the Bank is replaced as manager of the Credit Rights as indicated in this paragraph, the Bank shall continue performing its functions until the precise moment in which the mentioned substitution effectively takes place.

Once this substitution has been carried out, the Bank must provide the new manager with all documents and electronic records necessary for the performance of its duties.

2. Duration.

The services referred to in the paragraph above (hereinafter, the "Services") shall be provided by the Bank until, upon amortisation of all the Credit Rights, all the obligations assumed by the Bank are extinguished.

3. Responsibility of the Bank for custody and management

The Bank undertakes to act with due diligence in the custody and management of the Credit Rights and shall be accountable to the Fund, through its Managing Company, for any damage which may derive from its negligence.

4. *Responsibility of the Bank in the collections.*

The Bank undertakes to exercise due care in the collection of the Credit Rights and shall be accountable to the Fund, through its Managing Company, for any damage which may derive from its negligence.

5. *Guarantee of the Bank.*

The Bank shall indemnify the Fund, through its Managing Company, for any damage, loss or expense incurred by reason of the breach of its obligations of custody, management and/or collection of the Credit Rights.

The Bank does not assume any responsibility either directly or indirectly for the success of the transaction, and does not provide any guarantee or bank guarantee, nor shall it enter into any repurchase agreements in relation to the Credit Rights, except as provided in Section IV.1.d) of this Prospectus.

6. *Deposit of documents.*

The Bank shall act as depository of the policies formalising the Credit Rights and all other relevant documents.

The Bank waives all the privileges conferred upon it by law as a manager of collections of the Fund and depository of the Credit Rights, and, in particular, it waives the privileges contained in articles 1,730 and 1,780 of the Spanish Civil Code (related to retention of a deposited item as a pledge) and article 276 of the Spanish Commercial Code (a guarantee similar to the retention of a deposited item as a pledge).

7. *Custody of documents.*

The Bank shall keep all the policies, documents and computer records related to the Credit Rights under safe custody and it shall not abandon their possession, custody or control without the previous written consent of the Managing Company, except in the event that a document was requested in order to initiate the procedure for the enforcement of a Credit Right.

8. *Access to the referred documents.*

The Bank shall reasonably facilitate access, at any time, to the above referred policies, documents and records to the Managing Company or to the auditors of the Fund, duly authorised by the Managing Company. Additionally, upon request of the Managing Company, it shall provide, within the four (4) Business Days following the request, a copy or photocopy of any of those agreements, policies or documents.

9. *Collections.*

The Bank, as collector, shall receive in the name of the Managing Company, on behalf of the Fund, all amounts paid by the debtors deriving from the Credit Rights, in the form of both principal amount and interest, or any other concept. The Bank shall immediately deposit the amounts corresponding to the Fund according to the provisions of Section IV.1.c) (vii), in the Cash Account described in Section V.3.1 a) of the Prospectus. This deposit must always be carried out within a period of forty eight (48) hours.

Likewise, the Bank shall deposit in such account and within the above mentioned term all amounts received from the debtors as early repayment of the Credit Rights or any other concept and which correspond to the Fund according to the provisions of that Section.

10. Advance of funds.

The Bank shall not advance, under any circumstance, any amount not previously received from the debtors as principal amount, interest, prepayment or any other amount derived from the Consumer Loans.

11. Renegotiations of Credit Rights.

The Bank shall not cancel voluntarily the guarantees which may exist for any reason other than the repayment of the secured loan. The Bank shall not waive or enter into any settlement of the loans, or remit the loans, in whole or in part. Nor shall it, in general, perform any act which decreases the rank, the legal enforceability or the economic value of the guarantees or the loans.

Notwithstanding the above, in exceptional circumstances, the Managing Company may give instructions to the Bank, or give it prior authorisation to enter into a novation agreement with the debtor modifying the relevant Credit Right under the terms and conditions it deems appropriate.

In the event of a renegotiation previously agreed by the Managing Company, on behalf of the Fund, regarding the Credit Rights, their maturity or their interest rates, the amendment of the conditions shall affect the Fund in accordance with Rule fifteen, paragraph 2, d) of Circular 4/1991 of June 16 of the Bank of Spain to credit entities on accounting rules and pro-formas of financial statements, which establishes that the assignment agreements shall indicate that, in the event of renegotiation of the assigned asset or its maturity, the modified terms shall affect the assignee of the asset.

In the event that an amendment of the interest rate of any Credit Right is agreed, the weighted average interest rate of the portfolio shall not be less than 7%. All ordinary and arrears interest accrued on the Credit Right will still correspond to the Fund, except as provided in Section IV.1.c).(viii) above in connection with interest in favour of the Bank.

In the event of renegotiation of Credit Rights, the Bank shall notify in due time to the Managing Company the conditions resulting from the renegotiation in respect of each of the Credit Rights renegotiated.

12. Remuneration of the Bank.

The Bank, as remuneration for the management of the Credit Rights (or the entity replacing the Bank in its management functions, in the event of a substitution due to circumstances of the Bank which may prevent or hinder a satisfactory management of the fund) shall be entitled to receive, on each Payment Date and until the Payment Date on which the total amortisation of the Notes takes place, a fixed Management Fee of six thousand (6,000) euro, including VAT.

If the Fund, through its Managing Company, and due to lack of liquidity, does not pay on any Payment Date the total amount of the fee due, all unpaid amounts shall be added without any penalty to the fee to be paid on the next Payment Date, which will be handed over on such Payment Date.

Likewise the Bank, as compensation or remuneration for the process of financial intermediation performed, shall be entitled to receive in addition, on each Payment

Date, a subordinated and floating amount equal to the existing difference between the accounting income and expenses of the Fund, in a way that extracts the financial margin obtained. The amount does not comprise a payment for the handing over of any goods or the rendering of any service to the Fund, but consists of remuneration for the financial intermediation process performed by the Bank.

Both the fixed Fee for the Administration of the Credit Rights to be paid to the Bank, and the amount to be paid to the Bank as payment for its financial intermediation services, shall be paid provided that the Fund has sufficient liquidity and in accordance with the provisions of Section V.5.1.b), 2, of the Prospectus.

In addition, the Bank, on each Payment Date, shall be entitled to reimbursement for all expenses incurred that are of an exceptional nature, upon providing justification of such expenses in connection with the management of the Credit Rights. The said expenses shall be paid provided that the Fund has sufficient liquidity, and in accordance with the provisions of Section V.5.1.b), 2, a), 1 of the Prospectus regarding the Payment Priority Order.

13. Subcontracting

The Bank may subcontract any of the Services that it has committed to render in favour of the Managing Company, on behalf of the Fund, except for those that may not be delegated in accordance with the legislation in force, by means of a private services agreement. The Bank shall at all times bear the ultimate responsibility for the correct management and shall not be exonerated of any responsibility assumed by virtue of the Incorporation Deed or the Credit Rights Assignment Agreement.

The subcontracting shall not presuppose an increase in the price that the Fund, through the Managing Company, should pay to the Bank for the rendering of the Services.

b) Abilities of the holder of the Credit Rights in the event of a breach by the debtor of his obligations.

b') Action against debtors.

The Bank shall employ the same diligence and claim procedures for sums due and unpaid in relation to the Credit Rights assigned to the Fund as it does for the rest of its loans. In particular, it shall take appropriate action if, once the internal limitation periods for a judicial action aimed at obtaining satisfaction of the interest of the Fund have elapsed, it has not achieved the desired effect. In any event, the Bank will take the mentioned action if, after analysis of the specific circumstances, the Managing Company, with the approval of the Bank, deems it appropriate.

Additionally, the Bank undertakes to inform the Managing Company, on behalf of the Fund, on a daily basis, about bad debts, early repayments or revisions of interest rates and maturities, and to punctually provide information regarding payment requirements, certified notifications provided to the debtor, judicial actions, or any other circumstances affecting the Credit Rights. Likewise, the Bank shall provide the Managing Company with all documentation that it may require in connection with such Credit Rights and, in particular, with all documentation required for the filing of judicial actions by the Managing Company, as the case may be.

The Fund, as owner of the Credit Rights, shall be entitled to all legal actions arising from the ownership of the Credit Rights, pursuant to the legislation in force.

For these purposes, the Managing Company shall grant in the Incorporation Deed powers of attorney as broad and sufficient as required by Law in favour of the Bank, so that the Bank (even acting in its own name in the relevant proceedings, but on account of the Fund), acting through any of its duly empowered representatives, may request to the debtor of any of the Credit Rights the payment of his debt and take legal action against him, in addition to other powers required to carry out the management of the Credit Rights. These powers will be granted in a separate document to the Incorporation Deed and may be extended, if it is necessary for their exercise.

The Bank shall, as a general rule, initiate the relevant judicial proceedings if the debtor of a Loan has not fulfilled his payment obligations and does not resume payments to the Bank within a period of six (6) months, provided that the Bank, with the consent of the Managing Company, does not obtain a payment undertaking which may be satisfactory to the interest of the Fund. For the purposes of speeding up the claim proceedings, the Managing Company may grant general authorisations in favour of the Bank, within the terms and limits which it deems appropriate.

The Bank shall bear all expenses, fees and taxes arising from the collection and return proceedings, expenses incurred in collection of bad debt and in judicial or prejudicial proceedings by paying them directly or, as the case may be, reimbursing the Fund or the Managing Company with those incurred by them.

b") Action against the Bank.

The Managing Company, on behalf of the Fund, shall be entitled to an action against the Bank for the repayment of the Credit Rights if the breach of the obligation of payment of these amounts is not attributable to non payment by the debtors.

Upon extinction of the Credit Rights, the Fund, through its managing Company, shall maintain the right of action against the Bank until it has complied in full with its obligations.

c) Liability assumed by the Assignor.

The risk of unpaid Credit Rights shall be borne by the Noteholders. Therefore, the Bank does not assume any liability for the non-payment of the debtors, either of the principal amount, or of the interest or any other amount due by virtue of the Credit Rights.

IV.3 Policy of the Bank regarding the granting of Consumer Loans.

The Bank warrants to the Managing Company that the data referred to in this Section are true, accurate and valid, and that the criteria referred to in Section IV.3.1 below have been taken into account in the granting of each one of the Consumer Loans.

IV.3.1 Description of the procedures set forth by the assigning entity for the analysis of risk and the granting of Consumer Loans. ("Internal Memorandum").

Introduction.

A summary of the criteria followed by the Bank regarding the analysis and evaluation of the credit risk when granting the selected Consumer Loans that will be assigned to the Fund at the time of its incorporation is attached to this

Prospectus as Annex VII as well as to the Incorporation Deed under the title “Internal Memorandum on Consumer Loans Granting Criteria”.

Those procedures described in Annex VII shall also be followed when granting Additional Credit Rights, and shall not be amended during the Revolving Period.

IV.3.2 Statistical information on the evolution of the number of transactions pending maturity, net investment, average APR and delay payment investments of the Loan portfolio.

The chart below illustrates the evolution over the last three years of the managed net investment in thousands of euro, the average profitability (annualised percentage or APR), together with the investment in delay payment of the portfolio of the Bank corresponding to Loans granted to private individuals for the acquisition of personal goods of the same kind of those securitised:

Date	Number of transactions pending maturity	Net Investment (euro thousands)	% average A.P.R.	% Delay payment ⁽¹⁾
31-12-00	654,629	2,515,293	9.60%	1.35%
31-03-01	668,966	2,541,875	10.00%	1.50%
30-06-01	675,964	2,605,320	10.10%	1.60%
30-09-01	687,731	2,648,669	10.29%	1.74%
31-12-01	690,512	2,730,420	10.31%	1.80%
31-02-02	654,121	2,583,182	9.09%	2.64%
30-06-02	640,330	2,530,320	9.12%	2.70%
30-09-02	589,954	2,509,269	9.15%	2.87%
31-12-02	620,340	2,550,320	9.12%	2.90%

⁽¹⁾ According to the Bank’s criterion: payments with a delay of more than three months.

With regard to the experience of early repayment or prepayments in the portfolio of Consumer Loans granted by the Bank, the Annual Constant Prepayment Rate (“*Tasa Anual Constante de Prepago*” or CPR) since its creation, is around 10% per annum, such data however does not represent an estimate of the actual future amortisation.

IV.4 Description of the portfolio of Consumer Loans mobilised through the assignment of the Credit Rights included in the Fund.

The Bank warrants to the Managing Company that all data contained in this Section, is true, accurate, and complete, and it assumes all liabilities for such data not being true, accurate or complete.

Consumer Loans Portfolio

The Managing Company warrants that the portfolio of Loans used as the basis for the assignment of the Credit Rights has been extracted from the audited Portfolio attached as Annex IV to the Prospectus. The whole audited Portfolio is comprised of Credit Rights which will be purchased by the Fund to Banco Santander Central Hispano, S.A. and, in

particular, of 197,444 financing transactions, the outstanding balance of which, on January 27, 2003, amounted to 1,217,000,007.96 euro.

100% of the portfolio is subject to a fixed interest rate, with constant instalments.

Consumer loans have been granted exclusively to borrowers (individuals with residence in Spain) in order to finance the acquisition of personal goods excluding the investment in a business.

The charts below illustrate the distribution of the loans selected according to their initial amount, current balance, date of formalisation, date of maturity, current interest rate, reference rate, geographical location of the outstanding balances and delay in payment of the portfolio. The following charts have been compiled using information as of January 27, 2003.

CHARTS OF CONSUMER LOANS

INITIAL PRINCIPAL BALANCE OF THE CONSUMER LOANS					
Range	Amount		Loans		
(euro)	(thousands of euro)	%	nr.	%	
235.12 - 999.99	557.05	0.02	719	0.36	
1,000.00 - 2,999.99	26,228.10	1.31	13,332	6.75	
3,000.00 - 4,999.99	123,235.53	6.19	33,726	17.08	
5,000.00 - 6,999.99	204,209.50	10.26	34,054	17.24	
7,000.00 - 8,999.99	116,053.76	5.83	14,984	7.58	
9,000.00 - 10,999.99	274,545.83	13.79	28,978	14.67	
11,000.00 - 12,999.99	281,431.63	14.14	23,444	11.87	
13,000.00 - 14,999.99	88,578.94	4.45	6,428	3.25	
15,000.00 - 16,999.99	192,624.66	9.67	12,527	6.34	
17,000.00 - 18,999.99	208,843.67	10.49	11,596	5.87	
19,000.00 - 20,999.99	33,461.48	1.68	1,694	0.85	
21,000.00 - 22,999.99	78,848.26	3.96	3,696	1.87	
23,000.00 - 24,999.99	98,488.77	4.94	4,099	2.07	
25,000.00 - 26,999.99	13,053.81	0.65	508	0.25	
27,000.00 - 28,999.99	28,702.85	1.44	1,049	0.53	
29,000.00 - 30,999.99	139,286.11	6.99	4,637	2.34	
31,000.00 - 32,999.99	1,875.48	0.09	59	0.02	
33,000.00 - 34,999.99	7,313.61	0.36	219	0.11	
35,000.00 - 36,999.99	22,210.49	1.11	616	0.31	
37,000.00 - 38,999.99	1,658.78	0.08	44	0.02	
39,000.00 - 40,999.99	4,089.43	0.20	104	0.05	
41,000.00 - 96,161.94	44,960.21	2.25	931	0.47	
Total:	1,990,258,042.27	100.00	197,444	100.00	

Maximum Initial Principal Balance: 96,161.94 euro
Minimum Initial Principal Balance: 235.12 euro
Average Initial Principal Balance: 10,080.11 euro

OUTSTANDING PRINCIPAL BALANCE

Range (euro)	Amount		Loans	
	(thousand of euro)	%	nr.	%
120.32 - 999,99	11,908.85	0.97	19,230	9.73
1.000,00 - 2.999,99	100,947.81	8.29	51,336	26.00
3.000,00 - 4.999,99	146,339.05	12.02	36,863	18.67
5.000,00 - 6.999,99	158,818.64	13.05	26,942	13.64
7.000,00 - 8.999,99	150,947.04	12.40	18,951	9.59
9.000,00 - 10.999,99	132,907.32	10.92	13,316	6.74
11.000,00 - 12.999,99	107,987.68	8.87	9,090	4.60
13.000,00 - 14.999,99	90,619.14	7.44	6,506	3.29
15.000,00 - 16.999,99	74,653.36	6.13	4,682	2.37
17.000,00 - 18.999,99	51,642.30	4.24	2,896	1.46
19.000,00 - 20.999,99	39,102.16	3.21	1,959	0.99
21.000,00 - 22.999,99	35,535.02	2.91	1,617	0.81
23.000,00 - 24.999,99	24,827.77	2.04	1,037	0.52
25.000,00 - 26.999,99	26,388.97	2.16	1,017	0.51
27.000,00 - 28.999,99	24,336.84	1.99	870	0.44
29.000,00 - 30.999,99	8,793.98	0.72	295	0.14
31.000,00 - 32.999,99	5,681.15	0.46	178	0.09
33.000,00 - 34.999,99	5,136.80	0.42	151	0.07
35.000,00 - 36.999,99	5,103.13	0.41	142	0.07
37.000,00 - 38.999,99	3,418.36	0.08	90	0.04
39.000,00 - 40.999,99	3,676.05	0.30	92	0.04
41.000,00 - 58.107,34	8,228.48	0.67	184	0.09
Total:	1,217,000,007.96	100.00	197,444	100.00

Maximum Outstanding Principal Balance: 58,107.34 euro
Minimum Outstanding Principal Balance: 120.32 euro
Average Outstanding Principal Balance: 6,163.77 euro

ORIGINATION DATE OF MORTGAGE LOANS

Range	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
18/03/1993 - 31/12/1998	40,910.18	3.36	17,365	8.79
1/01/1999 - 30/06/1999	48,513.41	3.98	14,388	7.28
1/07/1999 - 31/12/1999	72,934.72	5.99	15,344	7.77
1/01/2000 - 30/06/2000	127,070.30	10.44	22,639	11.46
1/07/2000 - 31/12/2000	111,356.85	9.15	18,609	9.42
1/01/2001 - 30/06/2001	201,561.47	16.56	29,377	14.87
1/07/2001 - 31/12/2001	208,624.65	17.14	28,345	14.35
1/01/2002 - 30/06/2002	237,650.99	19.52	30,866	15.63
1/07/2002 - 5/12/2002	168,377.39	13.83	20,511	10.38
Total:	1,217,000,007.96	100.00	197,444	100.00

Maximum Origination Date: 05/12/2002 (1,74 months)
 Minimum Origination Date: 18/03/1993 (118,42 months)
 Weighted Average Origination Date: 28/03/2001 (22,03 months)

MATURITY DATE OF MORTGAGE LOANS

Range	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
18/05/2003 - 30/06/2003	11,578.79	0.95	12,898	6.53
1/07/2003 - 31/12/2003	39,967.24	3.28	22,781	11.53
1/01/2004 - 30/06/2004	72,978.49	5.99	25,170	12.74
1/07/2004 - 31/12/2004	91,423.15	7.51	22,550	11.42
1/01/2005 - 30/06/2005	119,233.78	9.79	22,546	11.41
1/07/2005 - 31/12/2005	108,949.79	8.95	17,274	8.74
1/01/2006 - 30/06/2006	131,315.37	10.79	16,885	8.55
1/07/2006 - 31/12/2006	148,773.68	12.22	16,318	8.26
1/01/2007 - 30/06/2007	175,366.61	14.4	16,674	8.44
1/07/2007 - 31/12/2007	138,068.46	11.34	12,006	6.08
1/01/2008 - 30/06/2008	44,045.82	3.61	3,405	1.72
1/07/2008 - 31/12/2008	36,705.15	3.01	2,636	1.33
1/01/2009 - 30/06/2009	42,040.11	3.45	2,799	1.41
1/07/2009 - 31/12/2009	39,739.84	3.26	2,596	1.31
1/01/2010 - 30/06/2010	10,496.26	0.86	583	0.29
1/07/2010 - 23/10/2010	6,317.40	0.51	323	0.16
Total:	1,217,000,007.96	100.00	197,444	100.00

Maximum Maturity Date: 23/10/2010 (92.91 months)
Minimum Maturity Date: 18/05/2003 (3.65 months)
Weighted Average Maturity Date: 22/10/2006 (44.84 months)

CURRENT INTEREST RATES OF CONSUMER LOANS

Range (%)	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
4,00 - 4,99	2,323.91	0.19	436	0.22
5,00 - 5,99	8,413.57	0.69	1,559	0.78
6,00 - 6,99	47,213.44	3.87	6,930	3.50
7,00 - 7,99	215,594.06	17.71	29,607	14.99
8,00 - 8,99	340,460.83	27.97	51,573	26.12
9,00 - 9,99	445,303.51	36.59	78,158	39.58
10,00 - 10,99	112,773.98	9.26	20,232	10.24
11,00 - 11,45	44,916.66	3.69	8,949	4.53
Total:	1,217,000,007.96	100.00	197,444	100.00

Weighted Average Interest Rate: 8.83 %

Maximum Interest Rate: 11.45 %

Minimum Interest Rate: 4.00 %

INTEREST RATES APPLICABLE TO CONSUMER LOANS

Range (Codes)	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
Fixed	1,217,000.00	100	197,444	100
Total:	1,217,000,007.96	100.00	197,444	100.00

GEOGRAPHICAL LOCATION OF THE OUTSTANDING BALANCE OF CONSUMER LOANS

Autonomous Communities	Outstanding Balance		Loans	
	(thousands of euro)	%	nr.	%
01 Andalucía	155,272.85	12.75	27,031	13.69
02 Aragón	29,096.32	2.39	4,543	2.30
03 Asturias	23,528.20	1.93	3,979	2.01
04 Baleares	25,819.66	2.12	4,251	2.15
05 Canarias	143,098.61	11.75	22,780	11.53
06 Cantabria	24,691.05	2.02	4,504	2.28
07 Castilla-La mancha	36,822.40	3.02	6,346	3.21
08 Castilla-León	72,568.90	5.96	12,570	6.36
09 Cataluña	158,743.69	13.04	24,979	12.65
10 Ceuta	1,995.80	0.16	314	0.15
11 Extremadura	25,315.13	2.08	4,770	2.41
12 Galicia	56,449.17	4.63	9,707	4.91
13 La Rioja	6,919.47	0.56	1,111	0.56
14 Madrid	265,393.20	21.80	40,651	20.58
15 Melilla	2,840.84	0.23	401	0.20
16 Murcia	28,418.01	2.33	4,384	2.22
17 Navarra	8,928.04	0.73	1,307	0.66
18 País Vasco	48,083.18	3.95	6,818	3.45
19 Valencia	103,015.40	8.46	16,998	8.60
Total:	1,217,000,007.96	100.00	197,444	100.00

DELINQUENCY STATUS

Range (days)	Amount		Loans	
	(thousands of euro)	%	nr.	%
0 - 29	1,141,006.84	93.75	185,503	93.95
30 - 39	11,155.93	0.91	1,678	0.84
40 - 49	29,885.62	2.45	5,008	2.53
50 - 59	8,314.47	0.68	1,201	0.60
60 - 69	6,691.20	0.54	974	0.49
70 - 79	15,969.88	1.31	2,530	1.28
80 - 89	3,976.02	0.32	550	0.27
Total:	1,217,000,007.96	100.00	197,444	100.00

The Bank warrants that on the Incorporation Date, no Consumer Loan with a delay payment of more than the aforementioned thirty (30) days shall exist, as set forth in Section IV.1.a), 19.

CHAPTER V

INFORMATION ON THE ECONOMIC-FINANCIAL OPERATION OF THE FUND

V.1 Economic and financial structure of the Fund and descriptive table of the different hypotheses and most probable predicted performance of the economic and financial flows of the Fund. Balance Sheet.

Below is the Balance Sheet of the Fund according to the hypotheses assumed in this Chapter.

BALANCE SHEET			
ASSETS		LIABILITIES	
Credit Rights(*)	1,080,000,000.00 €	Class A Notes	972,000,000.00 €
Cash Account	18,361,843.75 €	Class B Notes	37,800,000.00 €
Principal Account	0.00 €	Class C Notes	35,100,000.00 €
Issue and incorporation expenses	1,284,806.25 €	Class D Notes	35,100,000.00 €
		Subordinated Loan	19,646,650.00 €
Total Assets	1,099,646,650.00 €	Total Liabilities	1,099,646,650.00 €

(*) on the Incorporation Date, the amount may be slightly higher

V.1.1 Assumed hypotheses in connection with the central or most probable indexes of the parameters of early repayment, delays in the payment of defaults and bad debt regarding the Credit Rights that are grouped in the Fund.

The tables shown below refer to one of the possible scenarios regarding income and payments related to the Fund that may arise during the life of the Fund and the issue of the Notes.

For the preparation of the mentioned charts of the financial service of the Notes and of the cash flow of the Fund, the following hypotheses have been used:

a) Credit Rights.

- (i) The volume of the portfolio of Credit Rights to be securitised: 1,217,000,007.96 euro on January 27, 2003. On the Incorporation Date the amount to be securitised will approximately be 1,080,000,000 euro, as shown in the Balance Sheet above.
- (ii) Interest rate: the average interest rate of the Credit Rights is 8.83% on an annual basis.
- (iii) CPR: 8% annually; 0.69% monthly; 16% annually; 1.44% monthly(*).
- (iv) Percentage of Delay in payment: 2.90% annually, 0.24% monthly.
- (v) Bad debt: 0%.

(*) the applied formula is $1 - (1 - \text{CPR})^{(1/12)}$

b) Additional Credit Rights.

- (i) End of the Revolving Period: May 15, 2005 (included), which implies that early termination of the Revolving Period does not occur.
- (ii) There is no Principal Deficiency.
- (iii) Average final maturity date of the Additional Credit Rights purchased during the Revolving Period: 1.75 years.

c) Notes.

- (i) Volume: 1,080,000,000 euro for Class A, Class B, Class C and Class D Notes.
- (ii) Interest rate: weighted floating interest rate of the four classes of Notes, A, B, C and D, assuming that the interest rate of each class remains constant at 2.991%, 3.171%, 3.471% and 4.141%, respectively.
- (iii) Exercise by the Fund of the option of Early Repayment of all Classes of Notes of all Classes when the Unpaid Principal Balance of the Credit Rights is lower than 10% of its initial amount.

d) Additional Agreements.

- (i) **Cash Account:** it is assumed that short-term rating of the Bank will not downgrade at any moment below A-1 and P-1 according to S&P Ratings Group and Moody's Investors Service Limited scales, respectively, and therefore, the Cash Account will be held with the Bank (nevertheless, the Managing Company has committed itself to transfer the Account to a different entity if and when the Bank together with the Rating Agencies consider advisable to do so, due to a downgrading of the above ratings, as described in Section V.3.1.a), which will be reinvested pursuant to the Guaranteed Reinvestment Agreement to be subscribed for by the Bank.
- (ii) **Principal Account:** it is assumed that short-term rating of the Bank will not downgrade at any moment below A-1 and P-1 according to S&P Ratings Group and Moody's Investors Service Limited scales, respectively, and therefore, the Principal Account will be held with the Bank (nevertheless, the Managing Company has committed itself to transfer the Account to a different entity if and when the Bank together with the Rating Agencies consider advisable to do so, due to a downgrading of the above ratings, as described in Section V.3.1.b), which will be reinvested pursuant to the Guaranteed Reinvestment Agreement to be subscribed for by the Bank.
- (iii) **Subordinated Loan**
 - Amount: 19,646,650.00 euro that will be dedicated to finance the expenses of incorporation of the Fund and issue of the Notes (approximately, 1,284,806.25 euro), to partially finance the purchase of the Credit Rights (approximately, 1,843.75 euro), and to complete the Reserve Fund.
 - Interest rate: 3.49%
 - Repayment: the amount of the Subordinated Loan which is used to finance the expenses of incorporation of the Fund and issue of the Notes, will be repaid quarterly, simultaneously with the amortisation of those expenses during the first three (3) years from

the date of incorporation of the Fund and issue of the Notes. The amount of the Subordinated Loan designed to partially finance the purchase of the Credit Rights, shall be repaid on the Payment Date following their Final Maturity Date (October 23, 2010) or, as the case may be, on the date of early repayment. The rest of the principal of the Subordinated Loan shall be repaid on each of the Payment Dates for an amount equal to the difference between the required amount of the Reserve Fund on the prior Calculation Date and the current Calculation Date.

(iv) *Guaranteed Reinvestment Agreement and Cash Account.*

Guaranteed profitability: 2.741% for the amounts deposited in the Cash Account (including the Reserve Fund). It is assumed that the EURIBOR interest rate applicable on each Payment Date will be of 2.741% throughout the life of the issue.

(v) *Guaranteed Reinvestment Agreement and Principal Account.*

Guaranteed profitability: 2.741% for the amounts deposited in the Principal Account. It is assumed that the EURIBOR interest rate applicable on each Payment Date will be of 2.741% throughout the life of the issue.

(vi) *Swap Agreement.*

- Floating interest rate payable to the Bank: this will be on each settlement date the annual interest rate resulting from dividing (i) the sum of interest on the Credit Rights collected by the Fund during the current settlement period by (ii) the Notional of the Swap for Party A, with the resulting amount being multiplied by the result of dividing 360 by the number of days of the settlement period.
- Floating interest rate to be received by the Fund: this will be the annual interest rate resulting from applying the reference interest rate of the Notes on the current Interest Accrual Period plus the weighted average spread of the Notes on the Payment Date, taking into account the Unpaid Principal Balance of the Notes on the Calculation Period immediately preceding the Payment Date, plus 2.50%.

(vii) *Reserve Fund.*

The initial amount of the Reserve Fund will be 18,360,000 euro equivalent to 1.70% of the initial amount of the issue (1,080,000,000 euro), and may decline quarterly on each Payment Date once it reaches 3% of the Unpaid Principal Balance of the Notes. Such percentage shall be maintained until the Reserve Fund reaches the amount of 10,800,000 euro, and since that moment it will be maintained in such amount until the Final Maturity Date, on which it will be applied to the fulfilment of the payment obligations of the Fund.

e) Fees.

- (i) Fixed Fee of the Bank: 6,000 euro quarterly, VAT included, on each Payment Date.

- (ii) Variable Fee of the Bank: a variable amount that shall accrue on a quarterly basis, on each Payment Date, equivalent to the difference between the flow of income and the expenses of the Fund for said Calculation Period.

f) Current Expenses, including:

- (i) Managing Company Administration Fee: annual 0.025% on the sum of the Unpaid Principal Balances of all Classes of Notes, which shall never be lower than 60,000 euro per year.
- (ii) Expenses for annual audits of the Fund, announcements and annual rating agencies fees.

V.1.2 Analysis and commentary on the impact that the possible variations in the hypotheses described in the previous section would have on the financial balance of the Fund.

The quality of the Credit Rights and the mechanisms that guarantee the continued financial balance of the Fund are such that it would be unreasonable to consider percentages of advanced amortization, or percentages of delay in payment and bad debt so extreme that, as a consequence of the mandatory transfer both of the early repayment risk and the defaults in the Credit Rights, the financial structure of the Fund was imbalanced.

Likewise, the potential interest rate risk which may arise from the difference between the reference interest rates of the Credit Rights (fixed interest rate) and of the Notes (floating interest rate), is fully covered by virtue of the Swap Agreement, to be entered into with the Bank, as described in Section V.3.3 below, so that the financial balance of the Fund shall not be affected.

V.1.3 Numerical scheme of the flow of income and expenditure of the Fund.

The following numeric scheme makes reference to the collections and payments resulting from the application of a “cash basis” methodology, for the greater clarity of the investor, although, and in accordance with Section V.2 of the Prospectus, the Fund shall make a temporary allocation of income and expenses applying an “accrual basis” methodology.

This scheme is based not only on the hypothesis mentioned in the previous Section V.1.1, but also on the constant maintenance of these hypotheses during the life of the Fund. However, in general the affected variable rates, in particular the interest rates of the Notes of the four Classes, as well as the actual Rates of Early Amortisation of the Consumer Loans underlying to the Credit Rights, are subject to continuing changes.

Therefore, this numerical scheme serves only as a mere reference.

CASH FLOWS OF THE FUND
(THOUSANDS OF EURO)

C.P.R.= 8%

COLLECTIONS

1,080,000.00 Asset securitisation notes issue
19,646.65 Subordinated Loan

07/03/03 1,080,000.00 Purchase of Credit Rights
1,284.81 Incorporation and issue expenses

(0)	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
RESERVE FUND BALANCE	OUTSTANDING PRINCIPAL BALANCE CREDIT RIGHTS	DATE	PRINCIPAL REPAYMENT	SWAP INTEREST	CASH AND PRINCIPAL ACCOUNTS RETURNS	TOTAL	ORDINARY EXPENSES	INTEREST A, B, C y D	PRINCIPAL A, B, C y D	INTEREST SUBORDINATED LOAN	REPAYMENT SUBORDINATED LOAN	FIXED FEE SCH	PERIODIC FEE SCH	TOTAL
18,360.00	1,080,000.00	05/15/03	0.00	14,338.98	327.20	14,666.18	321.04	6,314.07	0.00	131.46	107.07	6.00	7,786.55	14,666.18
18,360.00	1,080,000.00	08/15/03	0.00	9,707.59	440.01	10,147.60	338.05	8,418.76	0.00	174.32	107.07	6.00	1,103.39	10,147.60
18,360.00	1,080,000.00	11/15/03	0.00	9,633.14	444.03	10,077.17	338.05	8,418.76	0.00	173.37	107.07	6.00	1,033.93	10,077.17
18,360.00	1,080,000.00	02/15/04	0.00	9,635.93	458.80	10,094.72	338.05	8,418.76	0.00	172.41	107.07	6.00	1,052.43	10,094.72
18,360.00	1,080,000.00	05/15/04	0.00	9,173.88	464.12	9,638.00	336.58	8,235.74	0.00	167.73	107.07	6.00	784.89	9,638.00
18,360.00	1,080,000.00	08/15/04	0.00	9,570.76	485.01	10,055.78	338.05	8,418.76	0.00	170.50	107.07	6.00	1,015.39	10,055.78
18,360.00	1,080,000.00	11/15/04	0.00	9,404.08	482.13	9,886.20	338.05	8,418.76	0.00	169.55	107.07	6.00	846.78	9,886.20
18,360.00	1,080,000.00	02/15/05	0.00	9,400.06	502.07	9,902.13	338.05	8,418.76	0.00	168.59	107.07	6.00	863.66	9,902.13
18,360.00	1,080,000.00	05/15/05	0.00	12,490.76	486.76	12,977.52	335.84	8,144.23	0.00	162.17	107.07	6.00	4,222.21	12,977.52
18,360.00	914,066.31	08/15/05	165,622.24	10,869.35	591.66	177,083.25	338.05	8,418.76	165,622.24	166.68	107.07	6.00	2,424.45	177,083.25
18,360.00	762,949.27	11/15/05	151,765.98	9,328.26	524.42	161,618.66	286.21	7,152.80	151,765.98	165.72	107.07	6.00	2,134.88	161,618.66
18,360.00	631,721.27	02/15/06	132,736.75	8,146.08	495.71	141,378.55	238.71	5,992.75	132,736.75	164.77	107.07	6.00	2,132.50	141,378.55
15,207.18	511,446.52	05/15/06	122,969.08	6,525.02	432.84	129,926.94	195.87	4,815.82	122,969.08	158.47	0.00	6.00	1,781.70	129,926.94
12,065.20	410,513.39	08/15/06	104,732.54	5,927.47	393.07	111,053.08	158.67	4,038.22	104,732.54	135.69	0.00	6.00	1,981.96	111,053.08
10,800.00	319,967.15	11/15/06	93,903.59	4,901.93	321.48	99,127.00	125.89	3,237.68	93,903.59	107.66	0.00	6.00	1,746.19	99,127.00
10,800.00	247,460.32	02/15/07	75,433.21	4,108.46	286.04	79,827.71	96.49	2,519.91	75,433.21	96.37	0.00	6.00	1,675.73	79,827.71
10,800.00	184,426.66	05/15/07	65,542.27	3,156.92	233.55	68,932.74	72.40	1,879.96	65,542.27	93.23	0.00	6.00	1,338.89	68,932.74
10,800.00	139,190.47	08/15/07	47,336.79	2,678.86	211.87	50,227.52	52.37	1,442.34	47,336.79	96.37	0.00	6.00	1,293.66	50,227.52
0.00	103,040.48	11/15/07	119,957.54	2,070.67	168.61	122,196.81	45.83	1,080.51	119,957.54	96.37	0.00	6.00	1,010.57	122,196.81
			1,080,000.00	151,068.19	7,749.38	1,238,817.57	4,632.26	113,785.35	1,080,000.00	2,771.41	1,284.81	114.00	36,229.75	1,238,817.57

CASH FLOWS OF THE FUND
(THOUSANDS OF EURO)

C.P.R.= 16%

COLLECTION

1,080,000.00 Asset securitisation notes issue
19,646.65 Subordinated Loan

7/3/2003 1,080,000.00 Purchase of Credit Rights
1,284.81 Incorporation and issue expenses

(0) RESERVE FUND BALANCE	(1) OUTSTANDING PRINCIPAL BALANCE CREDIT RIGHTS	(2) DATE	(3) PRINCIPAL REPAYMENT	(4) SWAP INTEREST	(5) CASH AND PRINCIPAL ACCOUNTS RETURNS	(6) TOTAL	(7) ORDINARY EXPENSES	(8) INTEREST A, B,C y D	(9) PRINCIPAL A, B,C y D	(10) INTEREST SUBORDINATED LOAN	(11) REPAYMENT SUBORDINATED LOAN	(12) FIXED FEE SCH	(13) PERIODIC FEE SCH	(14) TOTAL
18,360.00	1,080,000.00	5/15/2003	0.00	14,175.19	377.27	14,552.46	321.04	6,314.07	0.00	131.46	107.07	6.00	7,672.82	14,552.46
18,360.00	1,080,000.00	8/15/2003	0.00	9,841.89	483.50	10,325.39	338.05	8,418.76	0.00	174.32	107.07	6.00	1,281.18	10,325.39
18,360.00	1,080,000.00	11/15/2003	0.00	9,543.00	478.18	10,021.18	338.05	8,418.76	0.00	173.37	107.07	6.00	977.93	10,021.18
18,360.00	1,080,000.00	2/15/2004	0.00	9,329.34	483.46	9,812.80	338.05	8,418.76	0.00	172.41	107.07	6.00	770.51	9,812.80
18,360.00	1,080,000.00	5/15/2004	0.00	8,706.58	479.43	9,186.01	336.58	8,235.74	0.00	167.73	107.07	6.00	332.89	9,186.01
18,360.00	1,080,000.00	8/15/2004	0.00	8,850.84	489.73	9,340.57	338.05	8,418.76	0.00	170.50	107.07	6.00	300.19	9,340.57
18,360.00	1,080,000.00	11/15/2004	0.00	8,499.57	478.10	8,977.68	338.05	8,418.76	0.00	169.55	51.32	0.00	0.00	8,977.68
18,360.00	1,080,000.00	2/15/2005	0.00	8,300.57	486.60	8,787.17	338.05	8,418.76	0.00	30.36	0.00	0.00	0.00	8,787.17
18,360.00	1,080,000.00	5/15/2005	0.00	15,649.67	463.36	16,113.03	335.84	8,144.23	0.00	303.50	269.89	18.00	7,041.58	16,113.03
18,360.00	893,512.37	8/15/2005	185,470.69	11,213.75	641.07	197,325.51	338.05	8,418.76	185,470.69	166.68	107.07	6.00	2,818.26	197,325.51
18,360.00	729,023.27	11/15/2005	164,434.52	9,420.53	556.09	174,411.14	280.00	7,001.08	164,434.52	165.72	107.07	6.00	2,416.75	174,411.14
17,710.69	590,057.17	2/15/2006	139,738.41	8,051.23	512.30	148,301.95	228.53	5,744.20	139,738.41	164.77	107.07	6.00	2,312.97	148,301.95
13,949.29	466,972.91	5/15/2006	125,379.90	6,377.11	433.83	132,150.85	183.58	4,523.61	125,379.90	152.87	0.00	6.00	1,904.90	132,150.85
10,811.24	366,388.35	8/15/2006	104,601.66	5,641.00	382.20	110,624.85	145.54	3,717.72	104,601.66	124.46	0.00	6.00	2,029.46	110,624.85
10,800.00	279,153.18	11/15/2006	90,680.96	4,577.70	305.09	95,563.76	112.80	2,918.18	90,680.96	96.47	0.00	6.00	1,749.34	95,563.76
10,800.00	211,040.41	2/15/2007	71,027.22	3,765.61	272.68	75,065.52	84.42	2,225.05	71,027.22	96.37	0.00	6.00	1,626.46	75,065.52
10,800.00	153,746.99	5/15/2007	59,721.17	2,860.49	219.85	62,801.51	61.78	1,627.29	59,721.17	93.23	0.00	6.00	1,292.05	62,801.51
10,800.00	113,426.69	8/15/2007	42,295.90	2,387.02	196.33	44,879.25	43.49	1,225.65	42,295.90	96.37	0.00	6.00	1,211.84	44,879.25
0.00	82,079.84	11/15/2007	96,649.56	1,816.08	156.66	98,622.30	46.30	897.13	96,649.56	96.37	0.00	6.00	926.94	98,622.30
			1,080,000.00	148,967.18	7,895.74	1,236,862.92	4,546.28	111,505.28	1,080,000.00	2,746.49	1,284.81	114.00	36,666.07	1,236,862.92

Explanation of the numerical scheme.

a) Collections.

- (0) Balance of the Reserve Fund.
- (1) Unpaid Balance of the Credit Rights portfolio on the Calculation Date corresponding to each Payment Date, once collection of the Credit Rights has been made.
- (2) Payment Dates of principal and interest of the Notes until their maturity.
- (3) Amount of repaid principal, prior deduction of delinquency, of the Credit Rights portfolio from the immediately prior Payment Date to the indicated Payment Date. During the Revolving Period, it will be allocated to purchase Additional Credit Rights.
- (4) Interest collected by the Fund from the Payment Date immediately prior to the indicated Payment Date, on the Credit Rights, less the net amount to be paid by the Fund by virtue of the Swap Agreement.
- (5) Proceeds obtained from (i) the Cash Account of the Fund, by virtue of the Guaranteed Reinvestment Agreement and Cash Account, and (ii) the Principal Account, by virtue of the Guaranteed Reinvestment Agreement and Principal Account.
- (6) Total flow of income on each Payment Date, corresponding to the sum of the amounts of (3), (4) and (5) above.

b) Payments.

- (7) Amount of current expenses of the Fund.
- (8) Amount of interest to be paid to the Noteholders of Classes A, B, C and D.
- (9) Principal amount of the Notes of Classes A, B, C and D.
- (10) Payments of interest of the Subordinated Loan dedicated to the financing of the incorporation expenses of the Fund and the issue of the Notes, to the partial financing of the purchase of Credit Rights, and to constitute the Reserve Fund.
- (11) Periodic repayment of the portion of the Subordinated Loan dedicated to the financing of the incorporation expenses of the Fund and the issue of the Notes. The charts do not consider the repayment of the Subordinated Loan which depends on the reduction of the amount of the Reserve Fund, as such reduction is not considered as a collection, nor the repayment of the amount allocated to partially finance the purchase of the Credit Rights.
- (12) Fixed commission payable to the Bank.
- (13) Amount payable to the Bank for the financial intermediation services related to the Credit Rights.
- (14) Total payments on each Payment Date, corresponding to the sum of (7), (8), (9), (10), (11), (12) and (13) above.

V.2 Accounting principles used by the Fund.

The income and expenses will be recognized by the Fund in an accrual basis.

V.3 Description of the purpose or target of the financial operations and credit upgrade.

For the purpose of consolidating its financial structure and procuring the widest possible coverage against the inherent risks of the issue, the Managing Company, in the name and

on behalf of the Fund, shall enter into the agreements set out below, on the same date on which the Incorporation Deed is granted:

V.3.1 Guaranteed Rate Reinvestment Agreements.

a) Guaranteed Rate Reinvestment Agreement and Cash Account.

The Bank and the Managing Company, on behalf of the Fund, shall enter into a Guaranteed Rate Reinvestment Agreement under which the Bank shall guarantee a return for the amounts deposited by the Fund, in the finance account opened by the Managing Company in the name of the Fund, in the Bank. In particular, the Guaranteed Rate Reinvestment Agreement will determine that the following amounts received by the Fund:

- (i) principal and interest of the Credit Rights;
- (ii) other amounts, assets or rights, received as payment of principal or interest of the Credit Rights, or as a consequence of the enforcement of their guarantees, if any, as well as all the possible rights or compensation that could exist in favour of the Bank, including those deriving from any right attached to the loan, excluding any fees on the Credit Right which shall be for the benefit of the Bank;
- (iii) amount of the principal of the enforced loans, or amount determined by judicial decision or notarial procedure;
- (iv) the amounts accumulated in the Reserve Fund (described in Section V.3.4);
- (v) the amounts paid to the Fund as a result of the Interest Swap Agreement, as the case may be;
- (vi) the accumulated amount of the proceedings obtained from the reinvestment of (i), (ii), (iii), (iv) and (v) above;

shall be deposited in the Cash Account.

The Bank guarantees to the Fund, through its Managing Company, an annual profitability for the amounts deposited in the Cash Account, equal to the three (3) month EURIBOR interest rate (defined in Chapter II of the Prospectus) during the quarter immediately prior to each Payment Date.

The profitability obtained from the amounts deposited in the Cash Account shall be calculated taking into account the number of days elapsed and a 365-day year. Settlement of interest shall be carried out on a monthly basis, five (5) Business Days in advance to the 15th of each month.

In the event that the credit rating of the short-term debt of the Bank falls below A-1 or P-1, according to the rating scales of Moody's Investors Service Limited and S&P Ratings Services, respectively, the Managing Company, on behalf of the Fund, shall transfer the Cash Account to another entity whose credit rating of the short-term debt is a minimum of A-1 and P-1, so that the Bank will then stop investing the Funds, and the Managing Company shall agree the maximum possible profitability for its balance, which may be different to that agreed with the Bank, within 30 Business Days from the moment of such event. However, the Managing Company may transfer the Cash Account back to the Bank if and when it reaches the minimum short-term credit ratings of A-1 and P-1 according to the mentioned scales.

Currently, the proceedings of the Credit Rights that generate income to the Fund are not subject to withholding tax as provided by Article 57. K) of Chapter II, Title IV, of the CIT Regulations.

The Guaranteed Rate Reinvestment Agreement reduces the risk of a temporary imbalance between the income of the Fund generated by principal and interest on a daily basis, and the repayment of principal and payment of interest of the Notes on a quarterly basis.

b) Guaranteed Rate Reinvestment Agreement and Principal Account.

The Bank and the Managing Company, on behalf of the Fund, shall enter into a Guaranteed Rate Reinvestment Agreement under which the Bank shall guarantee a return for the amounts deposited by the Fund, in the Principal Account opened by the Managing Company in the name of the Fund, in the Bank. In particular, the Guaranteed Rate Reinvestment Agreement will determine that the amounts received by the Fund as principal of the Credit Rights shall be transferred on a quarterly basis from the Cash Account to the Principal Amount on each Calculation Date, for the purposes of purchasing Additional Credit Rights on each Payment Date during the Revolving Period and repaying Notes, in accordance with the Payment Priority Order.

The Bank guarantees to the Fund, through its Managing Company, an annual profitability for the amounts deposited in the Principal Account, equal to the three (3) month EURIBOR interest rate (defined in Chapter II of the Prospectus) during the quarter immediately prior to each Payment Date.

The profitability obtained from the amounts deposited in the Principal Account shall be calculated taking into account the number of days elapsed and a 365-day year. Settlement of interest shall be carried out on a monthly basis, five (5) Business Days in advance to the 15th of each month.

In the event that the credit rating of the short-term debt of the Bank falls below A-1 or P-1, according to the rating scales of Moody's Investors Service Limited and S&P Ratings Services, respectively, the Managing Company, on behalf of the Fund, shall transfer the Principal Account to another entity whose credit rating of the short-term debt is a minimum of A-1 and P-1, so that the Bank will then stop investing the Funds, and the Managing Company shall agree the maximum possible profitability for its balance, which may be different to that agreed with the Bank, within 30 Business Days from the moment of such event. However, the Managing Company may transfer the Principal Account back to the Bank if and when it reaches the minimum short-term credit ratings of A-1 and P-1 according to the mentioned scales.

Currently, the proceedings of the Credit Rights that generate income to the Fund are not subject to withholding tax as provided by Article 57. K) of Chapter II, Title IV, of the CIT Regulations.

V.3.2 Subordinated Loan Agreement for an amount on nineteen million, six hundred and forty six thousand, six hundred and fifty (19,646,650.00) euro.

The Managing Company shall enter, on behalf of the Fund, into a Subordinated Loan Agreement with the Bank for nineteen million, six hundred and forty six thousand, six hundred and fifty (19,646,650.00) euro which shall be dedicated to the financing of the expenses of incorporation of the Fund and issue of the Notes, to the partial financing of the purchase of the Credit Rights, and to constitute a Reserve Fund, which will be dedicated together with the rest of Available Funds,

as described in Section V.5.1.b), 1, of the Prospectus, to comply with the payment or withholding obligations of the Fund, as set forth in the Payment Priority Order of Section V.5.1.b), 2 of the Prospectus.

Such Reserve Fund is described in Section V.3.4 of the Prospectus.

The Subordinated Loan shall accrue a nominal annual interest equal to the interest rate resulting from increasing by 0.75% the three (3) month EURIBOR interest rate applicable to the Notes during the quarter immediately prior to each Payment Date, and will only be paid if the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2. The accrued interest payable on a given Payment Date will be calculated on the basis of: (i) the days elapsed within each Interest Accrual Period as described in Section II.10.1.a) and (ii) a 360-day year.

Interest accrued but unpaid on a Payment Date, shall accumulate and accrue delay interest at the same rate as the Subordinated Loan, and shall be paid if the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2.

The part of Subordinated Loan dedicated to financing the expenses of incorporation of the Fund and issue of the Notes (as these expenses are described in Sections II.14.a) and II.14.b) of this Prospectus) shall be repaid quarterly, simultaneous to the amortisation of those expenses during the first three (3) years from the date of incorporation of the Fund and issue of the Notes. The part of Subordinated Loan dedicated to partially financing the purchase of the Credit Rights shall be repaid on the Payment Date following their Final Maturity Date (October 23, 2010) or, as the case may be, on the date of early repayment. The rest of the principal of the Subordinated Loan shall be repaid on each of the Payment Dates for an amount equal to the difference between the required amount of the Reserve Fund (as this amount is described in Section V.3.4 of this Prospectus) on the prior Calculation Date and the current Calculation Date (as these dates are described in Section II.11.3 of this Prospectus). The aforementioned shall take place, if and when the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2.

Due to its subordinated nature, the Subordinated Loan will be deferred with respect to some of the other creditors of the Fund in the terms and conditions provided by Section V.5.1.b), 2 of the Prospectus, including, *inter alia*, the Noteholders.

V.3.3 Swap Agreement.

Since the portfolio of loans to be securitised in the Fund is made up of loans subject to a fixed interest rate, as indicated in Section IV.4, and as the Fund will issue four classes of Notes, A, B, C and D, subject to different floating interest rates, the Managing Company shall enter into on behalf of the Fund, an interest Swap Agreement with the Bank under the ISDA framework agreement, in the terms described below.

Party A: The Managing Company, in the name and on behalf of the Bank.

Party B: The Bank.

1. Settlement dates.

The settlement dates will coincide with the Payment Dates of the Notes, that is, February 15, May 15, August 15 and November 15 of each year, or, if any of those is a non-Business Day, the next Business Day.

2. Settlement periods.

Party A: The settlement periods for Party A will be the period between two consecutive settlement dates, including the first one and excluding the last one. As an exception, the first settlement period for Party A will begin on the Disbursement Date (inclusive) and will end on May 16, 2003 (exclusive).

Party B: The settlement periods for Party B will be the period between two consecutive settlement dates, including the first one and excluding the last one. As an exception, the first settlement period for Party B will begin on the Disbursement Date (inclusive) and will end on May 16, 2003 (exclusive).

3. Amount to be paid by Party A.

This will be the amount resulting from the application of the Interest Rate for Party A to the Notional of the Swap for Party A, but taking into account the number of days of the settlement period (that is, dividing the number of days by 360).

3.1 Interest Rate for Party A.

This will be the annual interest rate resulting for each settlement period from dividing (i) the sum of the interest on the Credit Rights collected by the Fund during the current settlement period by (ii) the Notional of the Swap for Party A, with the resulting amount being multiplied by the result of dividing 360 by the number of days of the settlement period.

3.2 Notional of the Swap for Party A.

This will be the Notional Balance of the Credit Rights, that is, the daily average of the Unpaid Principal Balance of the Credit Rights which is due during the settlement period with 90 days or less in arrears.

4. Amount to be paid by Party B.

This will be the amount resulting from the application of the Interest Rate for Party B to the Notional of the Swap for Party B, but taking into account the number of days of the settlement period (that is, dividing the number of days by 360).

4.1 Interest Rate for Party B.

This will be the annual interest rate resulting on each settlement date from adding (i) the Reference Interest Rate of the Notes in the current Interest Accrual Period plus (ii) the weighted average spread of each Class of Notes taking into account the Unpaid Principal Balance of each Class of Notes during the current Interest Accrual Period, plus (iii) 2.50%.

4.2 Notional of the Swap for Party B.

This will be the greater of either: (i) the Notional of the Swap for Party A, or (ii) the Notional Taking into Account the Return of the Credit Rights.

The Notional Taking into Account the Return of the Credit Rights on each settlement date will be the lower amount of either:

- i) The sum of interest on the Credit Rights collected by the Fund during the current settlement period divided by the Interest Rate for Party B, with the resulting amount being multiplied by the result of dividing 360 by the number of days of the settlement period.
- ii) The Unpaid Principal Balance of the Credit Rights on the immediately preceding settlement date or, as the case may be, the Unpaid Principal Balance of the Credit Rights on the Incorporation Date.

The entering into the interest Swap Agreement is a consequence of the need to eliminate or reduce the interest rate risk due to the fact that the Credit Rights are subject to a fixed interest rate, and each of the Classes of Notes is subject to a floating interest rate.

By virtue of the interest Swap Agreement, the Fund will make payments to the Bank depending on the interest on the Credit Rights, and the Bank, in turn, will make payments to the Fund depending on the weighted average interest rate of all Classes of Notes, in accordance with the notional defined in Section V.3.3.4.2 above (the Notional of the Swap for Party B).

The possible notionals for Party B mentioned above are:

- a) Notional of the Swap for Party A: this is equal to the Notional Balance of the Credit Rights, that is, the daily average of the Unpaid Principal Balance of the Credit Rights which is due during the settlement period with 90 days or less in arrears.
- b) The sum of interest on the Credit Rights collected by the Fund during the current settlement period divided by the Interest Rate for Party B, with the resulting amount being multiplied by the result of dividing 360 by the number of days of the settlement period.
- c) The Unpaid Principal Balance of the Credit Rights on the immediately preceding settlement date or, as the case may be, the Unpaid Principal Balance of the Credit Rights on the Incorporation Date.

Possible scenarios:

By definition, the notional described in paragraph c) above will be always higher than the notional described in paragraph a) above.

Scenario 1: in the event that the notional described in paragraph b) above is higher than the notional described in paragraph c) above, then the interest rate risk would not take effect and the delinquency status of the portfolio would not affect the financial balance of the Fund. In such a case, the Bank would pay to the Fund the amount resulting from applying the Interest Rate for Party B to the notional described in paragraph c) above. The net amount of the Swap would be positive for the Bank.

Scenario 2: in the event that the notional described in paragraph b) above ranges between the notionals described in paragraphs a) and c) above, then the delinquency status of the portfolio would affect the financial balance of the Fund. In such a case, the Bank would pay to the Fund the sum of interest on the Credit Rights collected by the Fund during the current settlement period. The net amount of the Swap would be zero.

Scenario 3: in the event that the notional described in paragraph b) above is less than the notional described in paragraph a) above, then the interest rate risk would take effect. In such a case, the Bank would pay to the Fund the amount resulting from applying the Interest Rate for Party B to the notional described in paragraph a) above. The net amount of the Swap would be positive for the Fund.

In the event that on a Payment Date, the Fund should not have sufficient liquidity to pay the total net amount to the Bank (the Amount to be paid by Party A to the Bank is higher than the Amount to be paid by Party B to be received by the Fund), the unpaid part of the net amount shall accumulate and accrued unpaid interest at the same rate applied to the calculation of the Amount to be paid by Party A, and shall be settled on the next Payment Date on which the Fund has enough liquidity in accordance with the Payment Priority Order set forth in Section V.5.1.b), 2 of the Prospectus, in such a way that the Swap Agreement will not be terminated.

In the event that on a Payment Date, the Bank does not pay the total net amount owed to the Fund, the Managing Company will terminate the interest Swap Agreement. In such a case, the Bank shall pay the amount on early termination established in the interest Swap Agreement. Additionally, in this case, if the amount on early termination goes to the Bank and not to the Fund, this payment shall be carried out in accordance with the Payment Priority Order.

The amount on early termination will be calculated by the Managing Company, as calculation agent, on the basis of the market value of the interest Swap Agreement.

Regarding this Swap Agreement, the Bank undertakes with respect to the Managing Company and on behalf of the Fund, that in the event that the Bank's credit rating at any time during the term of the issue, is downgraded below A1 (according to the long-term credit rating of Moody's Investors Service Limited) or below A-1 (according to the short-term credit rating of S&P Ratings Group) and within the maximum term of ten (10) business days following the date on which such downgrade was notified, the Bank will choose one of the following alternatives: (i) a cash deposit or a deposit of securities in favour of the Fund, of a value equal to the market value of the swap to the Rating Agencies' satisfaction, (ii) procure that a third party with a rating of, at least, A1 and A-1 (according to the above mentioned ratings of Moody's Investors Service Limited and S&P Ratings Group, respectively) guarantees the Bank's contractual obligations, or (iii) procure that a third party assumes the Bank's contractual position and replaces the Bank, provided that in both alternatives such entity has, at least, a rating of A1 and A-1 (according to the above mentioned credit ratings of Moody's Investors Service Limited and S&P Ratings Group, respectively). These actions are subject to the terms and conditions that the Managing Company, S&P España and Moody's España may deem appropriate, for the purpose of maintaining the AAA/Aaa, AA/Aa1, A/A1 and BBB/Baa2 ratings granted to the

Class A, Class B, Class C and Class D Notes, respectively. All the costs, charges and taxes that may arise as a result of complying with the aforementioned obligations shall be borne by the Bank.

Furthermore, in the event that the Bank is replaced in its capacity as administrator of the Credit Rights, the Swap Agreement shall be terminated early. Early termination of the Swap Agreement shall not have a negative effect on ratings of the Notes. In this case, the Bank also undertakes to guarantee the fulfilment of the obligations of the Managing Company that arise from the automatic termination of the Swap Agreement, that is, the obligation of the Managing Company to enter into another Swap Agreement with a third party with a rating equal to or above A-1 (in accordance with the short-term rating scale of S&P Ratings Group) and A1 (according to the long-term rating scale of Moody's Investors Service Limited), at market prices and for the exclusive purpose of reducing the interest rate risk. The Managing Company shall comply with this obligation period, taking into account the situation of the market at the relevant time. The Managing Company shall fulfil the obligation with due diligence, using the necessary means available for that purpose.

The early termination of the Swap Agreement shall not by itself constitute a cause for early termination of the issue of the Notes and early liquidation of the Fund, except if this event combined with other events or circumstances related to the net worth of the Fund, would give rise to a substantial or permanent alteration of the financial balance of the Fund.

The interest Swap Agreement shall be terminated in the event that prior to the commencement of the Subscription Period the Rating Agencies do not confirm as final the provisional ratings assigned to each of the Classes.

The termination of the interest Swap Agreement will take place on the date of liquidation of the Fund.

V.3.4 The Reserve Fund.

The Managing Company, on behalf of the Fund, shall constitute a Reserve Fund, by application of the Subordinated Loan as described in Section V.3.2, with the following characteristics:

(i) Amount

The initial amount of the Reserve Fund will be 18,360,000 euro equivalent to 1.70% of the initial amount of the issue (1,080,000,000 euro), which can be decreased quarterly on each Payment Date once it reaches 3% of the Unpaid Principal Balance of the Notes. Such percentage shall be maintained until the Reserve Fund reaches the amount of 10,800,000 euro, and since that moment it will be maintained in such amount until the Final Maturity Date, on which it will be applied to the fulfilment of the payment obligations of the Fund.

(ii) Profitability

The amount of the Fund will be credited to the Cash Account, and together with principal and interest of the Credit Rights shall be object of the Guaranteed Reinvestment Agreement (described in Section V.3.1 of the Prospectus).

(iii) Use

The Reserve Fund shall be applied, on each Payment Date, to the payment obligations set forth in the priority payment order contained in Section V.5.1.b), 2 of the Prospectus.

V.4 Other Agreements.

V.4.1 Underwriting Agreements.

The Managing Company, in the name and on behalf of the Fund, shall execute two (2) Underwriting Agreements for the placement and underwriting of the issue of the Notes with the Underwriting Entities, whereby the aforementioned entities in their respective Tranches shall carry out the free assignment of the Notes for the amounts set out for each one in Section II.19.1 and, once the Subscription Period has expired, each Underwriting Entity shall subscribe on its own behalf the amount of Notes pending subscription. The Bank also acts as Financial Agent in accordance with such Underwriting Agreement.

The Bank in the Domestic Tranche, and Société Générale and the Bank in the International Tranche, as the Underwriting Entities of the placement and underwriting of the issue of the Notes assume the obligations contained in the Domestic and International Tranches Underwriting Agreements, which, are basically the following: 1) an undertaking to subscribe the Notes that have not been subscribed once the Subscription Period has closed, up to the amounts established (undertaking assumed by the Underwriting Entities of the International Tranche on a joint and several basis); 2) payment by the Bank and Société Générale to the Bank, as Financial Agent, before 14.00 hours (Madrid time) on the Business Day following the closing date of the Subscription Period, the value on that date of the underwritten amount of each Underwriting Entity discounting the underwriting fee agreed under the Underwriting Agreements; 3) payment to the Fund, by the Bank, in its role as Financial Agent, before 15.00 hours (Madrid time) on the above mentioned date, of the total amount of the issue, after deduction of the total Underwriting Fee (to which, in its position as Underwriter, the Bank is entitled); and 4) an undertaking of payment of the accrued unpaid interest agreed of the payment due at the EURIBOR interest rate for one day deposit transactions plus 70 basis points, which may be capitalised weekly.

The only termination event of the Underwriting Agreements shall be the absence of confirmation by the Rating Agencies (S&P España and Moody's España) before the beginning of the Subscription Period, of the AAA, AA, A and BBB ratings to the Classes A, B, C and D of Notes, respectively (S&P España) and of the Aaa, Aa1, A1 and Baa2 ratings to the Classes A, B, C and D of Notes, respectively (Moody's España).

V.5 Payment priority rules of the Fund.

V.5.1 Ordinary payment priority rules of the Fund.

Source and application of the funds.

a) On the Incorporation Date of the Fund and Issue of the Notes.

The source and application of the amounts made available to the Fund on the date of its incorporation and during the life of the issue, shall be the following:

1. *Source:* the Fund shall be provided with funds for the following items:

- a) Issue of the Notes.
 - b) Subordinated Loan.
2. *Application*: the Fund, in turn, on the issue date, shall apply the funds mentioned above to the following expenses:
- a) Purchase of the Credit Rights.
 - b) Payment of the expenses of incorporation of the Fund and issue of the Notes.
 - c) Incorporation of the Reserve Fund.
- b) From the date of incorporation of the Fund until the complete repayment of the Notes.**
1. *Origin*: the Available Funds on each Payment date shall be the following:
- 1') Available Funds:
- a) The amounts received for principal of the Credit Rights during each of the preceding Calculation Period. Such amounts shall be deposited in the Cash Account and shall be transferred to the Principal Account on the Calculation Date in accordance with Section V.3.1.b) of the Prospectus.
 - b) The nominal interest collected (including arrears interest) from the Credit Rights during each preceding Calculation Period. Such amounts shall be deposited in the Cash Account in accordance with Section V.3.1.a) of the Prospectus.
 - c) The profitability obtained during each preceding Calculation Period due to the reinvestment of the Reserve Fund as provided for in Section V.3.4, and the profitability obtained due to the amounts deposited in the Cash Account. Such amounts shall be deposited in the Cash Account in accordance with Section V.3.1.a) of the Prospectus.
 - d) The Reserve Fund described in Section V.3.4 of the Prospectus.
 - e) The profitability obtained during each preceding Calculation Period due to the reinvestment of the amounts deposited in the Principal Account. Such amounts shall be deposited in the Principal Account in accordance with Section V.3.1.b) of the Prospectus.
 - f) The net amount received by virtue of the Swap Agreement, as described in Section V.3.3 of the Prospectus.
 - g) Any other amounts that the Fund may receive, including those resulting from the enforcement of the guarantees of the loans, if any.

2') Available Funds for Repayment:

Depending on the existing liquidity after the application of the Available Funds described in paragraph 2 below, points 1, 2, 3, 4, 5, 6 and 7, the Principal Due for Repayment, that is, the difference between the sum of the Unpaid Principal Balance of the four Classes of Notes, A, B, C and D, on the Calculation Date preceding each Payment Date and the Unpaid Principal Balances of the Credit Rights, which may be withheld, shall constitute the

Available Funds for Repayment. Until the end of the Revolving Period, that is, until May 15, 2005 (included), the Fund will purchase on a quarterly basis Additional Credit Rights. Consequently, the Available Funds for Repayment of the Notes will be fully allocated to purchase Additional Credit Rights. Once the Revolving Period ends, all the Available Funds for Repayment will be allocated to redemption of the Notes. The Revolving Period will be early terminated if any of the events defined in Section IV.1.c) (iii) occurs. During the Revolving Period, the amounts remaining after purchasing Additional Credit Rights shall be deposited in the Cash Account.

2. *Application:* the Available Funds on each Payment Date (despite the accrual moment) shall be applied to comply with the payment or withholding obligations as follows:

In the first place, the Managing Company, on behalf of the Fund, shall apply the Available Funds to the following payments and withholdings, as provided in the Payment Priority Order set out below:

1. Payment of ordinary and extraordinary expenses to the Managing Company, duly justified, including the administration fee, and payment to the Bank of the expenses paid in advance for the account of the Fund in connection with the administration of the Credit Rights, duly justified.
2. Payment of the net amount of the Swap to the Bank.
3. Payment of interest on the Class A Notes.
4. Payment of interest on the Class B Notes.
5. Payment of interest on the Class C Notes.
6. Payment of interest on the Class D Notes.
7. Withholding of an amount sufficient to maintain the Reserve Fund at the required amount at any time pursuant to Section V.3.4.
8. Withholding of an amount equal to the Principal Due for Repayment, as defined in this Section, except when this withholding has a prior ranking in the payment priority order in the manner established below.
9. Payment of the amount on early termination of the Swap, in case of termination of the Swap Agreement due to a lack of fulfilment by the Bank.
10. Payment of interest accrued on the Subordinated Loan.
11. Repayment of the principal of the Subordinated Loan in an amount equal to the expenses derived from the Incorporation of the Fund and the issue of the Notes, in a given period.
12. Repayment of the principal of the Subordinated Loan in an amount equal to the difference between the required amount of the Reserve Fund on the prior Calculation Date and on the current Calculation Date.

13. Payment to the Bank, on each Payment Date, of the fixed fee for the administration of the consumer loans underlying the Credit Rights, equal to 6,000 euro, VAT included, until the Payment Date on which the issue has been fully repaid, that is, November 15, 2012, inclusive (or the Payment Date on which early repayment takes place).
14. Quarterly payment of a floating amount equal to the difference between the accounting flows of income and expenses for the Fund on the given Payment Date, as consideration or compensation for the financial intermediation services.

The Available Funds for Repayment will be applied to the purchase of Additional Credit Rights during the Revolving Period, and once the Revolving Period ends, to such repayment of the Notes as provided in Section II.11.3.b), 6 of the Prospectus, which are the following:

Once the Revolving Period ends, that part allocated to redemption of the Notes, that is, the Available Funds for Repayment, will be allocated to redemption of Class A Notes, pro rata between them by reducing their nominal value, on each Payment Date, until redemption is completed.

Once the redemption of Class A Notes is completed, redemption of Class B Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

Once the redemption of Class A Notes and Class B Notes is completed, redemption of Class C Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

Once the redemption of Class A Notes, Class B Notes and Class C Notes is completed, redemption of Class D Notes will begin by means of reducing the nominal value pro rata among them, on each Payment Date for an amount equal to the Available Funds for Repayment on such Payment Date, until their redemption is completed.

V.5.2 Exceptional payment priority rules of the Fund.

In the event that repayment of Class A Notes is not completed and the Unpaid Balance of the Credit Rights with more than 90 days in arrears is higher than 18% of the Unpaid Balance of the Credit Rights, withholding of the Principal Due for Repayment will rank 4th in the payment priority order instead of 8th.

The exceptional payment priority rule established in the preceding paragraph shall be only applicable to redemption of Class A Notes. Consequently, the ordinary payment priority rules shall be applicable again once redemption of Class A Notes is completed.

In the event that the Bank is replaced as administrator of the Credit Rights, the payment of the fee to the new administrator will rank 1st in the payment priority order and, therefore, the subsequent items will be renumbered.

CHAPTER VI

GENERAL INFORMATION ON THE MANAGING COMPANY

VI.1 About the Managing Company (except for its capital).

VI.1.1 Corporate name and registered office.

- **Corporate name:** “Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A.” (formerly “BSCH de Titulización, Sociedad Gestora de Fondos de Titulización, S.A.”).
- **Registered office:** Paseo de la Castellana, 75, 28046-Madrid.
- **Tax Identification Number.:** A-80481419.
- **C.N.A.E.:** 81 99.

VI.1.2 Incorporation and registration with the Commercial Registry, administrative authorisations and registration with the CNMV.

The Managing Company was incorporated by means of a public deed executed on December 21, 1992, before Mr. Francisco Mata Pallarés, Notary Public of Madrid, under number 1,310 of his public records, by virtue of a prior authorisation of the Ministry of Economy and Finance granted on December 10, 1992, following the report of the *Comisión Nacional del Mercado de Valores* (CNMV). It was registered with the Commercial Registry of Madrid on January 28, 1993, Volume 4789, Page M-78658, Sheet 75, entry 1 in the Companies Book and in the Special Registry of the CNMV on February 10, 1993 under number 1.

Additionally, the Managing Company has amended its By-laws through a resolution of its Board of Directors, adopted on June 15, 1998 and notarised by means of a public deed executed before Mr. Roberto Parejo Gamir, Notary Public of Madrid, on July 20, 1998 under number 3,070 of his public records, for the purposes of complying with the requirements set forth in the Royal Decree 926/1998 of May 14, for Managing Companies of Asset Securitisation Funds. This amendment was authorised by the Ministry of Economy and Finance on July 16, 1998, in accordance with the requirements of the Provisional Order (“*Disposición Transitoria Única*”) of the mentioned Royal Decree.

The corporate name was changed to the current one by means of a public deed executed before the mentioned Notary Public on October 8, 2001, under number 3,337 of his public records. This public deed was registered with the Commercial Registry of Madrid, Volume 4,789, Sheet 93, Section 8, Page M-78658, entry number 25.

The Managing Company has been registered for an indefinite period, save for the occurrence of any of the circumstances which constitute a legal cause for its dissolution.

VI.1.3 Corporate purpose

In accordance with the legal requirements, Article 2 of the By-laws of the Managing Company provides that: “*the Managing company will have the exclusive purpose of incorporating, managing and representing the Mortgage Securitisation Funds in accordance with Article 6 of Law 19/1992, of July 7, on the regulation of Real Estate Investment Companies and Funds, Mortgage*”

Securitisation Funds and Asset Securitisation Funds, in accordance with Article 12 Paragraph 1 of Royal Decree 926/1998, of May 14, regulating Asset Securitisation Funds and the Managing Companies of Securitisation Funds. It shall be responsible, as legal and administrative manager of such fund(s), for representing and defending the interests of the holders of any securities which may be issued by the fund(s) and those of the rest of the ordinary creditors of such fund(s). Likewise, it shall be in charge of performing all other functions of Managing Companies of Securitisation Funds required by law.”

VI.1.4 Place where the documents referred to in the Prospectus or whose existence derives from its content may be consulted.

The Managing Company’s By-laws, balance sheets and economic and financial statements, as well as any other document referred to in the Prospectus or whose existence derives from its content, may be consulted at the headquarters of the Managing Company, located at Paseo de la Castellana, 75, 28046-Madrid.

The Prospectus has been verified and registered with the Official Registries of the CNMV on March 3, 2003. It is publicly available, free of charge, at the Managing Company’s headquarters and from the underwriting entities. Likewise, it may be also consulted at the CNMV located in Madrid, Paseo de la Castellana, 15 and at the offices of the governing authority of the AIAF, Fixed Income Securities Market, located at Torre Picasso Building, 43th floor, Pablo Ruiz Picasso Place, s/n.

Upon execution of the Incorporation Deed and prior to the beginning of the subscription period of the Bonds, the Managing Company shall file with the CNMV an authorised copy of the Incorporation Deed. Additionally, the Managing Company, the SCLV or the attached entity to which the Managing Company delegates its functions, and the AIAF shall at all times keep copies of the Incorporation Deed available for consultation by the Noteholders or any interested members of the public.

VI.2 About the share capital.

VI.2.1 Subscribed and disbursed nominal amount.

The fully paid-up and disbursed capital stock of Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A. amounts to nine hundred and one thousand six hundred and fifty (901,650) euro represented by fifteen thousand registered shares, each having a face value of sixty euro and eleven cents (60.11), numbered sequentially from one (1) to fifteen thousand (15,000), inclusive.

VI.2.2 Types of shares.

All shares are of the same type and carry identical voting and economic rights.

VI.2.3 Evolution of the share capital during the last three years.

Since the incorporation of the Managing Company on December 21, 1992 with a share capital amounting to one hundred million (100,000,000) Pesetas, its share capital has experienced two variations. The first time, it was increased by fifty million (50,000,000) Pesetas reaching a total of one hundred and fifty million (150,000,000) Pesetas. This capital increase was accomplished by means of a public deed of capital increase and other agreements executed on July 20, 1998

before Mr. Roberto Parejo Gamir, Notary Public of Madrid, under number 3,070 of his public records, and registered with the Commercial Registry of Madrid, Volume 4,789, Sheet 89, Section 8, Page M-78658, Entry number 13. The second change occurred as a consequence of the redenomination into euro of the share capital and the shares' face value, which lead to a capital increase of one hundred and thirty one euro and eighty four cents (131.84) for adjustment of the shares' face value. Consequently, the share capital increased from one hundred and fifty million (150,000,000) Pesetas (901,518.16 euro) to its current value of nine hundred and one thousand six hundred and fifty (901,650) euro, by means of a public deed of redenomination of the share capital and the shares' face value into euro and the subsequent capital increase for adjustment of the shares' face value, which was executed on December 13, 2001 before Mr Roberto Parejo Gamir, Notary Public of Madrid, under number 4,426 of his public records, and registered with the Commercial Registry of Madrid Volume 4.789, Sheet 94, Section 8, Page M-78658, Entry number 26.

VI.3 Information about the company's shareholdings.

VI.3.1 Existence or non-existence of holdings in other companies.

The Managing Company holds no shares in any other company.

VI.3.2 Group of companies to which the Managing Company belongs.

For the purposes of Article 42 of the Spanish Commercial Code, Santander Central Hispano Titulización, Sociedad Gestora de Fondos de Titulización, S.A., belongs to the Santander Central Hispano Group.

VI.3.3 Holders of significant shareholding.

On the date of preparation of the Prospectus, the following shareholders had a direct shareholding equal to or higher than 5% of the share capital of the Managing Company:

<i>Shareholders</i>	<i>Percentage</i>
• Santander Central Hispano Investment, S.A.	19%
• Banco Santander Central Hispano, S.A.	81%

VI.4 Corporate bodies.

VI.4.1 The Board of Directors.

The Board of Directors is composed of the following individuals:

<i>Chairman:</i>	Mr. José Antonio Álvarez Álvarez
<i>Directors:</i>	Mr. Javier Pazos Aceves
	Mr. Ignacio Ortega Gavara
	Mr. Santos González Sánchez
	Mr. Emilio Osuna Heredia
	Mrs. Ana Bolado Valle
	Mr. Francisco Pérez-Mansilla Flores
	Mr. Fermín Colomé Graell
	Mr. Eduardo García Arroyo
<i>Secretary non member:</i>	Mrs. M ^a José Olmedilla González

The current composition of the Board of Directors results from the resolution of the General Shareholders' Meeting and the subsequent resolution of the Board of Directors of the Managing Company both passed on December 10, 2002, notarised on January 21, 2003 before the Notary of Madrid Mr. Roberto Parejo Gamir, under number 181 of his files, and which will be duly notified to the CNMV.

VI.4.2 General Director.

The General Director of the Managing Company is Mr. Ignacio Ortega Gavara.

VI.5 Interests in the Managing Company of the persons listed in Section VI.4.

The persons listed in paragraph VI.4.1 above are neither holders nor representatives, either directly or indirectly, of any share or convertible bond in the Managing Company.

VI.6 Lenders of the Managing Company of a percentage above 10%.

The Managing Company has not received any loan or credit from any person or company.

VI.7 Reference to whether the Managing Company is in any situation of insolvency, as well as the existence of any significant lawsuits or contentious actions which might affect its future capacity to perform the duties of management of the Fund provided in the Prospectus.

No such circumstances exist.

CHAPTER VII

RECENT EVOLUTION AND PERSPECTIVES OF THE ASSETS SECURITISATION FUND

VII.1 Most recent significant trends in the market in general.

During 2002 and in general, consumer loans increased 12.5% up to euro 17,515 million and delinquency status remained in 2.5%. Consumer loans sector is currently the most competitive in Spain, with average rates ranging from 9% to 9.5%, around two points below the European average. It is foreseen a similar evolution for 2003.

Additionally, there is a draft European directive, currently under consultation, which aims at contributing to the development of the consumer loans sector by increasing its efficiency and transparency in Europe, in view of the Single Market. For these purposes, this draft directive increases the obligations for information and advice to customers, requires the financial entities to maximize their efficiency and increases their liability in case of fraud. It also restricts the use of data bases.

On the other hand, indebtedness of families has increased 25 percent points during the last five years, exceeding in 2000 70% of the available gross rent, according to the last bulletin published by the Bank of Spain. The bulletin explains that intensification of indebtedness of families is due to the fact that the families' current income have become "increasingly insufficient" to cover their consume and investment needs as well as their demand of financial products.

The economic growth in Europe will be weak during the first semester and will be accelerated during the second semester. Despite the slight growth and the rise in unemployment, the current interest rates of 2.75% are adequate for revitalizing the economic growth. The unsteadiness of the geopolitical situation, the uncertainty arising from the volatility of oil and the weakness of the financial markets are currently the main risks for the economic growth.

VII.2 Implications that could derive from the trends referred to in Section VII.1 above.

The Credit Rights assigned to the Fund have a fixed interest rate, in accordance with the information provided in Chapter IV of the Prospectus.

The Fund has entered with the Bank into a interest swap agreement for eliminating the interest rate risk, as described in Section V.3.3 of the Prospectus.

Due to the open character of the Fund as to the assets side of the balance sheet, additional assignments will take place on a quarterly basis. Such assignments to the Fund shall be carried out in accordance with the Selection Requirements established in Section IV.1.c).(v) of the Prospectus.

A decrease in interest rates could imply early repayment of fixed interest rate loans. In any case, it should be outlined that a CPR ranging from 0% to 20% has been considered in this Prospectus, and the issuer estimates that the more likely maximum and minimum early repayments are comprised in such range, so that the financial structure of the Fund is not imbalanced.

Regarding the credit solvency of the debtors, almost all consumer loans to be assigned to the issuer are up to date on the payment of the due amounts, except for the small delinquency referred to in this Prospectus. On December 31, 2002 delinquency status in the portfolio of the Bank did not amount to a higher percentage than 2.90%. For the assignment to the Fund, debtors with more than 30 days in arrears have not been selected. Consequently, bad debt on the Disbursement Date will be zero.

As a result, the quality of the consumer loans and the mechanisms to warrant the financial balance of the Fund may rule out considering that the prepayment, delinquency and bad debt rates are not so extreme that as a consequence of the transfer to the Fund of the potential risk of prepayment or lack of payment of the loans which may occur, the financial structure of the Fund may be imbalanced.

Signed by: IGNACIO ORTEGA GAVARA
- General Manager -
SANTANDER CENTRAL HISPANO
TITULIZACIÓN,
S.G.F.T., S.A.