

Various Rating Actions Taken In Three Bankinter Spanish RMBS Transactions Following Review

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OVERVIEW

- On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.
- Following the sovereign upgrade, on April 6, 2018, we raised our long-term rating on Bankinter, the servicer in these transactions.
- On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.
- On April 24, 2018, we placed on CreditWatch positive our ratings on all tranches of asset-backed notes in three Bankinter transactions, as we needed to conduct a full analysis to determine the impact of these recent events.
- Following our review of these transactions under our relevant criteria, we have taken various rating actions and resolved our CreditWatch placements.
- Bankinter 10, 11, and 13 are Spanish RMBS transactions, which closed between June 2005 and November 2006.

MADRID (S&P Global Ratings) June 14, 2018--S&P Global Ratings today took various credit rating actions in three Spanish residential mortgage-backed securities (RMBS) transactions: Bankinter 10, Fondo de Titulizacion de Activos,

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Bankinter 11 Fondo de Titulizacion Hipotecaria, and Bankinter 13, Fondo de Titulizacion de Activos (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transactions information that we have received, and reflect the transactions' current structural features (see "Related Criteria"). We have also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on April 17, 2018).

Our structured finance ratings above the sovereign (RAS) criteria classify the sensitivity of these transactions as moderate (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). Therefore, after our March 23, 2018 upgrade of Spain to 'A-' from 'BBB+', the highest rating that we can assign to the senior-most tranche in this transaction is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met (see "Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive"). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating.

The counterparty risks in these transactions relate to the guaranteed investment contract (GIC) accounts and the swaps, which are provided by Societe Generale (Madrid Branch) and Credit Agricole Corporate And Investment Bank, respectively.

The replacement language in these transactions' GIC account agreements is in line with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Therefore, the application of these criteria does not cap our ratings in these transactions. As Societe Generale (Madrid Branch) is not rated, under our bank branch criteria we consider it to have the same rating as its parent branch, Societe Generale (see "General Criteria: Methodology Applied To Bank Branch-Supported Transactions," published on Oct. 14, 2013).

The transactions' hedge agreements provided by Credit Agricole Corporate And Investment Bank S.A. (A/Positive/A-1) mitigates basis risk arising from the different indexes between the securitized assets and the notes. We do not consider the replacement language in the swap agreements of these transactions to be in line with our current counterparty criteria. Under these criteria, we give benefit to the swap in our analysis at rating levels up to our long-term issuer credit rating (ICR) on the corresponding swap counterparty, plus one notch. In our analysis, we do not give benefit to the swap at rating levels above one notch higher than our long-term ICR on the swap counterparties. At these levels, we model the basis risk as unhedged.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Methodology And Assumptions: Assessing Pools

Of European Residential Loans," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign. Therefore, we revised our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level to 0.9% from 1.6%, in line with table 87 of our European residential loans criteria, by lowering our foreclosure frequency assumption to 2.00% from 3.33% for the archetypal pool at the 'B' rating level (see "Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on April 17, 2018).

BANKINTER 10

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous review, mainly driven by our revised foreclosure frequency assumptions. As the pool's attributes indicate better credit quality than the archetype, we increased the projected loss that we modeled to meet the minimum floor under our European residential loans criteria.

Rating level	WAFF (%)	WALS (%)
AAA	9.65	32.70
AA	6.43	29.60
A	4.82	20.60
BBB	3.54	15.50
BB	2.25	3.70
B	1.29	2.00

The class A2, B, C, and D notes' credit enhancement has increased to 11.0%, 8.4%, 5.5%, and 3.1%, respectively, from 10.0, 7.6%, 5.0%, and 2.8% in our February 2017 review, due to the amortization of the notes, which has been sequential since September 2017 as the reserve fund is at 99.92% of its required level.

Following the application of our criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria.

The application of our RAS criteria allows our rating on the class A2 notes to be at six notches above our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'AAA (sf)' from 'AA+ (sf)' and removed from CreditWatch positive our rating on this class of notes, which continues to be delinked from the long-term ICR on the swap counterparty.

The application of our European residential loans criteria supports a 'AA (sf)' rating on the class B notes. However, this rating is constrained by the

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application of our credit stability criteria because it would likely fall below 'A (sf)' within one year under moderate stress conditions (see "General Criteria: Methodology: Credit Stability Criteria," published on May. 3, 2010). We have raised to 'A+ (sf)' from 'A (sf)' and removed from CreditWatch positive our rating on the class B notes, our rating is not capped by our RAS analysis. This rating is now delinked from the long-term ICR on the swap counterparty.

Our rating on the class C notes is not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determines our rating on the notes at 'BBB+ (sf)'. We have therefore raised to 'BBB+ (sf)' from 'BB+ (sf)' and removed from CreditWatch positive our rating on this class of notes.

Credit enhancement has increased for the class D notes because the reserve fund has not been able to amortize. However, following the application of our criteria for assigning 'CCC' category ratings, we believe that payments on this class of notes depend on favorable financial and economic conditions (see "General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012). We have therefore affirmed and removed from CreditWatch positive our 'B- (sf)' rating on this class of notes.

The affirmation of our 'CCC- (sf)' rating on the class E notes, which were issued at closing to fund the reserve fund, reflects that payments on this class are more dependent on favorable financial and economic conditions.

BANKINTER 11

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level since our previous review, mainly driven by our revised foreclosure frequency assumptions.

Rating level	WAFF (%)	WALS (%)
AAA	7.18	31.46
AA	4.91	26.14
A	3.73	17.16
BBB	2.76	13.47
BB	1.84	10.65
B	1.14	8.26

The class A2, B, C, and D notes' credit enhancement has remained at 12.1%, 8.6%, 5.1%, and 2.9% since our February 2017 review, due to the amortization of the notes, which is pro rata and the amortizing reserve fund, which has not yet reached its floor.

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Following the application of our criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria.

The application of our RAS criteria allows our rating on the class A2 notes to be at six notches above our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'AAA (sf)' from 'AA+ (sf)' and removed from CreditWatch positive our rating on the class A2 notes, which continues to be delinked from the long-term ICR on the swap counterparty.

The application of these criteria caps our rating on the class B notes at four notches above our unsolicited 'A-' long-term sovereign rating on Spain as it is not the most senior class of notes. We have therefore raised to 'AA (sf)' from 'AA- (sf)' and removed from CreditWatch positive our rating on this class of notes, which continues to be delinked from the long-term ICR on the swap counterparty.

The application of our RAS criteria caps our rating on the class C notes at our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'A- (sf)' from 'BBB+ (sf)' and removed from CreditWatch positive our rating on this class of notes.

Credit enhancement has remained stable for the class D notes because of the reserve fund's amortization. However, following the application of our criteria and guidance for assigning 'CCC' category ratings, we believe that payments on this class of notes depend on favorable financial and economic conditions. We have therefore affirmed and removed from CreditWatch positive our 'B- (sf)' rating on the class D notes.

BANKINTER 13

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous review, mainly driven by our revised foreclosure frequency assumptions.

Rating level	WAFF (%)	WALS (%)
AAA	13.57	19.93
AA	9.48	15.71
A	7.25	9.52
BBB	5.47	6.70
BB	3.72	4.97
B	2.34	3.64

The class A2, B, C, and D notes' credit enhancement has remained unchanged at 11.6%, 8.7%, 5.6%, and 3.0% since our February 2017 review, due to the amortization of the notes, which is pro rata and the amortizing reserve fund,

which has not yet reached its floor. The class E notes were issued at closing to fund the reserve fund.

Following the application of our criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria.

The application of our RAS criteria allows our rating on the class A2 notes to be at six notches above our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'AAA (sf)' from 'AA+ (sf)' and removed from CreditWatch positive our rating on this class of notes, which continues to be delinked from the swap counterparty.

Our rating on the class B notes is capped at the long-term ICR on the swap counterparty plus one notch under our counterparty criteria even though the application of our European residential loans criteria, including our updated credit figures, supports a higher rating. We have therefore affirmed and removed from CreditWatch positive our 'A+ (sf)' rating on this class of notes.

Our rating on the class C notes is not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determines our rating on the notes at 'BBB (sf)'. We have therefore affirmed and removed from CreditWatch positive our 'BBB (sf)' rating on this class of notes.

Our rating on the class D notes is not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determines our rating on the notes at 'BB- (sf)'. We have therefore raised to 'BB- (sf)' from 'B+ (sf)' and removed from CreditWatch positive our rating on this class of notes.

The class E notes were issued at closing to fund the reserve fund and interest and principal payments will be made on this class after the reserve fund has replenished. This tranche has been paying timely interest due as a consequence of the negative interest rates and interest not being accrued on senior tranches. Once interest rates start increasing again, there will be no excess spread to cover for the interest on this tranche given its subordinated position in the priority of payments. Following the application of our criteria for the use of 'D' category ratings, even if amounts due on this class of notes have resumed and interest is currently being paid, given its subordination to the reserve fund in the priority of payments, we believe a further default is virtually certain (see "Related Criteria"). We have therefore affirmed our 'D (sf)' rating on this class of notes.

Bankinter 10, 11, and 13 are Spanish RMBS transactions, which closed between June 2005 and November 2006. Bankinter S.A. originated the pools, which comprise loans granted to prime borrowers secured over owner-occupied

residential properties in Spain, and, in the case of Bankinter 11, loans with flexible features.

RELATED CRITERIA

- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - General: Structured Finance Temporary Interest Shortfall Methodology, Dec. 15, 2015
- General Criteria: Post-Default Ratings Methodology: When Does S&P Global Ratings Raise A Rating From 'D' Or 'SD'?, March 23, 2015
- Criteria - Structured Finance - General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Spanish RMBS Index Report Q1 2018, May 24, 2018
- Ratings On 213 Tranches In 82 Spanish RMBS Transactions Placed On CreditWatch Positive, April 24, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans, April 17, 2018
- Reduced Funding Risks Lead To Upgrades At Several Spanish Banks, April 6, 2018
- Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive, March 23, 2018

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- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Ratings Raised Or Affirmed In Eight Bankinter Spanish RMBS Transactions Following Improved Collateral Performance, Feb. 24, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

RATINGS LIST

Class	Rating	
	To	From

Bankinter 10 Fondo de Titulizacion de Activos
€1.74 Billion Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AAA (sf)	AA+ (sf)/Watch Pos
B	A+ (sf)	A (sf)/Watch Pos
C	BBB+ (sf)	BB+ (sf)/Watch Pos

Rating Affirmed And Removed From CreditWatch Positive

D	B- (sf)	B- (sf)/Watch Pos
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Rating Affirmed

E	CCC- (sf)	
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Bankinter 11 Fondo de Titulizacion Hipotecaria
€900 Million Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AAA (sf)	AA+ (sf)/Watch Pos
B	AA (sf)	AA- (sf)/Watch Pos
C	A- (sf)	BBB+ (sf)/Watch Pos

Rating Affirmed And Removed From CreditWatch Positive

D	B- (sf)	B- (sf)/Watch Pos
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Bankinter 13 Fondo de Titulizacion de Activos
€1.57 Billion Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AAA (sf)	AA+ (sf)/Watch Pos
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D BB- (sf) B+ (sf)/Watch Pos

Ratings Affirmed And Removed From CreditWatch Positive

B A+ (sf) A+ (sf)/Watch Pos

C BBB (sf) BBB (sf)/Watch Pos

Rating Affirmed

E D (sf)

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