

Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 3 And 4 Following Review

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OVERVIEW

- On Nov. 14, 2012, we placed on CreditWatch negative our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes, due to the link between the ratings on the notes and the rating on the downgraded swap counterparty under our 2012 counterparty criteria, pending further analysis.
- Following our review, we have taken various rating actions in Bankinter 3 and 4.
- Bankinter originated the Spanish mortgage loans that back Bankinter 3 and 4, which closed in October 2001 and September 2002, respectively.

MADRID (Standard & Poor's) April 30, 2013--Standard & Poor's Ratings Services today took various credit rating actions in Bankinter 3 Fondo de Titulizacion Hipotecaria and Bankinter 4 Fondo de Titulizacion Hipotecaria.

Specifically, we have:

- Affirmed our rating on Bankinter 3's class A notes. At the same time, we have raised our rating on the class B notes, and affirmed and removed from CreditWatch negative our rating on the class C notes.
- Lowered our rating on Bankinter 4's class A notes. At the same time, we have lowered and removed from CreditWatch negative our ratings on the class B and C notes (see list below).

Today's rating actions follow the application of our 2012 counterparty criteria and our credit and cash flow analysis without the benefit of the swap counterparty (see "Counterparty Risk Framework Methodology And Assumptions,

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Nov. 29, 2012).

On Nov. 14, 2012, we placed on CreditWatch negative our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes (see "Ratings In Spanish RMBS Transactions Bankinter 3 And Bankinter 4 Placed On CreditWatch Negative For Counterparty Reasons," published on Nov. 14, 2012).

Bankinter S.A. (BB/Negative/B) is the swap counterparty for Bankinter 3 and 4. Although Bankinter complies with its obligations as swap counterparty under the transaction documents, these documents do not reflect our 2012 counterparty criteria. As the remedy provisions in the swap documents do not reflect our 2012 counterparty criteria, we have conducted our credit, cash flow, and structural analysis without giving benefit to the swap agreement, using the latest available portfolio and structural features information.

In both transactions, our 2012 counterparty criteria constrain the maximum potential ratings at the higher of:

- Our credit and cash flow results without the support of the swap counterparty, or
- One notch above our long-term 'BB' issuer credit rating (ICR) on Bankinter.

BANKINTER 3

Based on the trustee's latest available investor report (dated March 2013), the pool is quite seasoned, with a low weighted-average loan-to-value (LTV) ratio of 33.54%. In addition, the pool factor is low, at 16.66%. Bankinter 3's 90+ day delinquency rate is below our Spanish residential mortgage-backed securities (RMBS) index. As of March 2013, 90+ day delinquencies up to default (defined in this transaction as loans in arrears for more than 18 months) represented 0.38% of the outstanding pool balance. Cumulative defaults are 0.08% of the transaction's original balance. As of the last interest payment date (IPD), the reserve fund was at its required level under the transaction documents. Due to the pool's good performance, the class A and B notes are amortizing pro rata.

The class A and C notes can maintain the currently assigned ratings even without the benefit of the swap due to the increase in available credit enhancement, which includes a reserve fund amounting to 5.78% of the outstanding notes' balance and excess spread. We have therefore affirmed our 'AA- (sf)' rating on the class A notes, and have affirmed and removed from CreditWatch negative our 'BBB+ (sf)' rating on the class C notes.

Given the substantial increase in credit enhancement available to the class B notes, our credit and cash flow analysis indicates that the level of credit enhancement available to the class B notes is now commensurate with higher rating. We have therefore raised to 'AA- (sf)' from 'A+ (sf)' our rating on the class B notes.

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Our nonsovereign ratings criteria constrain our ratings on the class A and B notes, as, under these criteria, the highest rating we would assign to a structured finance transaction is six notches above the investment-grade rating on the country in which the securitized assets are located (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). As this transaction securitizes Spanish assets, the highest achievable rating in this transaction is 'AA-', which is six notches above our 'BBB-' long-term sovereign rating on Spain.

BANKINTER 4

Based on the trustee's latest available investor report (dated March 2013), the pool is quite seasoned, with a low weighted-average LTV ratio of 36.58%. In addition, the pool factor is low, at 22.74%. Bankinter 4's 90+ day delinquency rate is below our Spanish RMBS index. As of March 2013, 90+ day delinquencies up to default (defined in this transaction as loans in arrears for more than 18 months) represented 0.28% of the outstanding pool balance. Cumulative defaults are 0.04% of the original balance. As of the last IPD, the reserve fund was at the floor level under the transaction documents (2.15% of the outstanding notes' balance). Due to the pool's good performance, the class A and B notes are amortizing pro rata.

When we conducted our cash flow analysis without giving benefit to the swap, after assuming margin compression and further stresses, the transaction exhibited negative carry. As a result, the transaction draws on principal funds to pay the interest on the notes. Without giving benefit to the swap, our cash flow analysis shows that, at the currently assigned ratings, the notes would experience principal shortfalls under some scenarios.

We have taken rating actions in this transaction because, when we conducted our cash flow analysis without giving benefit to the swap, the maximum ratings that the class A and B notes can achieve are 'A+ (sf)', and 'BBB (sf)', respectively. We have therefore lowered to 'A+ (sf)' from 'AA- (sf)' our rating on the class A notes, and lowered to 'BBB (sf)' from 'BBB+ (sf)' and removed from CreditWatch negative our rating on the class B notes.

Our cash flow analysis shows that the maximum rating that the class C notes can achieve without giving benefit to the swap is 'BB+ (sf)', which is also one notch higher than our long-term 'BB' ICR on the swap counterparty, Bankinter. We have therefore lowered to 'BB+ (sf)' from 'BBB+ (sf)' and removed from CreditWatch negative our rating on the class C notes.

Bankinter originated the Spanish mortgage loans that back Bankinter 3 and 4, which closed in October 2001 and September 2002, respectively.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms

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available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions, Jan. 6, 2009
- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 2009
- Criteria for Rating Spanish Residential Mortgage-Backed Securities, March 1, 2002

Related Research

- Entrenched In Recession, Europe Seeks A Balance Between Deleveraging And Growth, March 26, 2013
- Spanish RMBS Index Report Q3 2012: Delinquencies Keep Rising As Spain's Economy Struggles, Nov. 28, 2012
- Bankinter Long-Term Rating Lowered To 'BB' On Increasing Economic Risk In Spain, Outlook Negative, Nov. 23, 2012
- Ratings In Spanish RMBS Transactions Bankinter 3 And Bankinter 4 Placed On CreditWatch Negative For Counterparty Reasons, Nov. 14, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

RATINGS LIST

Class	To	Rating	From
Bankinter 3 Fondo de Titulización Hipotecaria €1.323 Billion Mortgage-Backed Floating-Rate Notes			
Rating Affirmed			

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A AA- (sf)

Rating Raised

B	AA- (sf)	A+ (sf)
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Rating Affirmed And Removed From CreditWatch Negative

C	BBB+ (sf)	BBB+ (sf)/Watch Neg
1	0.00	0.00
2	0.00	0.00
3	0.00	0.00
4	0.00	0.00
5	0.00	0.00
6	0.00	0.00
7	0.00	0.00
8	0.00	0.00
9	0.00	0.00
10	0.00	0.00
11	0.00	0.00
12	0.00	0.00
13	0.00	0.00
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26	0.00	0.00
27	0.00	0.00
28	0.00	0.00
29	0.00	0.00
30	0.00	0.00
31	0.00	0.00
32	0.00	0.00
33	0.00	0.00
34	0.00	0.00
35	0.00	0.00
36	0.00	0.00
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38	0.00	0.00
39	0.00	0.00
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41	0.00	0.00
42	0.00	0.00
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47	0.00	0.00
48	0.00	0.00
49	0.00	0.00
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74	0.00	0.00
75	0.00	0.00
76	0.00	0.00
77	0.00	0.00
78	0.00	0.00
79	0.00	0.00
80	0.00	0.00
81	0.00	0.00
82	0.00	0.00
83	0.00	0.00
84	0.00	0.00
85	0.00	0.00
86	0.00	0.00
87	0.00	0.00
88	0.00	0.00
89	0.00	0.00
90	0.00	0.00
91	0.00	0.00
92	0.00	0.00
93	0.00	0.00
94	0.00	0.00
95	0.00	0.00
96	0.00	0.00
97	0.00	0.00
98	0.00	0.00
99	0.00	0.00
100	0.00	0.00

Bankinter 4 Fondo de Titulización Hipotecaria
€1.025 Billion Mortgage-Backed Floating-Rate Notes

Rating Lowered

A A+ (sf) AA- (sf)

Ratings Lowered And Removed From CreditWatch Negative

B	BBB (sf)	BBB+ (sf)/Watch Neg
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C	BB+ (sf)	BBB+ (sf) / Watch Neg
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