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Ratings In Spanish RMBS Transactions Bankinter 3 And Bankinter 4 Placed On CreditWatch Negative For Counterparty Reasons

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OVERVIEW

- On May 25, 2012, we lowered our ratings on Bankinter, the swap provider for Bankinter 3 and Bankinter 4.
- Bankinter complies with its obligations as swap provider under the transaction documents, which do not reflect our 2012 counterparty criteria. Under our 2012 counterparty criteria, our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes are constrained to the issuer credit rating on Bankinter (acting as swap provider) plus one notch.
- We have therefore 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.
- Bankinter originated the Spanish mortgage loans that back Bankinter 3 and Bankinter 4, which closed in October 2001 and September 2002, respectively.

MADRID (Standard & Poor's) Nov. 14, 2012--Standard & Poor's Ratings Services today placed on CreditWatch negative its credit ratings on Bankinter 3 Fondo de Titulizacion Hipotecaria's class C notes and Bankinter 4 Fondo de Titulizacion Hipotecaria's class B and C notes (see list below).

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Today's rating actions follow our downgrades so far this year of Bankinter S.A. (BB+/Watch Neg/B), which acts as swap provider in these transactions, and the application of our 2012 counterparty criteria (see "Related Criteria And Research").

On Feb. 23, 2012, we lowered our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes due to a direct link between the ratings on the notes and the issuer credit rating (ICR) on Bankinter, based on the application of our 2010 (superseded) counterparty criteria. At the time, we conducted our cash flow analysis assuming that the transaction did not benefit from any support under the swap agreement. Given the transactions' features and the substantial level of credit enhancement available to Bankinter 3's class A and B notes and Bankinter 4's class A notes, these notes could maintain their current ratings even without the benefit of the swap.

On May 25, 2012, we lowered our long- and short-term ratings on Bankinter to 'BB+/B' from 'BBB-/A-3' after our review of the Spanish banking sector (see "Related Criteria And Research"). Bankinter is not considered an eligible counterparty under our 2012 counterparty criteria at the current rating level of the notes.

Bankinter complies with its obligations as swap provider under the transaction documents, which do not reflect our 2012 counterparty criteria. Under our 2012 counterparty criteria, our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes are constrained to the issuer credit rating on Bankinter (acting as swap provider) plus one notch.

On July 26, 2012, Barclays Bank PLC, Sucursal en España replaced Bankinter as treasury account provider and paying agent. Barclays Bank PLC (A+/Negative/A-1) is considered an eligible counterparty under our 2012 counterparty criteria at the current rating level of the notes. Therefore, our ratings on Bankinter 3 and 4's notes are not constrained by our ICR on the treasury account provider.

We have today 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.

We will conduct further analysis without giving benefit to the swap agreement in order to resolve the CreditWatch negative placements.

Bankinter originated the Spanish mortgage loans that back these residential mortgage-backed securities (RMBS) transactions, 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

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description of the representations, warranties and enforcement mechanisms 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 Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

RELATED CRITERIA AND RESEARCH

- Various Rating Actions On Spanish Financial Institutions Following Sovereign Downgrade, Oct. 15, 2012
- Various Rating Actions Taken On 116 Tranches In 87 Spanish Securitizations Following Sovereign Downgrade, Oct. 11, 2012
- Spain Ratings Lowered To 'BBB-/A-3' On Mounting Economic And Political Risks; Outlook Negative, Oct. 10, 2012
- Counterparty Risk Framework Methodology And Assumptions, May 31, 2012
- Bankinter Ratings Lowered To 'BB+/B' After Review Of Spanish Banking Sector; Outlook Negative, May 25, 2012
- Negative Rating Actions On 16 Spanish Banks Following Sovereign Downgrade, April 30, 2012
- Ratings On Spain Lowered To 'BBB+/A-2' On Debt Concerns; Outlook Negative, April 26, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Rating Actions Taken On 41 Tranches In 21 Spanish RMBS Transactions Following Rating Actions On Counterparties, Feb. 23, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011
- 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

RATINGS LIST

Class	To	Rating	From
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Ratings Placed On CreditWatch Negative

Bankinter 3 Fondo de Titulización Hipotecaria
€1.323 Billion Mortgage-Backed Floating-Rate Notes

C	BBB+ (sf)/Watch Neg		BBB+ (sf)
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Ratings In Spanish RMBS Transactions Bankinter 3 And Bankinter 4 Placed On CreditWatch Negative For Counterparty Reasons

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

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

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