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Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 10, 11, And 13 Following Review

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OVERVIEW

- We have reviewed Bankinter 10, 11, and 13's performance by conducting our credit and cash flow analysis, analyzing the transactions' structural features and counterparty risk, applying our relevant criteria, and considering the sovereign upgrade on May 23, 2014.
- Following our analysis, we have taken various rating actions in each transaction.
- Bankinter 10 and 13 are Spanish RMBS transactions, which securitize portfolios of first- and second-ranking mortgage loans granted to individuals resident in Spain. Bankinter 11 securitizes a residential mortgage-lending product called Hipoteca SIN.
- Our ratings are based on our applicable criteria, including our nonsovereign ratings criteria, which are under review. As a result, our future nonsovereign ratings criteria may differ from our current criteria. This change may affect the ratings on all outstanding notes in these transactions.

MADRID (Standard & Poor's) June 4, 2014--Standard & Poor's Ratings Services today took various credit rating actions in Bankinter 10, Fondo de Titulizacion de Activos, Bankinter 11 Fondo de Titulizacion Hipotecaria, and Bankinter 13, Fondo de Titulizacion de Activos.

Specifically, we have:

- Raised our ratings on the class A2, B, and C notes, lowered our rating on the class D notes, and affirmed our rating on the class E notes in Bankinter 10;
- Raised our rating on the class A2 notes, affirmed our ratings on the class B and C notes, and lowered our rating on the class D notes in Bankinter 11; and
- Raised our rating on the class A2 notes and affirmed our ratings on the class B, C, D, and E notes in Bankinter 13 (see list below).

Today's rating actions follow our review of the transactions' collateral credit quality and our assessment of counterparty risk. Our ratings on the notes also reflect our analysis of the transactions' structural features, for which we applied our cash flow criteria for European residential mortgage-backed securities (RMBS) transactions (see "Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions," published on Jan. 6, 2009). For each transaction, we have used the latest available portfolio and structural features information from the March 2014 trustee investor report.

CREDIT AND CASH FLOW ANALYSIS

The transactions' performance has been relatively stable since closing, even during the financial crisis starting in 2007. Our Spanish RMBS index shows that Bankinter S.A.'s series are some of the best performing transactions (see "Spanish RMBS Index Report Q4 2013: Severe Delinquencies Persist, Despite Signs Of Economic Recovery," published on Feb. 28, 2014). In particular, severe delinquencies of more than 90 days excluding defaults over the transactions' respective outstanding balances represent:

	March 2014 (%)	March 2013 (%)
Bankinter 10	0.83	0.74
Bankinter 11	0.66	0.63
Bankinter 13	1.07	0.94
Spanish RMBS index	6.17	5.16

Gross cumulative defaults (defined in the three transactions as loans in arrears for more than 18 months) represent 0.31%, 0.31%, and 1.18% of Bankinter 10, 11, and 13's initial balances, respectively. These percentages, in addition to the relative high seasoning, reflect the good credit quality of the securitized assets.

In our view, the rising severe delinquencies shown in the table above are due to Spain's poor macroeconomic performance, such as unemployment rising to 25.3% in March 2014 from approximately 10% before 2008. We have accounted for this economic deterioration in our credit analysis by projecting further delinquencies.

The transactions have a trigger system so that in poor economic conditions, the more senior notes amortize before the subordinated classes of notes pay

interest. In all cases, the trigger is reversible and depends on the principal deficiency amount, which is the positive difference between the scheduled amounts to be paid and the available amounts held in the fund. As of March 2014, none of the transactions had breached the triggers. Given that the transactions' performance has been stable, we don't expect them to breach the triggers in the short to medium term.

The classes of notes in all of the transactions benefit from a reserve fund, which the issuance of Bankinter 10, 11, and 13's class E notes funded at closing. The reserve fund mitigates potential liquidity shortfalls and defaults for Bankinter 10, 11, and 13's class A1 (already fully amortized) to D notes. Since closing, the reserve funds for Bankinter 10 and 11 have been at their documented required levels. Currently, Bankinter 13's reserve fund is at 96% of its documented required level.

The available credit enhancement for Bankinter 10, 11, and 13 has increased since closing (the transactions closed in June 2005, November 2005, and November 2006, respectively):

- Bankinter 10: Increases of 4.98%, 3.76%, 2.43%, and 1.31% for the class A2, B, C, and D notes, respectively.
- Bankinter 11: Increases of 9.15%, 7.34%, 5.57%, and 4.44% for the class A2, B, C, and D notes, respectively.
- Bankinter 13: Increases of 5.01%, 3.70%, 2.29%, and 1.09% for the class A2, B, C, and D notes, respectively.

Bankinter 10 and 11's notes have been amortizing principal on a pro rata basis since December 2011 and August 2013, respectively. This, together with the reserve funds' amortization, reflects the good performance of the underlying assets. Bankinter 13's classes of notes have not started to amortize pro rata as its pool factor (the percentage of the pool's outstanding aggregate principal balance) is still above 50%. Moreover, the reserve fund is not at its required level. Despite this partial draw, the 1.07% of severe delinquencies over the outstanding asset balance reflects the transaction's good performance.

APPLICATION OF NONSOVEREIGN RATINGS CRITERIA

On May 23, 2014, we raised our long- and short-term foreign and local currency sovereign ratings on Spain. Under our nonsovereign ratings criteria, the maximum rating differential between our ratings on the sovereign in which the underlying assets are based and our ratings in the transaction is up to six notches (see "Ratings On Spain Raised To 'BBB/A-2' On Improved Economic Prospects; Outlook Stable" and "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). Therefore, our criteria cap the maximum potential rating in Bankinter 10, 11, and 13 at 'AA (sf)'.

COUNTERPARTY RISK

The three transactions are exposed to Barclays Bank PLC (Madrid Branch)

(A/Negative/A-1) as guaranteed investment contract provider and Crédit Agricole Corporate and Investment Bank (A/Negative/A-1) as the swap counterparty provider.

Crédit Agricole has not updated the swap documents to reflect our current counterparty criteria and consequently, we cap the ratings at one notch above the swap counterparty's long-term issuer credit rating (ICR) (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Under our criteria, the ratings in these transactions will be the higher of the ratings determined by our credit and cash flow results without the support of the swap counterparty, and the long-term ICR on the swap counterparty plus one notch.

In all of the transactions, our long-term ICR on the swap counterparty does not constrain our ratings on the class A2 notes, as we tested the structure without giving credit to the swap counterparty. We have therefore delinked our ratings on the class A2 notes from our long-term ICR on the swap counterparty. For the class B to E notes in Bankinter 10 and 13 and the class B to D notes in Bankinter 11, our ratings remain linked to our long-term ICR on the swap counterparty.

Bankinter 10

We have raised to 'AA (sf)' from 'AA- (sf)' our rating on the class A2 notes following our recent rating action on Spain and the application of our nonsovereign ratings criteria (see "Application of Nonsovereign Ratings Criteria" above).

The class B and C notes can withstand the credit and cash flow stresses that we apply at 'A+ (sf)' and 'A- (sf)' rating levels, respectively. Therefore, we have raised to 'A+ (sf)' from 'A (sf)' and to 'A- (sf)' from 'BBB- (sf)' our ratings on the class B and C notes, respectively.

Our credit and cash flow results indicate that the class D notes were not able to support a higher rating than 'B (sf)'. Furthermore, under the priority of payments, the class E notes' interest payment is senior to the replenishment of the reserve fund, making the class D notes more sensitive to our stress assumptions than the rest of the senior notes. We have therefore lowered to 'B (sf)' from 'BB- (sf)' our rating on the class D notes.

Given that the reserve fund is at its documented required level, the class E notes have been able to amortize and are at 77% of their original amount. Because we consider the available credit enhancement to be commensurate with the currently assigned rating, we have affirmed our 'CCC- (sf)' rating on this class of notes.

Bankinter 11

We have raised to 'AA (sf)' from 'AA- (sf)' our rating on the class A2 notes following our recent rating action on Spain and the application of our

nonsovereign ratings criteria (see "Application of Nonsovereign Ratings Criteria" above).

We have affirmed our 'A (sf)' and 'BBB- (sf)' ratings on the class B and C notes, respectively, as they were able to withstand our credit and cash flow stresses at their current rating levels.

Our credit and cash flow results indicate that the class D notes were not able to support a higher rating than 'B (sf)'. As with Bankinter 10, the class E notes' interest payment is senior to the replenishment of the reserve fund, which makes the class D notes more sensitive to our stress assumptions than the rest of the senior notes. We have therefore lowered to 'B (sf)' from 'BB- (sf)' our rating on the class D notes.

Bankinter 13

We have raised to 'AA (sf)' from 'AA- (sf)' our rating on the class A2 notes following our recent rating action on Spain and the application of our nonsovereign ratings criteria (see "Application of Nonsovereign Ratings Criteria" above).

We have affirmed our 'A (sf)', 'BBB (sf)', and 'BB- (sf)' ratings on the class B, C, and D notes, respectively, as they were able to withstand our credit and cash flow stresses at their current rating levels.

As the class E notes are defaulting on their interest payments, we have affirmed our 'D (sf)' rating on this class of notes.

Bankinter 10 and 13 are Spanish RMBS transactions, which securitize portfolios of first- and second-ranking mortgage loans granted to individuals resident in Spain. Bankinter 11 securitizes a residential mortgage-lending product called Hipoteca SIN, which are flexible loans that allow borrowers, with Bankinter's approval, to take payment holidays, make additional draws, and increase the term of their loans.

POTENTIAL EFFECTS OF PROPOSED CRITERIA CHANGES

These ratings are based on our applicable criteria, including those set out in the criteria article "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011. However, please note that these criteria are under review (see "Request For Comment: Methodology And Assumptions For Ratings Above The Sovereign--Single Jurisdiction Structured Finance," published on Oct. 14, 2013).

As a result of this review, our future criteria applicable to ratings above the sovereign may differ from our current criteria. This potential criteria change may affect the ratings on all outstanding notes in this transaction. We will continue to rate and surveil these notes using our existing criteria (see "Related Criteria").

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 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

- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, published on June 14, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009
- 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

- Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 5, 6, And 8 Following Review, June 4, 2014
- Ratings On Spain Raised To 'BBB/A-2' On Improved Economic Prospects; Outlook Stable, May 23, 2014
- Europe's Housing Market Recovery Is Not Yet On Solid Ground, April 30, 2014
- Spanish RMBS Index Report Q4 2013: Severe Delinquencies Persist, Despite Signs Of Economic Recovery, Feb. 28, 2014
- Scenario Analysis: What's Driving Spanish Mortgage Arrears?, April 13, 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
- Spanish RMBS Index Reports

RATINGS LIST

Class	Rating To	Rating From
Bankinter 10, Fondo de Titulizacion de Activos €1.74 Billion Mortgage-Backed Floating-Rate Notes		
Ratings Raised		
A2	AA (sf)	AA- (sf)
B	A+ (sf)	A (sf)
C	A- (sf)	BBB- (sf)
Rating Lowered		
D	B (sf)	BB- (sf)
Rating Affirmed		
E	CCC- (sf)	
Bankinter 11 Fondo de Titulizacion Hipotecaria €900 Million Mortgage-Backed Floating-Rate Notes		
Rating Raised		
A2	AA (sf)	AA- (sf)
Ratings Affirmed		
B	A (sf)	
C	BBB- (sf)	
Rating Lowered		
D	B (sf)	BB- (sf)
Bankinter 13, Fondo de Titulizacion de Activos €1.57 Billion Mortgage-Backed Floating-Rate Notes		
Rating Raised		
A2	AA (sf)	AA- (sf)
Ratings Affirmed		
B	A (sf)	
C	BBB (sf)	
D	BB- (sf)	

E	D (sf)

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