

RatingsDirect®

Ratings Raised In Spanish RMBS Transaction Bankinter 11 Following Sovereign Upgrade

Primary Credit Analyst:

Soledad Martinez-Tercero, Madrid (34) 91-389-6954; soledad.martinez-tercero@standardandpoors.com

Secondary Contact:

Geoffrey Guillemard, London +442071766635; geoffrey.guillemard@standardandpoors.com

OVERVIEW

- On Oct. 2, 2015, we raised to 'BBB+' from 'BBB' our long-term rating on Spain.
- On Oct. 30, 2015, we consequently placed on CreditWatch positive our ratings on certain classes of Spanish RMBS and ABS notes that could be affected by this upgrade, including our ratings on Bankinter 11's class A2 and B notes.
- Following the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, we have today raised and removed from CreditWatch positive our ratings on Bankinter 11's class A2 and B notes.
- Bankinter 11 is a Spanish RMBS transaction, which closed in December 2005.

MADRID (Standard & Poor's) Jan. 26, 2016--Standard & Poor's Ratings Services today raised and removed from CreditWatch positive its ratings on Bankinter 11 Fondo de Titulizacion Hipotecaria's class A2 and B notes (see list below).

Today's upgrades follow our Oct. 2, 2015 raising to 'BBB+' from 'BBB' of our long-term sovereign rating on Spain and the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria; see "Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable," published on Oct. 2, 2015, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015).

On Oct. 30, 2015, we placed on CreditWatch positive our ratings on certain classes of Spanish residential mortgage-backed securities (RMBS) and asset-backed securities (ABS) notes that could be affected by our upgrade of Spain, including our ratings on Bankinter 11's class A2 and B notes (see "Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch Positive Following Sovereign And Bank Rating Actions").

We have also applied our Spanish RMBS criteria as part of our credit and cash flow analysis and our current counterparty criteria (see "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Under our RAS criteria, we have applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

These criteria designate the country risk sensitivity for RMBS as moderate. The transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a severe stress. However, if all six of the conditions in paragraph 44 of our RAS criteria are met, we can assign ratings up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an extreme stress (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Following the application of our RAS criteria, our RMBS criteria, and our current counterparty criteria, we have determined that our assigned rating on each class of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating that the class of notes can attain under our RMBS criteria, and (iii) the rating as capped by our current counterparty criteria.

We consider the performance of Bankinter 11 to be stable since our previous performance review (see "Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 3, 4, 6, 11, And 13 Following Criteria Updates," published on Feb. 18, 2015). Severe delinquencies of more than 90 days are at 1.24% of the current non-defaulted collateral balance, compared with 1.29% in our previous review.

Our credit and cash flow analysis indicates that the available credit enhancement for the class A2 notes is sufficient to support a 'AAA (sf)' rating. However, our RAS criteria cap our rating on this class of notes at 'AA+ (sf)'. We have therefore raised to 'AA+ (sf)' from 'AA (sf)' and removed from CreditWatch positive our rating on the class A2 notes.

Our credit and cash flow analysis indicates that the available credit enhancement for the class B notes is sufficient to support a 'AA- (sf)'

rating. However, our current counterparty criteria cap our rating on this class of notes at the 'A' long-term issuer credit rating on Credit Agricole Corporate and Investment Bank plus one notch, or 'A+ (sf)'. We have therefore raised to 'A+ (sf)' from 'A (sf)' and removed from CreditWatch positive our rating on the class B notes.

Our ratings on the class C and D notes are unaffected by today's rating actions as we currently rate these classes below our long-term sovereign rating on Spain.

Bankinter 11 is a Spanish RMBS transaction, which closed in December 2005 and securitizes first-ranking mortgage loans. Bankinter S.A. originated the pool, which comprises loans granted to prime borrowers secured over owner-occupied residential properties in Spain.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- 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
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Derivative Agreement Criteria, June 24, 2013
- Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Use Of Creditwatch And Outlooks, Sept. 14, 2009
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Growth In Europe Is On Track, But Geopolitical Risks Have Risen, Dec. 2, 2015
- Eurozone Recovery: Hangin' In There Despite Weak Foreign Demand, Nov. 25, 2015
- Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch Positive Following Sovereign And Bank Rating Actions, Oct. 30, 2015
- Kingdom Of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable, Oct. 2,

2015

- Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade, Sept. 30, 2015
- Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly, Sept. 11, 2015
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets, July 30, 2015
- Despite The Turmoil In Greece, Europe's Fragile Growth Continues, July 14, 2015
- Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 3, 4, 6, 11, And 13 Following Criteria Updates, Feb. 18, 2015
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

RATINGS LIST

Class	To	Rating	From
-------	----	--------	------

Bankinter 11 Fondo de Titulizacion Hipotecaria
€900 Million Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AA+ (sf)	AA (sf)/Watch Pos
B	A+ (sf)	A (sf)/Watch Pos

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

Copyright © 2016 Standard & Poor's Financial Services LLC, a part of McGraw Hill Financial. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED, OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses, and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw, or suspend such acknowledgement at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal, or suspension of an acknowledgement as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription) and www.spcapitaliq.com (subscription) and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.