

Announcement: Moody's places on review for possible downgrade notes issued by seven Spanish RMBS

Global Credit Research - 07 Oct 2011

Madrid, October 07, 2011 -- Moody's Investors Service has today placed on review for possible downgrade certain classes of notes issued by seven Spanish residential mortgage-backed securities (RMBS) transactions following performance concerns. The transactions affected are:

- Bankinter 12 FTH, Bankinter 13 FTA and Bankinter 16 FTA.
- Foncaixa Hipotecario 9 FTA and Foncaixa Hipotecario 10 FTA.
- FTA Santander Hipotecario 2 and
- Hipotebansa XI FTA.

A detailed list of the affected tranches is provided at the end of the press release.

RATINGS RATIONALE

Moody's considered the following four indicators when evaluating the performance of the deals: (i) the amount and evolution of cumulative defaults that have already occurred; (ii) delinquency levels; (iii) the evolution of credit enhancement since closing; and (iv) the comparison between projected defaults or losses and the credit enhancement level. As part of the analysis Moody's stress-tested its current assumption for these transactions, considering collateral performance to date and the future outlook for the Spanish RMBS sector.

In addition to the transaction-specific analysis, Moody's also considered the macroeconomic factors that influence borrowers' ability to repay their debt, such as GDP growth and the evolution of the real-estate market. Spanish GDP contracted by 3.7% in 2009 and 0.1% in 2010. Moody's expects only 0.7% growth in GDP in 2011 and believes that Spain will not have the same level of GDP that it had in 2008, until at least 2013.

The Spanish government is under significant pressure to tighten its budgetary position. Higher taxes on companies will place negative pressure on SME profitability, which will be negative for unemployment. Higher taxes on consumers will reduce household disposable income. House prices fell 5.2% year on year in Q2 2011 and are currently 16.6% below their Q2 2008 peak. Moody's expects that house prices will continue to fall in 2011 and 2012, which will reduce the recovery value of defaulted mortgages. In light of the economic environment, Moody's outlook for Spanish RMBS collateral performance remains negative.

The seven transactions placed on review for possible downgrade are showing weaker-than-expected performance and current credit enhancement under the flagged tranches may not be sufficient to withstand performance deterioration. As a result, Moody's has placed some notes of these transactions on review for possible downgrade.

In order to complete the review, Moody's will reassess the portfolios lifetime loss expectations, taking into account the collateral performance to date and the future macro-economic environment. Moody's will also request updated loan-by-loan information to revise its Milan Aaa credit enhancement. Loan-by-loan information will also be used to validate its assumptions with regards to which loans have a higher propensity to default. The lifetime loss and the Milan Aaa credit enhancement are the key parameters that Moody's uses to calibrate its loss distribution curve, which is one of the core inputs into our cash-flow model.

TRANSACTION PERFORMANCE

Bankinter 12 FTH, Bankinter 13 FTA and Bankinter 16

Moody's has placed the relevant notes in these transactions on review for possible downgrade because of the low levels of credit enhancement in the face of deteriorating performance. The three deals correspond to securitization of Spanish RMBS loans originated by Bankinter S.A. (A2/P-1).

Performance in these deals is weaker compared to other RMBS deals within the series. 90+ delinquency levels stood at 0.76%, 0.58% and 0.87% as of June in the case of Bankinter 12 and 16 and July 2011 in the case of Bankinter 13, when cumulative default rate as reported by the gestora plus outstanding reposessions had reached 0.44%, 0.73% and 0.66%, respectively (please note that some of the loans corresponding to reposessions may be included in cumulative default figure reported by the gestora). Pool factors stood at 57.73%, 63.67% and 78.25% as of the same date.

Foncaixa Hipotecario 9 FTA and Foncaixa Hipotecario 10 FTA

Moody's has placed the relevant notes in these transactions on review for possible downgrade because of the low levels of credit enhancement in the face of deteriorating performance. The two deals correspond to securitization of Spanish RMBS loans originated by La Caixa (now Caixabank Aa2/P-1 on review for downgrade).

Performance in these deals is weaker compared to other RMBS deals within the series. 90+ delinquency levels stood at 1.13% and 0.60% as of June 2011, when cumulative default rate had reached 0.58% and 0.40% respectively. Pool factors stood at 50.38% and 63.46% as of the same date.

FTA Santander Hipotecario 2

Moody's has placed the relevant notes in this transaction on review for possible downgrade because of the decreasing levels of credit

enhancement, insufficient to absorb potential increase of loss assumption. The reserve fund is fully drawn and there was an unpaid PDL of EUR 11.83 million as of August 2011. This deal corresponds to securitization of Spanish RMBS loans originated by Banco Santander S.A. (Aa2/P-1).

90+ delinquency levels stood at 1.72% as of July 2011, when cumulative default rate (inclusive of repossessions) had reached 3.19%. Pool factor stood at 54.39% as of the same date.

Hipotecansa XI FTA

Moody's has placed tranche B on review for downgrade because of the very low level of credit enhancement to absorb potential increase of loss assumption. This deal corresponds to securitization of Spanish RMBS loans originated by Banco Santander S.A. (Aa2/P-1).

90+ delinquency levels stood at 0.70% as of August 2011, when the cumulative default rate (taking cumulative delinquencies over 6 months as a proxy, as the deal does not include a default definition) had reached 0.63%. Pool factor stood at 25.73% as of the same date. In spite of a relative stable performance observed in this transaction so far Moody's believes that the current expected loss assumption is low in consideration of the current macroeconomic environment.

RATING METHODOLOGIES

The principal methodology used in this rating was Moody's Approach to Rating RMBS in Europe, Middle East, and Africa published in October 2009. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Other methodologies used include "Revising Default/Loss Assumptions Over the Life of an ABS/RMBS Transaction" published in December 2008.

AFFECTED TRANCHES

Issuer: BANKINTER 12 FONDO DE TITULIZACIÓN HIPOTECARIA

....EUR655.1MA2 Notes, Aaa (sf) Placed Under Review for Possible Downgrade; previously on Mar 7, 2006 Definitive Rating Assigned Aaa (sf)

....EUR13.1MB Notes, Aa3 (sf) Placed Under Review for Possible Downgrade; previously on Mar 7, 2006 Definitive Rating Assigned Aa3 (sf)

....EUR11.9MC Notes, A3 (sf) Placed Under Review for Possible Downgrade; previously on Mar 7, 2006 Definitive Rating Assigned A3 (sf)

....EUR11.3MD Notes, Ba1 (sf) Placed Under Review for Possible Downgrade; previously on Mar 7, 2006 Definitive Rating Assigned Ba1 (sf)

Issuer: BANKINTER 13 FONDO DE TITULIZACIÓN DE ACTIVOS

....EUR24.1MC Notes, A3 (sf) Placed Under Review for Possible Downgrade; previously on Nov 22, 2006 Definitive Rating Assigned A3 (sf)

....EUR20.5MD Notes, Ba1 (sf) Placed Under Review for Possible Downgrade; previously on Nov 22, 2006 Definitive Rating Assigned Ba1 (sf)

Issuer: Bankinter 16 Fondo de Titulización de Activos

....EUR46MB Notes, Aa2 (sf) Placed Under Review for Possible Downgrade; previously on Mar 11, 2008 Definitive Rating Assigned Aa2 (sf)

....EUR38MC Notes, A3 (sf) Placed Under Review for Possible Downgrade; previously on Mar 11, 2008 Definitive Rating Assigned A3 (sf)

....EUR34MD Notes, Ba2 (sf) Placed Under Review for Possible Downgrade; previously on Mar 11, 2008 Definitive Rating Assigned Ba2 (sf)

Issuer: FONCAIXA HIPOTECARIO 9 Fondo de Titulización de Activos

....EUR29.2MB Notes, A1 (sf) Placed Under Review for Possible Downgrade; previously on Mar 30, 2006 Definitive Rating Assigned A1 (sf)

....EUR7.6MC Notes, Baa2 (sf) Placed Under Review for Possible Downgrade; previously on Mar 30, 2006 Definitive Rating Assigned Baa2 (sf)

Issuer: Foncaixa Hipotecario 10 Fondo de Titulización de Activos

....EUR30MB Notes, Aa3 (sf) Placed Under Review for Possible Downgrade; previously on May 25, 2007 Definitive Rating Assigned Aa3 (sf)

....EUR12MC Notes, Baa2 (sf) Placed Under Review for Possible Downgrade; previously on May 25, 2007 Definitive Rating Assigned Baa2 (sf)

Issuer: Fondo de Titulización de Activos SANTANDER HIPOTECARIO 2

....EUR51.8MB Notes, Aa3 (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2009 Confirmed at Aa3 (sf)

....EUR32.3MC Notes, A3 (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2009 Confirmed at A3 (sf)

....EUR49.8MD Notes, Ba2 (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2009 Downgraded to Ba2 (sf)

....EUR19.6ME Notes, Caa2 (sf) Placed Under Review for Possible Downgrade; previously on Nov 12, 2009 Downgraded to Caa2 (sf)

Issuer: HIPOTEBANSA 11 FONDO DE TITULIZACION DE ACTIVOS

....EUR15.5MB Notes, A2 (sf) Placed Under Review for Possible Downgrade; previously on Dec 9, 2002 Definitive Rating Assigned A2 (sf)

REGULATORY DISCLOSURES

For ratings issued on a program, series or category/class of debt, this announcement provides relevant regulatory disclosures in relation to

each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides relevant regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides relevant regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moody's.com.

Moody's considers the quality of information available on the rated entity, obligation or credit satisfactory for the purposes of issuing a rating.

Moody's adopts all necessary measures so that the information it uses in assigning a rating is of sufficient quality and from sources Moody's considers to be reliable including, when appropriate, independent third-party sources. However, Moody's is not an auditor and cannot in every instance independently verify or validate information received in the rating process.

Please see Moody's Rating Symbols and Definitions on the Rating Process page on www.moody's.com for further information on the meaning of each rating category and the definition of default and recovery.

Please see ratings tab on the issuer/entity page on www.moody's.com for the last rating action and the rating history. The date on which some ratings were first released goes back to a time before Moody's ratings were fully digitized and accurate data may not be available. Consequently, Moody's provides a date that it believes is the most reliable and accurate based on the information that is available to it. Please see the ratings disclosure page on our website www.moody's.com for further information.

Please see www.moody's.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Maria Turbica Manrique
Asst Vice President - Analyst
Structured Finance Group
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Barbara Rismondo
VP - Senior Credit Officer
Structured Finance Group
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Releasing Office:
Moody's Investors Service Espana, S.A.
Calle Principe de Vergara, 131, 6 Planta
Madrid 28002
Spain
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454



© 2011 Moody's Investors Service, Inc. and/or its licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ARE MOODY'S INVESTORS SERVICE, INC.'S ("MIS") CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY

MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources Moody's considers to be reliable, including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Any publication into Australia of this document is by MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001.

Notwithstanding the foregoing, credit ratings assigned on and after October 1, 2010 by Moody's Japan K.K. ("MJKK") are MJKK's current opinions of the relative future credit risk of entities, credit commitments, or debt or debt-like securities. In such a case, "MIS" in the foregoing statements shall be deemed to be replaced with "MJKK". MJKK is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO.

This credit rating is an opinion as to the creditworthiness or a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be dangerous for retail investors to make any investment decision based on this credit rating. If in doubt you should contact your financial or other professional adviser.