

Three Bankinter 13 Spanish RMBS Tranches Upgraded Following Review; Two Affirmed

March 25, 2021

Overview

- We have reviewed Bankinter 13 following the expansion of our global RMBS criteria's scope to include Spain, among other countries.
- Following our review of the transaction, we have raised our ratings on the class B, C, and D notes. At the same time, we have affirmed our ratings on the class A2 and E notes.
- Bankinter 13 is a prime RMBS transaction backed by loans Bankinter originated, and it was issued in November 2006.

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MADRID (S&P Global Ratings) March 25, 2021--S&P Global Ratings today raised its credit ratings on Bankinter 13, Fondo de Titulizacion de Activos' class B, C, and D notes to 'AAA (sf)', 'AA (sf)', and 'BBB (sf)', from 'AA (sf)', 'A-(sf)', and 'BB (sf)', respectively. At the same time, we affirmed our 'AAA (sf)' rating on the class A2 notes and our 'D (sf)' rating on the class E notes.

Upon expanding our global RMBS criteria to include Spanish transactions, we placed our ratings on the class B, C, and D notes under criteria observation. Following our review of the transaction performance and the application of our updated criteria, the ratings are no longer under criteria observation.

We estimate that around 2% of the loans are on payment holidays under a moratorium scheme. Arrears are low, in the region of 1% of the outstanding collateral balance. Cumulative defaults have also been limited, and overall, the transaction has performed strongly over the years.

Our weighted-average foreclosure frequency (WAFF) assumptions have decreased due to the introduction of the effective loan-to-value (ELTV) ratio, which is weighted by 80% of the original LTV (OLTV) and 20% of the indexed current LTV (CLTV). Under our previous criteria, only the OLTV was considered.

Our weighted-average loss severity (WALS) assumptions reflect the seasoning of the assets which supports a low indexed CLTV.

Table 1

Credit Analysis Results – Bankinter 13

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	8.63	5.68	0.49

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Table 1

Credit Analysis Results – Bankinter 13 (cont.)

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AA	6.02	3.90	0.24
A	4.72	2.00	0.09
BBB	3.68	2.00	0.07
BB	2.59	2.00	0.05
B	1.83	2.00	0.04

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

We affirmed our 'AAA (sf)' rating on the class A2 notes because we believe these notes have sufficient credit enhancement to withstand our stresses at the 'AAA' rating level.

Following our review, we raised our ratings on the class B, C, and D notes to 'AAA (sf)', 'AA (sf)', and 'BBB (sf)' from 'AA (sf)', 'A- (sf)', and 'BB (sf)', respectively. These notes could withstand stresses at higher ratings under our credit and cash flow analysis. However, we have limited our upgrades based on deteriorating macroeconomic conditions, and the risk associated with an eventual increase in arrears.

In February 2021 we downgraded the class E notes to 'D (sf)' from 'CCC- (sf)' because, in our view, the class E notes' interest shortfall that occurred in January 2021 reflects structural weaknesses, which we expect to prevail in the longer term. We have affirmed our 'D (sf)' rating because we believe the same considerations persist.

None of the assigned ratings are capped by the application of our counterparty or sovereign risk criteria.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

Related Criteria

- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019

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- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Bankinter 13's Class E Rating Lowered To 'D (sf)' Due To Missed Interest Payment, Feb. 18, 2021
- European RMBS Outlook 2021, Jan. 25, 2021
- S&P Global Ratings Definitions, Jan. 5, 2021
- European RMBS Index Report Q3 2020, Dec. 11, 2020
- Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts, May 1, 2020
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

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