Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Hecho Relevante de BANKINTER 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BANKINTER 2 PYME FONDO DE TITULIZACIÓN DE ACTIVOS** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard & Poor's Global Ratings** ("**S&P**") con fecha 31 de julio de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

  - **Serie B**: **AAA (sf)** (anterior **AA- (sf)**)
  - **Serie C**: **AA (sf)** (anterior **BBB+ (sf)**)
  - **Serie D**: **BBB (sf)** (anterior **BBB- (sf)**)

  La calificación asignada a la siguiente Serie de Bonos permanece sin cambios:

  - **Serie E**: **D (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 1 de agosto de 2018.

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Various Rating Actions Taken On Bankinter 2 PYME's SME CLO Notes Following Review

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OVERVIEW

- We have reviewed Bankinter 2 PYME's performance and applied our relevant criteria.
- Following our review, we have raised our ratings on the class B, C, and D notes, and resolved our CreditWatch placements of our ratings on the class B and C notes.
- At the same time, we have affirmed our rating on the class E notes.
- Bankinter 2 PYME is a single-jurisdiction cash flow CLO transaction backed by SME loans. It closed in June 2006 and is currently amortizing.

LONDON (S&P Global Ratings) July 31, 2018--S&P Global Ratings today raised its credit ratings on Bankinter 2 PYME, Fondo de Titulizacion de Activos' class B, C, and D notes. At the same time, we have removed our ratings on the class B and C notes from CreditWatch positive and affirmed our rating on the class E notes (see list below).

Bankinter 2 PYME is a single-jurisdiction cash flow collateralized loan obligation (CLO) transaction securitizing a portfolio of small and midsize enterprise (SME) loans that were originated by Bankinter S.A. in Spain. The transaction closed in June 2006.

CREDIT ANALYSIS

We have applied our European SME CLO criteria to assess the portfolio's average credit quality (see "European SME CLO Methodology And Assumptions," published on Jan. 10, 2013). In our opinion, the credit quality of the portfolio is about 'b', based on our qualitative originator assessment on Bankinter as strong and that Spain's Banking Industry Country Risk Assessment (BICRA) is 4 (see "Banking Industry Country Risk Assessment: Spain," published on Dec. 14, 2017).

Taking the above into account and considering the originator's average annual observed default frequency, we have applied a downward adjustment of one notch to the 'b+' archetypical average credit quality.

As a result of these factors, based on our assessment of the average credit quality of the portfolio, we generated our 'AAA' scenario default rate (SDR) of 62.28%.

We have calculated the 'B' SDR, based primarily on our analysis of historical SME performance data and our projections of the transaction's future performance. We have reviewed the portfolio's historical default data, and assessed market developments, macroeconomic factors, changes in country risk, and the way these factors are likely to affect the loan portfolio's creditworthiness. As a result of this analysis, our 'B' SDR is 6%.

We interpolated the SDRs for rating levels between 'B' and 'AAA' in accordance with our European SME CLO criteria.

RECOVERY RATE ANALYSIS

At each liability rating level, we assumed a weighted-average recovery rate (WARR) by considering the asset type (secured/unsecured) and the country recovery grouping (see table 7 in our European SME CLO criteria) and observed historical recoveries.

As a result of this analysis, our WARR assumption in a 'AAA' rating scenario was 34.80%. The recovery rates at more junior rating levels were higher (as outlined in our European SME CLO criteria).

CASH FLOW ANALYSIS

We used the portfolio balance that the servicer considered to be performing, the current weighted-average spread, and the WARRs that we considered to be appropriate. We subjected the capital structure to various cash flow stress scenarios, incorporating different default patterns and interest rate curves, to determine the rating level, based on the available credit enhancement for each class of notes under our European SME CLO criteria.

COUNTRY RISK

Our foreign currency long-term sovereign rating on Spain is 'A-'.

CASH FLOW ANALYSIS

The results of our credit and cash flow analysis indicate that all classes of notes have increased available credit enhancement, which, in our view, has primarily been driven by deleveraging of the transaction since our previous review
(see "Various Rating Actions Taken In Spanish SME CLO Transaction Bankinter 2 PYME Following Review," published on Dec. 14, 2016).

Under our structured finance ratings above the sovereign criteria (RAS criteria), we can rate a securitization up to four notches above our foreign currency rating on the sovereign if the tranche can withstand severe stresses (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016).

However, if all six of the conditions in paragraph 42 of the RAS criteria are met (including credit enhancement being sufficient to pass an extreme stress), we can assign ratings in this transaction up to a maximum of six notches (two additional notches of uplift) above the sovereign rating. For the class B notes, our analysis indicates that these notes are able to withstand the extreme stress as outlined by the RAS criteria. We have therefore raised to 'AAA (sf)' from 'AA- (sf)' and removed from CreditWatch positive our rating on the class B notes.

Furthermore, our analysis indicates that the class C notes can withstand severe stresses however do not appear to satisfy all of the conditions outlined under paragraph 42 of our RAS criteria. We have therefore raised to 'AA (sf)' from 'BBB+ (sf)' and removed from CreditWatch positive our rating on the class C notes.

Our credit and cash flow analysis of the class D notes indicates that they can achieve ratings higher than those previously assigned. While our analysis shows that the notes can achieve ratings in the 'A' category, much of the credit afforded to these notes derives from the reserve fund, assuming that it continues to remain outstanding at its original amount. We note however that the reserve fund may amortize over time if certain conditions are met, which may erode the level of available credit enhancement. We have factored this scenario into our credit and cash flow analysis of the class D notes. We have therefore raised to 'BBB (sf)' from 'BBB- (sf)' our rating on this class of notes.

The class E notes remain in default and so we have affirmed our 'D' (sf)' rating on this class of notes.

RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria - Structured Finance - CDOs: Mapping A Third Party's Internal Credit Scoring System To Standard & Poor's Global Rating Scale, May 8, 2014
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- Criteria - Structured Finance - CDOs: European SME CLO Methodology And Assumptions, Jan. 10, 2013
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Various Rating Actions Taken In Nine Spanish SME CLO Transactions Following Spanish Sovereign Upgrade, May 3, 2018
- Banking Industry Country Risk Assessment: Spain, Dec. 14, 2017
- 2017 EMEA Structured Credit Scenario And Sensitivity Analysis, July, 6, 2017
- Various Rating Actions Taken In Spanish SME CLO Transaction Bankinter 2 PYME Following Review, Dec. 14, 2016
- 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

RATINGS LIST

Class	Rating	
	To	From

Bankinter 2 PYME, Fondo de Titulizacion de Activos
€800 Million Asset-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

B	AAA (sf)	AA- (sf)

C	AA (sf)	BBB+ (sf)

Rating Raised

D	BBB (sf)	BBB- (sf)

Rating Affirmed

E	D (sf)