

Hecho Relevante de **BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA**

En virtud de lo establecido en el Folleto Informativo de **BANKINTER 3 FONDO DE TITULIZACIÓN HIPOTECARIA** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard & Poor’s Ratings Services** (“S&P”), con fecha 31 de diciembre de 2015, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A: AA+ (sf)** (anterior **AA (sf), Watch positive**)
- **Serie B: AA- (sf)** (anterior **A+ (sf), Watch positive**)

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

- **Serie C: BBB (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 5 de enero de 2016.

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RatingsDirect®

Ratings Raised In Spanish RMBS Transactions Bankinter 3 And 4 Following Sovereign Upgrade

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OVERVIEW

- On Oct. 2, 2015, we raised to 'BBB+' from 'BBB' our long-term sovereign rating on Spain.
- On Oct. 30, 2015, we 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 3 and 4's class A and B notes.
- Following the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, we have raised and removed from CreditWatch positive our ratings on Bankinter 3 and 4's class A and B notes.
- Bankinter 3 and 4 are Spanish RMBS transactions, which closed in October 2001 and September 2002, respectively.

LONDON (Standard & Poor's) Dec. 31, 2015--Standard & Poor's Ratings Services today raised and removed from CreditWatch positive its credit ratings on Bankinter 3 Fondo de Titulizacion Hipotecaria's and Bankinter 4 Fondo de Titulizacion Hipotecaria's class A and B notes (see list below).

Today's rating actions follow our Oct. 2, 2015 raising of our long-term sovereign rating on Spain to 'BBB+' from 'BBB' 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" and "Methodology And

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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 Bankinter 3 and 4's class A 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 residential mortgage-backed securities (RMBS) criteria as part of our credit and cash flow analysis (see "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014).

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. These transactions' 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 and our RMBS criteria, we have determined that our assigned rating on each class of notes in these transactions should be the lower of (i) the rating as capped by our RAS criteria and (ii) the rating that the class of notes can attain under our RMBS criteria.

BANKINTER 3

In our view, the transaction's performance has remained stable since our previous 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 0.50% of the current non-defaulted collateral balance, compared with 0.48% in our previous review.

Following the application of our credit and cash flow stresses under our RMBS criteria, we consider that the available credit enhancement for the class A and B notes is sufficient to support a 'AAA (sf)' rating level. However, the class A and B notes only pass stresses at the 'AA+ (sf)' and 'A+ (sf)' rating levels, respectively, under our RAS criteria. Consequently, the maximum uplift is six notches above the long-term sovereign rating for the class A notes and four notches for the class B notes. We have therefore raised to 'AA+ (sf)' from 'AA (sf)' and removed from CreditWatch positive our rating on the class A notes. At the same time, we have raised to 'AA- (sf)' from 'A+ (sf)' and

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removed from CreditWatch positive our rating on the class B notes.

Our rating on the class C notes is unaffected as we rate them below the long-term sovereign rating on Spain.

BANKINTER 4

In our view, the transaction's performance has remained stable since our Feb. 18, 2015 review. Severe delinquencies of more than 90 days are at 0.39% of the current non-defaulted collateral balance, compared with 0.36% in our previous review.

The class A and B notes have continued to amortize prorata. This, combined with the reserve fund remaining fully funded at its floor amount, has increased the available credit enhancement for the class A and B notes since our previous review.

Following the application of our credit and cash flow stresses under our RMBS criteria, we consider that the increased credit enhancement for the class A and B notes is sufficient to support rating levels of 'AA+ (sf)' and 'AA- (sf)', respectively.

However, despite the increased credit enhancement, the class A notes are not able to withstand the extreme stresses that we apply under our RAS criteria. As a result, we can only rate the class A notes up to four notches above the long-term sovereign rating. We have therefore raised to 'AA- (sf)' from 'A+ (sf)' and removed from CreditWatch positive our rating on Bankinter 4's class A notes.

The available credit enhancement for the class B notes is now sufficient to pass a severe stress under our RAS criteria, which it had failed to do in our previous review. Consequently, we can rate the class B notes up to four notches above the long-term sovereign rating. We have therefore raised to 'AA- (sf)' from 'BBB (sf)' and removed from CreditWatch positive our rating on Bankinter 4's class B notes.

Our rating on the class C notes is unaffected as we rate them below the long-term sovereign rating on Spain.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of continuing high unemployment in 2016.

Spain's economic recovery is gaining momentum, which is currently only supporting a marginal improvement in the collateral performance of transactions in our Spanish RMBS index. Despite positive macroeconomic indicators and low interest rates, persistent high unemployment and low

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household income ratios continue to constrain the RMBS sector's nascent recovery, in our view.

We expect severe arrears in the portfolios to remain vulnerable to downside risks. These include high unemployment and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future and stronger economic growth.

Bankinter 3 and 4 are Spanish RMBS transactions, which closed in October 2001 and September 2002, respectively, and securitize mainly first-ranking mortgage loans. Bankinter S.A. originated the pools, which comprise 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
- Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Methodology Applied To Bank Branch-Supported Transactions, 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 For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- 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

- 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,

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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
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Ratings Raised And Removed From CreditWatch Positive

Bankinter 3 Fondo de Titulizacion Hipotecaria
€1.323 Billion Mortgage-Backed Floating-Rate Notes

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

Bankinter 4 Fondo de Titulizacion Hipotecaria
€1.025 Billion Mortgage-Backed Floating-Rate Notes

A	AA- (sf)	A+ (sf)/Watch Pos
B	AA- (sf)	BBB (sf)/Watch Pos

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