

RatingsDirect®

Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 3 And 4 Following Review

Surveillance Credit Analyst:

Marisa Gomez, Madrid (34) 91-788-7208; marisa_gomez@standardandpoors.com

OVERVIEW

- On Nov. 14, 2012, we placed on CreditWatch negative our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes, due to the link between the ratings on the notes and the rating on the downgraded swap counterparty under our 2012 counterparty criteria, pending further analysis.
- Following our review, we have taken various rating actions in Bankinter 3 and 4.
- Bankinter originated the Spanish mortgage loans that back Bankinter 3 and 4, which closed in October 2001 and September 2002, respectively.

MADRID (Standard & Poor's) April 30, 2013--Standard & Poor's Ratings Services today took various credit rating actions in Bankinter 3 Fondo de Titulizacion Hipotecaria and Bankinter 4 Fondo de Titulizacion Hipotecaria.

Specifically, we have:

- Affirmed our rating on Bankinter 3's class A notes. At the same time, we have raised our rating on the class B notes, and affirmed and removed from CreditWatch negative our rating on the class C notes.
- Lowered our rating on Bankinter 4's class A notes. At the same time, we have lowered and removed from CreditWatch negative our ratings on the class B and C notes (see list below).

Today's rating actions follow the application of our 2012 counterparty criteria and our credit and cash flow analysis without the benefit of the swap counterparty (see "Counterparty Risk Framework Methodology And Assumptions,

Nov. 29, 2012).

On Nov. 14, 2012, we placed on CreditWatch negative our ratings on Bankinter 3's class C notes and Bankinter 4's class B and C notes (see "Ratings In Spanish RMBS Transactions Bankinter 3 And Bankinter 4 Placed On CreditWatch Negative For Counterparty Reasons," published on Nov. 14, 2012).

Bankinter S.A. (BB/Negative/B) is the swap counterparty for Bankinter 3 and 4. Although Bankinter complies with its obligations as swap counterparty under the transaction documents, these documents do not reflect our 2012 counterparty criteria. As the remedy provisions in the swap documents do not reflect our 2012 counterparty criteria, we have conducted our credit, cash flow, and structural analysis without giving benefit to the swap agreement, using the latest available portfolio and structural features information.

In both transactions, our 2012 counterparty criteria constrain the maximum potential ratings at the higher of:

- Our credit and cash flow results without the support of the swap counterparty, or
- One notch above our long-term 'BB' issuer credit rating (ICR) on Bankinter.

BANKINTER 3

Based on the trustee's latest available investor report (dated March 2013), the pool is quite seasoned, with a low weighted-average loan-to-value (LTV) ratio of 33.54%. In addition, the pool factor is low, at 16.66%. Bankinter 3's 90+ day delinquency rate is below our Spanish residential mortgage-backed securities (RMBS) index. As of March 2013, 90+ day delinquencies up to default (defined in this transaction as loans in arrears for more than 18 months) represented 0.38% of the outstanding pool balance. Cumulative defaults are 0.08% of the transaction's original balance. As of the last interest payment date (IPD), the reserve fund was at its required level under the transaction documents. Due to the pool's good performance, the class A and B notes are amortizing pro rata.

The class A and C notes can maintain the currently assigned ratings even without the benefit of the swap due to the increase in available credit enhancement, which includes a reserve fund amounting to 5.78% of the outstanding notes' balance and excess spread. We have therefore affirmed our 'AA- (sf)' rating on the class A notes, and have affirmed and removed from CreditWatch negative our 'BBB+ (sf)' rating on the class C notes.

Given the substantial increase in credit enhancement available to the class B notes, our credit and cash flow analysis indicates that the level of credit enhancement available to the class B notes is now commensurate with higher rating. We have therefore raised to 'AA- (sf)' from 'A+ (sf)' our rating on the class B notes.

Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 3 And 4 Following Review

Our nonsovereign ratings criteria constrain our ratings on the class A and B notes, as, under these criteria, the highest rating we would assign to a structured finance transaction is six notches above the investment-grade rating on the country in which the securitized assets are located (see "Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions," published on June 14, 2011). As this transaction securitizes Spanish assets, the highest achievable rating in this transaction is 'AA-', which is six notches above our 'BBB-' long-term sovereign rating on Spain.

BANKINTER 4

Based on the trustee's latest available investor report (dated March 2013), the pool is quite seasoned, with a low weighted-average LTV ratio of 36.58%. In addition, the pool factor is low, at 22.74%. Bankinter 4's 90+ day delinquency rate is below our Spanish RMBS index. As of March 2013, 90+ day delinquencies up to default (defined in this transaction as loans in arrears for more than 18 months) represented 0.28% of the outstanding pool balance. Cumulative defaults are 0.04% of the original balance. As of the last IPD, the reserve fund was at the floor level under the transaction documents (2.15% of the outstanding notes' balance). Due to the pool's good performance, the class A and B notes are amortizing pro rata.

When we conducted our cash flow analysis without giving benefit to the swap, after assuming margin compression and further stresses, the transaction exhibited negative carry. As a result, the transaction draws on principal funds to pay the interest on the notes. Without giving benefit to the swap, our cash flow analysis shows that, at the currently assigned ratings, the notes would experience principal shortfalls under some scenarios.

We have taken rating actions in this transaction because, when we conducted our cash flow analysis without giving benefit to the swap, the maximum ratings that the class A and B notes can achieve are 'A+ (sf)', and 'BBB (sf)', respectively. We have therefore lowered to 'A+ (sf)' from 'AA- (sf)' our rating on the class A notes, and lowered to 'BBB (sf)' from 'BBB+ (sf)' and removed from CreditWatch negative our rating on the class B notes.

Our cash flow analysis shows that the maximum rating that the class C notes can achieve without giving benefit to the swap is 'BB+ (sf)', which is also one notch higher than our long-term 'BB' ICR on the swap counterparty, Bankinter. We have therefore lowered to 'BB+ (sf)' from 'BBB+ (sf)' and removed from CreditWatch negative our rating on the class C notes.

Bankinter originated the Spanish mortgage loans that back Bankinter 3 and 4, which closed in October 2001 and September 2002, respectively.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties and enforcement mechanisms

available to investors and a description of how they differ from the representations, warranties and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Reports included in this credit rating report are available at <http://standardandpoorsdisclosure-17g7.com>.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Counterparty Risk Framework Methodology And Assumptions, Nov. 29, 2012
- Nonsovereign Ratings That Exceed EMU Sovereign Ratings: Methodology And Assumptions, June 14, 2011
- Principles Of Credit Ratings, Feb. 16, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Methodology And Assumptions: Update To The Cash Flow Criteria For European RMBS Transactions, Jan. 6, 2009
- Methodology And Assumptions: Update To The Criteria For Rating Spanish Residential Mortgage-Backed Securities, Jan. 6, 2009
- Criteria for Rating Spanish Residential Mortgage-Backed Securities, March 1, 2002

Related Research

- Entrenched In Recession, Europe Seeks A Balance Between Deleveraging And Growth, March 26, 2013
- Spanish RMBS Index Report Q3 2012: Delinquencies Keep Rising As Spain's Economy Struggles, Nov. 28, 2012
- Bankinter Long-Term Rating Lowered To 'BB' On Increasing Economic Risk In Spain, Outlook Negative, Nov. 23, 2012
- Ratings In Spanish RMBS Transactions Bankinter 3 And Bankinter 4 Placed On CreditWatch Negative For Counterparty Reasons, Nov. 14, 2012
- European Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, March 14, 2012
- Global Structured Finance Scenario And Sensitivity Analysis: The Effects Of The Top Five Macroeconomic Factors, Nov. 4, 2011

RATINGS LIST

| Class | To | Rating | From |
|---|----|--------|------|
| Bankinter 3 Fondo de Titulización Hipotecaria €1.323 Billion Mortgage-Backed Floating-Rate Notes | | | |

Rating Affirmed

Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 3 And 4 Following Review

A AA- (sf)

Rating Raised

B AA- (sf) A+ (sf)

Rating Affirmed And Removed From CreditWatch Negative

C BBB+ (sf) BBB+ (sf)/Watch Neg

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

Rating Lowered

A A+ (sf) AA- (sf)

Ratings Lowered And Removed From CreditWatch Negative

B BBB (sf) BBB+ (sf)/Watch Neg

C BB+ (sf) BBB+ (sf)/Watch Neg

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

Copyright © 2013 by Standard & Poor's Financial Services LLC. 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.