MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades 11 Notes in 4 Bankinter Spanish RMBS

Global Credit Research - 10 Sep 2014

London, 10 September 2014 -- Moody's Investors Service has today upgraded the ratings of 11 notes, confirmed the ratings of 3 notes and affirmed the rating of 1 note in 4 Spanish residential mortgage-backed securities (RMBS) transactions: Bankinter 6, FTA (BKI 6), Bankinter 7, FTH (BKI 7), Bankinter 8, FTA (BKI 8) and Bankinter 9, FTA (BKI 9).

Today's rating action concludes the review of 14 notes placed on review for upgrade on 17 March 2014, following the upgrade of the Spanish sovereign rating to Baa2 from Baa3 and the resulting increase of the local-currency country ceiling to A1 from A3 (https://www.moodys.com/research/PR_292078). The sovereign rating upgrade reflected improvements in institutional strength and reduced susceptibility to event risk associated with lower government liquidity and banking sector risks.

Please refer to the 'list of the affected ratings' at the end of this press release, before the regulatory disclosure section. The list is an integral part of this press release.

RATINGS RATIONALE

Today's upgrades reflect (1) the increase in the Spanish local-currency country ceiling to A1, (2) sufficiency of credit enhancement (CE) in the affected transactions; for the revised rating levels, Moody's has confirmed the ratings of the B(P), C(P) and C(T) notes in BKI 9 because of their exposure to swap counterparty risk.

-- Reduced Sovereign Risk

The Spanish sovereign rating was upgraded to Baa2 in February 2014, which resulted in an increase in the local-currency country ceiling to A1. The Spanish country ceiling, and therefore the maximum rating that Moody's will assign to a domestic Spanish issuer including structured finance transactions backed by Spanish receivables, is A1 (sf).

-- Credit Enhancement

The reserve funds are at the floor level for BKI 6, BKI 7 and BKI 8. The continuous deleverage in these transactions contributed to the build-up in available credit enhancement.

- Key collateral assumptions

The key collateral assumptions have not been updated as part of this review. The performance of the underlying asset portfolios remains in line with Moody's assumptions. Moody's also has a stable outlook (https://www.moodys.com/research/PBS_SF373727) for Spanish ABS and RMBS transactions.

Sensitivity of the ratings to increases in key collateral assumptions has been incorporated into the quantitative analysis. The increases included stresses of 1.3x Expected Loss and 1.2x MILAN. Sensitivity analysis would typically expect to see the ratings reduce by no more than two to three notches using these stressed assumptions. The results of this analysis did not limit the potential upgrade of the ratings on the notes upgraded in all 4 transactions.

The sufficiency of credit enhancement combined with stable performance and the reduction in sovereign risk have prompted the upgrade of the notes.

-- Exposure to Counterparties

Moody's rating analysis also took into consideration the exposure to key transaction counterparties, including the roles of servicer, account bank and swap provider.

The conclusion of today's rating review reflects the exposure to Bankinter, S.A. (Bankinter, Baa3/P-3) acting as servicer and collection account bank in all 4 transactions, and as swap counterparty in BKI 7 and BKI 9. Moody's concludes that the exposure to Bankinter as swap counterparty constrains the ratings on class C in BKI 7 and classes B(P), C(P), C(T) in BKI 9. Moody's further concludes that the CE available to B(P), C(P) and C(T) in BKI 9 is not sufficient for rating upgrades, resulting in their rating confirmations.

Principal Methodology

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in March 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Fators that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) further reduction in sovereign risk, (2) performance of the underlying collateral that is better than Moody's expected, (3) deleveraging of the capital structure and (4) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than Moody's expects, (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

List of Affected Ratings:

Issuer: BANKINTER 6, FTA

....EUR 1295.3M Class A Notes, Upgraded to A2 (sf); previously on Mar 17, 2014 Baa1 (sf) Placed Under Review for Possible Upgrade

....EUR 27.7M Class B Notes, Upgraded to Baa3 (sf); previously on Mar 17, 2014 Ba1 (sf) Placed Under Review for Possible Upgrade

....EUR 27M Class C Notes, Upgraded to Ba2 (sf); previously on Mar 17, 2014 B1 (sf) Placed Under Review for Possible Upgrade

Issuer: BANKINTER 7, FONDO DE TITULIZACIÓN HIPOTECARIA

....EUR 471.8M Class A Notes, Upgraded to A2 (sf); previously on Mar 17, 2014 Baa1 (sf) Placed Under Review for Possible Upgrade

....EUR 13M Class B Notes, Upgraded to Ba2 (sf); previously on Mar 17, 2014 Ba3 (sf) Placed Under Review for Possible Upgrade

....EUR 5.2M Class C Notes, Upgraded to B2 (sf); previously on Mar 17, 2014 B3 (sf) Placed Under Review for Possible Upgrade

Issuer: BANKINTER 8, FONDO DE TITULIZACION DE ACTIVOS

....EUR 1029.3M Class A Notes, Upgraded to A2 (sf); previously on Mar 17, 2014 Baa1 (sf) Placed Under Review for Possible Upgrade

....EUR 21.4M Class B Notes, Upgraded to Baa3 (sf); previously on Mar 17, 2014 Ba1 (sf) Placed Under Review for Possible Upgrade

....EUR 19.3M Class C Notes, Upgraded to Ba2 (sf); previously on Mar 17, 2014 B1 (sf) Placed Under Review for Possible Upgrade

Issuer: BANKINTER 9, FONDO DE TITULIZACION DE ACTIVOS

....EUR 656M Class A2 (P) Notes, Upgraded to A3 (sf); previously on Mar 17, 2014 Baa1 (sf) Placed Under Review for Possible Upgrade

....EUR 244.2M Class A2 (T) Notes, Affirmed A1 (sf); previously on Mar 17, 2014 Upgraded to A1 (sf)

....EUR 15.3M Class B (P) Notes, Confirmed at B1 (sf); previously on Mar 17, 2014 B1 (sf) Placed Under Review for Possible Upgrade

....EUR 17.2M Class B (T) Notes, Upgraded to Baa1 (sf); previously on Mar 17, 2014 Baa3 (sf) Placed Under

Review for Possible Upgrade

....EUR 7.1M Class C (P) Notes, Confirmed at B3 (sf); previously on Mar 17, 2014 B3 (sf) Placed Under Review for Possible Upgrade

....EUR 7M Class C (T) Notes, Confirmed at Ba2 (sf); previously on Mar 17, 2014 Ba2 (sf) Placed Under Review for Possible Upgrade

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of these transactions in the past six months.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

As the section on loss and cash flow analysis describes, Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain 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 certain 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 certain 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.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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