

## Ratings In Spanish RMBS Transaction Bankinter 8 Raised And Removed From CreditWatch Positive Following Sovereign Upgrade

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### OVERVIEW

On Oct. 2, 2015, we raised our long-term rating on Spain to 'BBB+' from 'BBB'.

On Oct. 30, 2015, we consequently 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 8'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 today raised and removed from CreditWatch positive our ratings on Bankinter 8's class A and B notes.

Bankinter 8 is a Spanish RMBS transaction, which closed in March 2004.

MADRID (Standard & Poor's) Jan. 21, 2016--Standard & Poor's Ratings Services today raised and removed from CreditWatch positive its ratings on Bankinter 8 Fondo de Titulizacion de Activos' 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 (/en\_AP/web/guest/article/-/view/sourceId/20014416)" and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance (/en\_AP/web/guest/article/-/view/sourceId/9184895)," published on May 29, 2015).

On Oct. 30, 2015, we placed on CreditWatch positive our ratings on certain classes of Spanish residential mortgage-backed securities (RMBS) and asset-backed securities (ABS) notes that could be affected by our upgrade of Spain, including our ratings on Bankinter 8'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 (/en\_AP/web/guest/article/-/view/sourceId/9392561)").

We have also applied our Spanish RMBS criteria as part of our credit and cash flow analysis (see "Italy And Spain RMBS Methodology And Assumptions (/en\_AP/web/guest/article/-/view/sourceId/8693319)," 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. The transaction's 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 (/en\_AP/web/guest/article/-/view/sourceId/5435305)," 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 this transaction 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.

We consider the performance of Bankinter 8 to be stable since our previous performance review (see "Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 5, 8, And 10 Following Criteria Updates (/en\_AP/web/guest/article/-/view/sourceId/9066586)," published on March 5, 2015). Severe delinquencies of more than 90 days are at 1.32% of the current non-defaulted collateral balance, compared with 1.13% in our previous review.

Our credit and cash flow analysis indicates that the available credit enhancement for the class A notes is sufficient to support a 'AAA (sf)' rating. However, our RAS criteria cap our rating on this class of notes at 'AA+ (sf)'. We have therefore raised to 'AA+ (sf)' from 'AA- (sf)' and removed from CreditWatch positive our rating on the class A notes.

Under our RAS criteria, the class B notes cannot be rated above the long-term rating on the sovereign. Additionally, our analysis indicates that the available credit enhancement for the class B notes is commensurate with a 'BBB+ (sf)' rating under the credit and cash flow stresses that we apply under our RMBS criteria. We have therefore raised to 'BBB+ (sf)' from 'BBB (sf)' and removed from CreditWatch positive our rating on the class B notes.

Our 'BB (sf)' rating on the class C notes is unaffected by today's rating actions as we currently rate this class below our long-term sovereign rating on Spain.

Bankinter 8 is a Spanish RMBS transaction, which closed in March 2004 and securitizes mainly first-ranking mortgage loans. Bankinter S.A. originated the pool, which comprises 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 (/en\_AP/web/guest/article/-/view/sourcelid/9184895), 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 (/en\_AP/web/guest/article/-/view/sourcelid/9049216), March 2, 2015  
 Global Framework For Assessing Operational Risk In Structured Finance Transactions (/en\_AP/web/guest/article/-/view/sourcelid/8737366), Oct. 9, 2014  
 Italy And Spain RMBS Methodology And Assumptions (/en\_AP/web/guest/article/-/view/sourcelid/8693319), Sept. 18, 2014  
 Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings (/en\_AP/web/guest/article/-/view/sourcelid/8097062), Oct. 24, 2013  
 Methodology Applied To Bank Branch-Supported Transactions (/en\_AP/web/guest/article/-/view/sourcelid/8130806), Oct. 14, 2013  
 Assessing Bank Branch Creditworthiness (/en\_AP/web/guest/article/-/view/sourcelid/8124237), Oct. 14, 2013  
 Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance (/en\_AP/web/guest/article/-/view/sourcelid/8204176), Sept. 13, 2013  
 Counterparty Risk Framework Methodology And Assumptions (/en\_AP/web/guest/article/-/view/sourcelid/7157027), June 25, 2013  
 Global Derivative Agreement Criteria (/en\_AP/web/guest/article/-/view/sourcelid/8058839), June 24, 2013  
 Criteria Methodology Applied To Fees, Expenses, And Indemnifications (/en\_AP/web/guest/article/-/view/sourcelid/7430465), July 12, 2012  
 Global Investment Criteria For Temporary Investments In Transaction Accounts, (/en\_AP/web/guest/article/-/view/sourcelid/7299006) May 31, 2012  
 Methodology: Credit Stability Criteria (/en\_AP/web/guest/article/-/view/sourcelid/5961504), May 3, 2010  
 Use Of CreditWatch And Outlooks (/en\_AP/web/guest/article/-/view/sourcelid/5612636), Sept. 14, 2009  
 Understanding Standard & Poor's Rating Definitions (/en\_AP/web/guest/article/-/view/sourcelid/5435305), June 3, 2009

## Related Research

Growth In Europe Is On Track, But Geopolitical Risks Have Risen (/en\_AP/web/guest/article/-/view/sourcelid/9433583), Dec. 2, 2015  
 Eurozone Recovery: Hangin' In There Despite Weak Foreign Demand (/en\_AP/web/guest/article/-/view/sourcelid/9426100), Nov. 25, 2015  
 Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch  
 Positive Following Sovereign And Bank Rating Actions (/en\_AP/web/guest/article/-/view/sourcelid/9392561), Oct. 30, 2015  
 Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable (/en\_AP/web/guest/article/-/view/sourcelid/20014416), Oct. 2, 2015  
 Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade (/en\_AP/web/guest/article/-/view/sourcelid/9351662), Sept. 30, 2015  
 Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly (/en\_AP/web/guest/article/-/view/sourcelid/9270503), Sept. 11, 2015  
 2015 EMEA RMBS Scenario And Sensitivity Analysis (/en\_AP/web/guest/article/-/view/sourcelid/9229965), Aug. 6, 2015  
 Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets (/en\_AP/web/guest/article/-/view/sourcelid/9265957), July 30, 2015  
 Despite The Turmoil In Greece, Europe's Fragile Growth Continues (/en\_AP/web/guest/article/-/view/sourcelid/9251524), July 14, 2015  
 Various Rating Actions Taken In Spanish RMBS Transactions Bankinter 5, 8, And 10 Following Criteria Updates (/en\_AP/web/guest/article/-/view/sourcelid/9066586), March 5, 2015  
 Outlook Assumptions For The Spanish Residential Mortgage Market (/en\_AP/web/guest/article/-/view/sourcelid/8822301), Sept. 18, 2014  
 European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors (/en\_AP/web/guest/article/-/view/sourcelid/8690597), July 8, 2014  
 Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality (/en\_AP/web/guest/article/-/view/sourcelid/8675308), July 2, 2014

## RATINGS LIST

| Class | To | Rating | From |
|-------|----|--------|------|
|-------|----|--------|------|

Bankinter 8 Fondo de Titulizacion de Activos  
 €1.07 Billion Mortgage-Backed Floating-Rate Notes

## Ratings Raised And Removed From CreditWatch Positive

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

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