

**Rating Action: Moody's reviews for downgrade the rating of C(T) notes in Bankinter 9, FTA due to swap counterparty risks**

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Global Credit Research - 04 Dec 2013

Madrid, December 04, 2013 -- Moody's Investors Service has today placed on review for downgrade the rating of tranche C(T) in Spanish RMBS deal Bankinter 9, FTA due to swap counterparty exposure. The determination of the linkage between swap counterparty and the credit quality of the notes reflects Moody's updated approach to assessing linkage to swap counterparties in structured finance cash flow transactions: "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cash Flow Transactions", published in November 2013.

Moody's rating action is as follows:

Issuer: BANKINTER 9, FTA

...EUR7M C (T) Notes, Ba2 (sf) Placed Under Review for Possible Downgrade; previously on Mar 20, 2013 Downgraded to Ba2 (sf)

**RATINGS RATIONALE**

Today's rating action reflects the impact of exposure to Bankinter S.A. (Ba1/NP) as swap counterparty, following the introduction of the rating agency's updated approach to assessing swap counterparty linkage in structured finance transactions. Please see Press Release [https://www.moody's.com/research/Moodys-reviews-for-downgrade-EMEA-RMBS-and-ABS-transactions-due--PR\\_286515](https://www.moody's.com/research/Moodys-reviews-for-downgrade-EMEA-RMBS-and-ABS-transactions-due--PR_286515)

Moody's understands that a swap collateral account has been opened with Bankinter, S.A. (Ba1/NP), but no collateral is currently being posted given that the swap is out of the money for the issuer. Tranche B(P) notes were placed on review for possible downgrade as of 14th of November 2013 due to exposure to swap counterparty. At that time, Moody's interpretation of the communication received from the relevant Management Company was that a higher rated entity was acting as collateral account bank and as a result did not place C(T) notes on review for possible downgrade. C(T) notes are today placed on review for possible downgrade as a result of taking into account that Bankinter, S.A. is acting as collateral account holder for this transaction. No other tranches are impacted by this change.

As part of its review, Moody's will incorporate the risk of additional losses on the notes in the event of them becoming unhedged following a swap counterparty default. Moody's will take into account structural features of the transactions that may reduce the impact of such disruption and any remedies or protection mechanisms implemented during the review period.

Key modelling assumptions and sensitivities for the affected transaction have not been updated as the rating action has been primarily driven by the assessment of counterparty exposure.

Factors that would lead to an upgrade or downgrade of the rating:

Factors or circumstances that could lead to a downgrade of the rating are performance of the underlying collateral that is worse than Moody's expected, a deterioration in the credit quality of the counterparties and an increase in sovereign risk.

Factors or circumstances that could lead to an upgrade of the rating are better performance of the underlying assets than Moody's expects and a decline in sovereign risk and a decline in counterparty risk.

The principal methodology used in this rating was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in November 2013. Please see the Credit Policy page on [www.moody's.com](http://www.moody's.com) for a copy of this methodology.

**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 this transaction in the past six months.

Moody's did not use any models, or loss or cash flow analysis, in its analysis.

Moody's did not use any stress scenario simulations in its analysis.

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](http://www.moodys.com).

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

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Maria Turbica Manrique  
Asst Vice President - Analyst  
Structured Finance Group  
Moody's Investors Service Espana, S.A.  
Calle Principe de Vergara, 131, 6 Planta  
Madrid 28002  
Spain  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Christophe de Noaillet  
MD - Structured Finance  
Structured Finance Group  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

Releasing Office:  
Moody's Investors Service Espana, S.A.  
Calle Principe de Vergara, 131, 6 Planta  
Madrid 28002  
Spain  
JOURNALISTS: 44 20 7772 5456  
SUBSCRIBERS: 44 20 7772 5454

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