Bankinter 19, Fondo de Titulización de Activos

RMBS / Spain

Closing Date
29 April 2009

Contacts
Antonio Tena
+34 91 702 66 81
Antonio.Tena@moodys.com
Mario Tarin
+34 91 702 66 34
Mario.Tarin@moodys.com
Neal Shah
+44 20 7772 5440
Neal.Shah@moodys.com

Client Service Desk
London: +44 20 7772-5454
Madrid: +34 91 414-3161
clientservices.emea@moodys.com
New York: +1 212 553-1653

Monitoring
monitor.rmbs@moodys.com

Definitive Ratings

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon	Subordi-nation*	Reserve fund	Total Credit Enhance-ment**
A	**Aaa**	€1,597.9	96.84	June 2052	3mE+0.30%	3.16%	3.20%	6.36%
B	**A1**	€20.7	1.26	June 2052	3mE+0.50%	1.90%	3.20%	5.10%
C	**Baa3**	€31.4	1.90	June 2052	3mE+0.70%	0.00%	3.20%	3.20%
Total		€1,650.0	100.00					

The ratings address the expected loss posed to investors by the legal final maturity. In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.
** At close.*
*** No benefit attributed to excess spread.*

Vscore for the sector:	*Medium*
Vscore for the subject transaction:	*Medium*

The subject transaction is a cash securitisation of mortgage loans extended to obligors located in Spain and is a static structure. The portfolio comprises mortgage loans secured by residential properties.

Asset Summary (definitive pool)

Seller(s)/Originator(s):	Bankinter (A1/ P-1; negative outlook)
Servicer(s):	Bankinter
Receivables:	Mortgage loans (first and second-liens) and first drawdowns on mortgage lines of credits granted to Spanish individuals mainly secured by residential properties (96%) located in Spain
Methodology Used:	– Cash Flow Analysis in EMEA RMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290) – Moody's Updated Methodology for Rating Spanish RMBS, July 2008 (SF133138)
Model Used:	MILAN, MARCO and ABSROM
Total Amount:	€1,650,001,085
Length of Revolving Period:	N/A: Static transaction
Number of Borrowers:	14,775
Borrower concentration:	Top 20 borrowers comprise 1.83% of the pool
WA Remaining Term:	24.35 years
WA Seasoning:	3.18 years
Interest Basis:	100% floating rate loans
Amortisation type:	French amortisation (99.5% monthly payments)
WA Original LTV:	Not available
WA Current LTV:	53.60% (4.20% of the portfolio has a LTV higher than 80%)
Moody's calculated WA indexed LTV:	48.20%
Delinquency Status:	No loan more than 30 days in arrears at the time of securitisation
Borrower credit profile:	Prime borrowers

Note a table of contents for this report appears on its final page.

Liabilities, Credit Enhancement and Liquidity

Excess Spread at Closing:	17 bppa
Credit Enhancement/Reserves:	Excess spread 3.20% amortising reserve fund Subordination of the notes Guaranteed Investment Contract (GIC) account earning three-month EURIBOR on deposits
Form of Liquidity:	Excess spread, Reserve Fund, principal to pay interest
Number of Interest Payments Covered by Liquidity:	Reserve Fund at initial level will cover 28 months of interest payments on the notes, given the current level of three-month Euribor
Hedging Arrangements:	Interest rate swap to cover interest rate risk (basis swap)
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	18 March, 18 June, 18 September, 18 December First payment date: 18 September 2009

Counterparties

Issuer:	Bankinter 19, Fondo de Titulizacion de Activos
Sellers/Originators:	Bankinter (A1/ P-1)
Contractual Primary Servicer(s):	Bankinter
Back-up Primary Servicer(s):	No back-up servicer agreement
Cash Manager:	Europea de Titulizacion S.G.F.T.; S.A (N.R.)
Swap Counterparty:	Bankinter
Issuer Account Bank:	Bankinter
Collection Account Bank:	Bankinter
Paying Agent:	Bankinter
Note Trustee (Management Company):	Europea de Titulización
Issuer Administrator:	Europea de Titulización
Arranger:	Europea de Titulización
Subordinate Loan Provider:	Bankinter

Moody's View

Outlook for the Sector:	Negative
Unique Feature:	Asset type and structure has been seen previously in the market
Degree of Linkage to Originator:	Bankinter acts as servicer, swap counterparty, paying agent and holds the collection and issuer account in the transaction. There is no back-up servicing arrangement contemplated in the documentation
Originator's Securitisation History:	
# of Precedent Transactions in Sector:	18 RMBS deals
% of Book Securitised:	65%
Behaviour of Precedent Transactions:	Better than average
Key Differences between Subject and Precedent Transactions:	This current transaction is significantly similar to precedent deals from Bankinter
Portfolio Relative Performance:	
Expected Loss/Ranking:	1.1%. Above peer group. Comparison on EL can be found in 'Benchmark Analysis'
Milan Aaa CE/Ranking:	4.4%. Average peer group. Comparison on Milan Aaa CE can be found in 'Benchmark Analysis'
Weighted-average Aaa stress rate for house prices:	45.25%
Potential Rating Sensitivity:	
Chart Interpretation:	When the rating was assigned, the model output indicated that Class A could have achieved a Aaa rating even if the expected loss had been as high as 3.30% and assuming the MILAN Aaa CE remained at 4.40%.
Factors Which Could Lead to a Downgrade:	In addition to the counterparty issues, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market beyond the recovery lag and stress that was modelled; and potential regulatory changes.

Table 1*:
Tranche A

		MILAN Aaa CE Output			
		4.40%	5.28%	6.16%	7.04%
Median Expected Loss	1.10%	**Aaa***	Aa1 (1)	Aa1 (1)	Aa1 (1)
	1.65%	Aaa (0)	Aa1 (1)	Aa1 (1)	Aa2 (2)
	2.20%	Aaa (0)	Aa1 (1)	Aa2 (2)	Aa2 (2)
	3.30%	Aaa (0)	Aa1 (1)	Aa3 (3)	A1 (4)

** Results under base case assumptions indicated by asterisk ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.*

Composite V Score

Breakdown of the V Scores Assigned to		Sector	Transaction	Remarks
Composite Score: Low, Medium or High		M	M	
1	**Sector Historical Data Adequacy and Performance Variability**	M	M	
1.1	Quality of Historical Data for the Sector	M	M	– Same as sector score.
1.2	Sector's Historical Performance Variability	M	M	– Same as sector score.
1.3	Sector's Historical Downgrade Rate	L/M	L/M	– Same as sector score.
2	**Issuer/Originator Historical Data Adequacy, Performance Variability and Quality of Disclosure**	M	M	
2.1	Quality of Historical Data for the Issuer/Sponsor/ Originator	M	M	– The historical information provided by Bankinter is limited to defaults, recoveries and prepayments from previous securitisation funds.
2.2	Issuer/Sponsor/Originator's Historical Performance Variability	M	L/M	– Bankinter deals show lower volatility than the market in performance – No precedents of downgrades in the previous seventeen transactions issued by Bankinter and rated by Moody's
2.3	Disclosure of Securitisation Collateral Pool Characteristics	L/M	L/M	– Bankinter has provided detailed information with respect to all the fields required in Moody's methodology, except on employment type for half of the portfolio and 6% for missing data on occupancy type.
2.4	Disclosure of Securitisation Performance	L/M	L/M	– Same as sector score.
3	**Complexity and Market Value Sensitivity**	L/M	L/M	
3.1	Transaction Complexity	L/M	L/M	– In line with a typical transaction in this sector.
3.2	Analytic Complexity	L/M	L/M	– In line with a typical transaction in this sector.
3.3	Market Value Sensitivity	L/M	L/M	– Same as a typical transaction in this sector.
4	**Governance**	L/M	L/M	
4.1	Experience of, Arrangements Among and Oversight of Transaction Parties	L/M	L/M	– Same as sector score.
4.2	Back-up Servicer Arrangement	L	L	– Same as sector score: investment grade servicer with management company to find back up if necessary.
4.3	Alignment of Interests	L/M	L/M	– Same as a typical transaction in this sector.
4.4	Legal or Regulatory Uncertainty	L/M	L/M	– Same as a typical transaction in this sector.

Strengths:

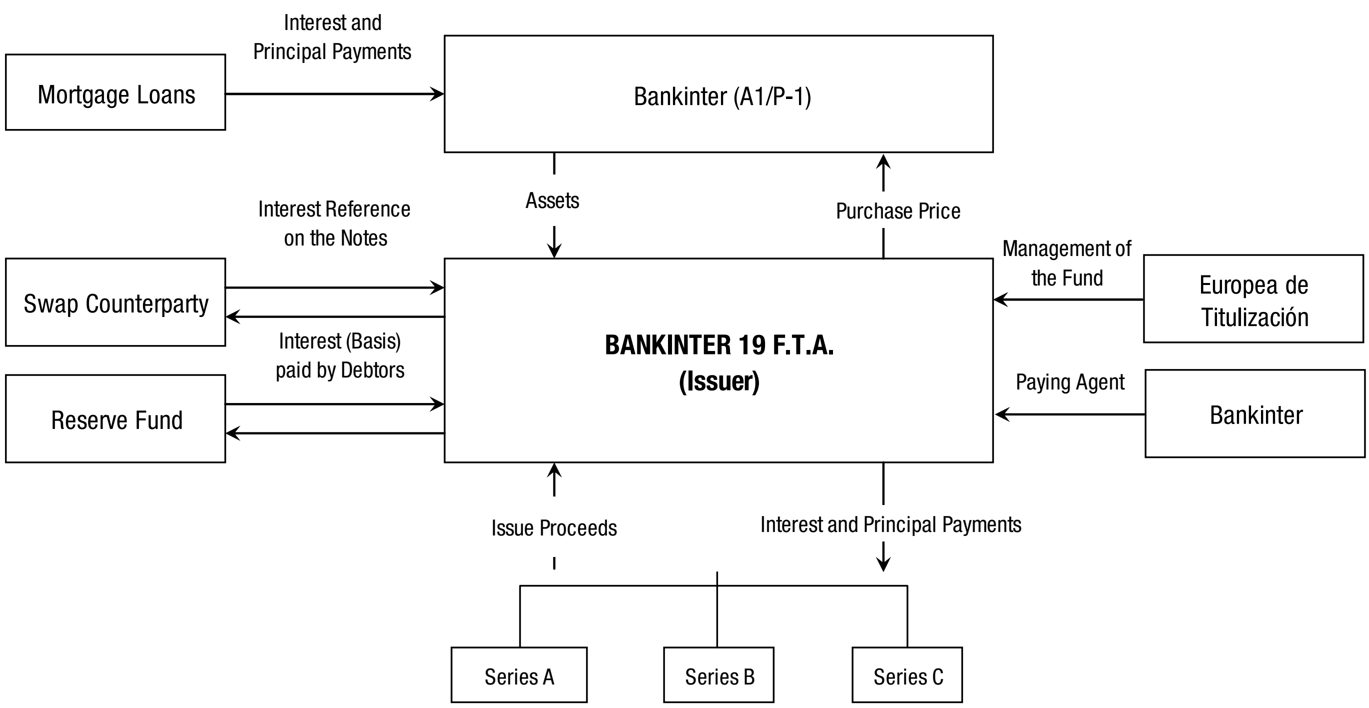
- **Credit support:** Reserve fund fully funded upfront equal to 3.20% of the notes to cover potential shortfall in interest and principal.
- **Weighted-average LTV:** Despite the considerations about the loan-to-value (LTV) calculation (see "Treatment of concerns), the portfolio has a non-adjusted weighted-average LTV of 53.6%. 4.2% of the portfolio has an LTV above 80%.
- **Seasoning:** The portfolio is well seasoned with weighted-average seasoning of 3.2 years.
- **Artificial write-off mechanism:** Excess spread-trapping mechanism through an 18-month "artificial write-off".
- **Hedging arrangements:** Basis interest rate swap in place to cover the mismatch between the basis on the mortgages and on the notes.
- **Commingling mitigants:** Commingling risk is mitigated by several provisions. Collections will be transferred weekly. If Bankinter is downgraded below P-1, the sweeping will be daily. In addition, if Bankinter is downgraded below Baa3, a line of credit covering one month of proceedings from the loans will be agreed with a P-1 entity.
- **Performance on previous deals:** the previous securitisation funds issued by Bankinter have a better performance than the Spanish market average.
- **Geographical diversification:** The portfolio has good geographical diversification, in line with Bankinter's nationwide business activity. The maximum regional exposure is Madrid (22.0%).

Concerns and Mitigants:

Moody's rating committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

- **Flexible products:** 16.1% of the portfolio comprises flexible mortgages (line of credit and payment holiday periods), where borrowers are allowed to make further drawings up to a maximum credit limit defined at origination. Any such further drawings are subject to Bankinter's credit review and approval. Moody's has determined the severity and default probability based on the maximum drawable amount.
- **Liquidity arrangements:** The transaction does not have a liquidity facility to cover potential liquidity shortfalls. This is mitigated by a principal to pay interest mechanism and the fully funded reserve fund of 3.20%.
- **Employment:** No employment information was provided for 51.2% of the portfolio. In mitigation, the Milan Aaa CE accounts for a penalty in this respect.
- **Second liens:** 11.3% of the portfolio corresponds to second-lien mortgages. Prior ranks have been reported. Moody's MILAN framework takes into account this risk.
- **Occupancy type:** 10.8% of the portfolio corresponds to second residences. For 6.4%, no occupancy type data has been received (or it is not residential). Moody's MILAN framework takes into account this risk.
- **Origination channel:** 17% have been originated through channels other than the branch network. Moody's MILAN framework takes into account this risk.
- **Property type:** 4.0% of the portfolio corresponds to loans backed by non-residential properties. Moody's MILAN framework takes into account this risk.
- **Pro-rata amortisation:** Pro-rata amortisation of Series B and C leads to reduced credit enhancement of the senior series in absolute terms. This is mitigated by strict triggers which interrupt the pro-rata amortisation of the notes if the transaction's performance deteriorates.
- **Deferral of interest:** The deferral of interest payments on each of Series B and C benefits the repayment of the series senior to each of them, but increases the expected loss on Series B and C themselves. The reserve fund and the subordination have been sized accordingly to account for this deterioration on the expected loss.
- LTV calculation: 6.9% of the portfolio corresponds to loans backed by two or more properties. In mitigation, the LTV has been adjusted to take into account this peculiarity (see "Treatment of Concerns").

Chart 1:
Structure Chart



Allocation of Payments/Waterfall: On each quarterly payment date, the *Fondo's* available funds (i.e. amounts received from the portfolio, the reserve fund, the commingling reserve (if applicable), amounts received under the swap agreement, and interest earned on the treasury account) will be applied in the following simplified order of priority:

1. Cost and fees, excluding servicing fee (except if Bankinter is replaced as servicer of the loans)
2. Any amount due under the swap agreement and swap termination payment if the *Fondo* is the defaulting or sole affected party
3. Interest payment in sequential order to Series A, Series B (if not deferred) and Series C (if not deferred).
4. Principal payments in sequential order (subject to pro-rata amortisation trigger) until repaid in full to Series A, B and C
5. Interest payment in sequential order to Series B notes (if deferred) and Series C notes (if deferred)
6. Replenishment of the reserve fund
7. Interest payment to subordinated loan
8. Amortisation of subordination loan
9. Interest payment to initial expenses loan
10. Amortisation of initial expenses loan
11. Termination payment under the swap agreement (except if the *Fondo* is the defaulting or the sole affected party)
12. Junior expenses

The notes will amortise sequentially unless conditions for pro-rata amortisation are met.

Allocation of Payments/PDL-like mechanism: A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 18 months or one written off.

Performance Triggers:

Trigger	Conditions	Remedies/Cure/implication
Interest Deferral	– The cumulative level of written-off loans exceeds 10.0% and 8.0% for Classes B and C, respectively	If the conditions are met, interest payment on the relevant classes of notes will be postponed to the principal payment of the more senior notes in the payment waterfall.
Pro-rata amortisation	– The arrears level (loans more than 90 days in arrears, excluding the written off loans) is less than 1.25% for Class B and 1.00% for Class C; and – The reserve fund is at the required level; and – The loan balance is no less than 10% of the initial balance; and – The subordination below Class A is equal or higher than 2x the initial subordination.	If the conditions are not met, principal receipts will be allocated sequentially until fully redeemed to Class A, then to Class B, and then to Class C; otherwise it will be allocated pro-rata.
Reserve Fund Amortisation	– The arrears level (defined as the percentage of loans that are more than 90 days in arrears) exceeds 1%; or – The reserve fund is not funded at its required level on the previous payment date; or – The weighted average margin of the portfolio is lower than 30 bps; or – Less than three years have elapsed since closing	The target amount of the reserve fund will not be reduced on any payment date on which these occur.

Reserve Fund:

- At Close: 3.20% of initial balance of the notes
- Amortising to: 6.40% of the outstanding balance of the notes
- Floor: 1.60% of initial amount of the notes

After the first three years from closing, the Reserve Fund may amortise over the life of the transaction subject to the floor and Reserve Fund amortisation trigger.

Liquidity:

- Principal to pay interest mechanism.
- The reserve fund is a further source of liquidity.

Subordination of interest: The payment of interest on Series B and C will be brought to a more junior position if, on any payment date, and for each of these series the written-off level exceeds 10.0% and 8.0% for Series B and C, respectively**.**

Assets:

Asset transfer:

True Sale: According to the legal opinion received, the securitisation of assets will be carried out in compliance with the Spanish Securitisation Law.

Bankruptcy Remoteness: Under the Spanish Securitisation Law, a Spanish SPV (FTA/FTH) is not subject to the Spanish Insolvency Law. Only the management company, acting in the best interest of the noteholders, can decide to liquidate the *Fondo*.

Interest rate mismatch: 100% of the portfolio corresponds to floating-rate loans linked to 12-month EURIBOR; whereas the three-month EURIBOR on the notes resets every quarter on the determination dates. Consequently, the *Fondo* will be subject to base rate mismatch risk.

Mitigant: The *Fondo* will enter into a swap agreement with Bankinter to mitigate these risks and obtain a minimum level of excess spread. Under the swap agreement:

- The Fondo will pay the sum of the total interest amount due at the reference indices from the non written-off loans, excluding those loans in holiday payment.
- The swap counterparty will pay the interest rate reference (three-month EURIBOR), over a notional calculated as the daily average of the non written-off loans during the period.

The main peculiarity of this basis swap is the fact that the *Fondo* will be exposed to the delinquencies level in the portfolio, as it will have to pay any interest due, paid or not by the borrowers, to the swap counterparty.

The swap documentation complies with Moody's swap criteria and has been articulated under ISDA.

Cash Commingling: All of the payments under the loans in this pool are collected by the servicer under a direct debit scheme into the originator's account. Consequently, in the event of insolvency of Bankinter and until notification is delivered to the relevant debtors to redirect their payments, payments by the underlying debtors will continue to be collected by the servicer and may commingle with other funds belonging to Bankinter.

Mitigant:

- Payments are transferred on a weekly basis to the treasury account in the name of the *Fondo* held by Bankinter.
- If Bankinter's short-term rating falls below P-1, the sweeping will be accelerated to daily.
- If Bankinter's long-term rating falls below Baa3, the servicer will: (i) find a P-1 rated entity to extend a line of credit; or (ii) deposit a commingling reserve in a P-1 entity. The amounts deposited in the reserve or drawn from the line of credit will be part of the available funds if the servicer does not transfer received collections to the *Fondo* (draw down amounts will be equal to the amount of collections received and not transferred by Bankinter). In both cases, these amounts will be repaid junior in the waterfall.
- In the event of insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable, the management company may demand that the servicer notifies obligors of the portfolio's

transfer to the *Fondo* and advises obligors that payments on their loans will only be effective as a discharge if made into the treasury account in the name of the issuer. The management company also has the ability to carry out the notification.

Set off: 100% of obligors have accounts with the seller.

Mitigant: Set off is very limited because only unpaid instalments that are considered as fully due and payable prior to the declaration of insolvency might be offset against the deposits held by the originator.

Permitted variations: Any renegotiation of the terms and conditions of the loans is subject to the management company's approval. The management company may authorise Bankinter to renegotiate the interest rate or maturity of the loans without requiring its approval. Finally, Bankinter can renegotiate the option of a grace period (interest payment only) for no longer than 12 months.

Mitigant: Bankinter will be unable to extend the maturity of any loan beyond 17 December 2048. Moreover, the renegotiation of the maturity of the loans is subject to various conditions, of which the following are the most significant:

1. The global initial amount of loans on which the maturity has been extended cannot be greater than 10% of the initial amount of the pool.
2. The frequency of payments cannot be decreased.
3. The amortisation profile cannot be modified.

Bankinter will be unable to renegotiate the margin of any loan once the weighted-average margin of the portfolio is below 30 bps.

Bankinter will be unable to grant any grace period if the amount of loans enjoying this option as a result of renegotiations is greater than 1% of the initial amount of the pool.

Originator Profile, Servicer Profile, and Operating Risks

Date of Operations Review:	March 2009

Originator Background:

	Bankinter compares favourably with the average originator in Spain. Its underwriting policies and marketing practices are in line with the market standards, but as a positive differentiating factor, its commercial strategy is highly conservative.
Rating:	A1/P-1; negative outlook
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	N/A
Asset Size:	As of December 2008, Bankinter's individuals mortgage portfolio represented more than 50% of its total investment, with a volume of €24.4 billion
% of Total Book Securitised:	65% of total mortgage book
Transaction as % of Total Book:	6.7%
% of Transaction Retained:	100%

Originator Assessment	**Main Strengths and Weaknesses**
Originator Ability	
Sales & Marketing Practices	– The first contact with applicants is mainly done at the branch level (84% of the individual's mortgage book). The remaining part is contacted through internet, agents or brokers. – When the first contact is carried through other channels, the file is redirected to the branch level. From then, the underwriting criteria are the same for all files. – 77% of the mortgage debtors (individuals) have a net family income above €40,000 per year.
Underwriting Policies & Procedures	– For every transaction an electronic file is created with all the necessary information to grant the loan. This information system for individuals is called SINPAR. – The main criteria checked are: (i) debtor's background as Bankinter client; (ii) credit history (ASNEF, CIRBE, RAI); (iii) net incomes; (iv) affordability; (v) personal wealth and (vi) property location and value. – Decision making is decentralised. Generally, decisions can be taken at the branch level for a mortgage loan below €250,000 if the LTV is below 80% and the internal scoring is below 6. – The scoring system in place is a key element in the procedure. 84% of loans granted go through this automatic tool. During 2008, more than 30,000 files were scrutinised through the scoring system. – The scoring system is validated by Bank of Spain. – The scoring provides three different outputs: Approved, Doubtful, Denied. 55% of the automatic scores are directly approved. – In case of doubt, the file is redirected to a higher level of risk analysis. Bankinter has 129 risk analysts. – The DTI ratio is calculated dividing the debtor's financial debt in Bankinter by the net income (after taxes, haircutting variable income). No stress on the interest rate is applied.

Property Valuation Policies & Procedures	– Bankinter follows a centralised procedure with respect to property valuations. – Bankinter assigns each valuation randomly to a pool of five nationwide appraisal companies and five regional appraisal companies. – The appraisal value is directly transmitted to the central department. The branch only receives it once the central department has redirected it.
Closing Policies & Procedures	– A mortgage loan usually takes 17 days in total from application to closing.
Credit Risk Management	– To guarantee the quality of the information, Bankinter carries out random internal audits.
Originator Stability	
Quality Control & Audit	– Bankinter is regulated by the Bank of Spain and carries out annual external audits. – The pool being securitised has been audited.
Management Strength & Staff Quality	– Bankinter staff has a good and long expertise within the mortgage market. – A special effort is made in staff training. On average, each employee receives 56 training hours per year. IT tools are widely used in this training process.
Technology	– Bankinter has one of the most developed IT systems (internal network, scoring, monitoring, electronic files) in Spain.

Servicer & Back-Up Servicer Background:

Bankinter compares favourably with the average servicer in Spain. Its approach is proactive, with a special emphasis on automatic alert systems.

Servicer and Its Rating:	Bankinter (A1/ P-1; negative outlook)
Total Number of Mortgages Serviced:	218,000
Number of Staff:	30

Servicer Assessment:	**Main Strengths and Weaknesses**
Servicer Ability	
Loan Administration	– The servicing activity is headed by the Central Mortgage Unit. – The Registration Department verifies all the information received with respect to the mortgage registration (public deed). – Cash reconciliation is done in a daily basis
Early Arrears Management	– The average number of delinquent loans per servicing employee is 200. – The level of risk for each mortgage borrower is assessed through behavioural scoring. – Loans in arrears above €60,000 are transferred to an arrears manager. – The management of a mortgage loan in arrears starts five days after the first unpaid installment. – From day 60, management is by the Recovery Department. – There is no significant outsourcing at arrears management
Loss Mitigation and Asset Management	– On average, Bankinter starts the foreclosure process 120 days after the first delinquency. – For loans above €120,000, the Central Mortgage Unit manages the file. – Each manager covers 100 loans at this stage. – Bankinter works with both internal and external lawyers (35). – On average, it takes 17 months from the beginning of the foreclosure process until the property sale. – Bankinter has not had a significant number of properties repossessed.
Servicer Stability	
Management Strength & Staff Quality	– There are 130 people full dedicated to recoveries. – There are five managers at the Central Mortgage Unit. – There are two people in charge of training the servicing staff.
IT, Reporting & Quality control, Audit	– Bankinter is above the Spanish market standard.

Back-up Servicer and Its Rating:	None appointed as of closing (see below)

Originator/Servicer Related Triggers

Key Servicer Termination Events:	Insolvency, administration by the Bank of Spain, breach of servicer's obligations, or servicer's financial condition being detrimental to the Fund or noteholders' interests (always at discretion of the management company).
Downgrade of Original Servicer's Rating to Certain Level	N/A
Appointment of Back-up Servicer Upon:	If the servicer is downgraded below Baa3, it will have 60 days to find a back-up servicer.
Key Cash Manager Termination Events:	Insolvency.
Notification of Obligors of True Sale	Insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at the discretion of the management company).
Conversion to Daily Sweep (if original sweep is not daily)	If the servicer is downgraded below P-1, payments will be daily.

Notification of Redirection of Payments to *Fondo's* Account	Insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at the discretion of the management company).
Accumulation of Set Off Reserve	N/A
Build up of Commingling Reserve	If the servicer is downgraded below Baa3: (i)a line of credit to mitigate commingling risk, and covering one month's proceeds from the loans, will be assigned from a P-1 entity; or (ii) a commingling reserve, also covering one month's proceeds, will deposited in a P-1 entity. The amount of the line of credit or the commingling reserve will be equal to the highest future scheduled monthly amount of principal and interest collections, at the time of the downgrade, assuming a 0% delinquency rate and 10% prepayment rate.

Receivable Administration:

Method of Payment:	100% by direct debit
% of Obligors with Account at Originator:	100%
Distribution of Payment Dates:	*Data not provided*

Cash Manager/Management Company:

Cash Manager and Its Rating: Europea de Titulizacion S.G .F.T.; S.A (N.R.)

Main Responsibilities:

- Complying with its formal, documentary and reporting duties to the CNMV, the Rating Agencies and any other supervisory body.
- Complying with the calculation duties (including calculation of Available Funds, withholding obligations, etc) provided for and taking the actions laid down in the Deed of Constitution and in the prospectus.
- Calculating and determining on each Determination Date the principal to be amortised and repaid on each Bond Series on the relevant Payment Date.
- Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions.
- The Management Company may extend or amend the agreements entered into on behalf of the Fund, and substitute, as the case may be, each of the Fund service providers on the terms provided for in each agreement.

Calculation Timeline:	Determination date (four business days before the Payment Date)
Back-up Cash Manager and Its Rating:	None
Main Responsibilities of Back-up Cash Manager:	N/A

Collateral Description (Definitive Pool)

Chart 2:
Portfolio Breakdown by Year of Origination

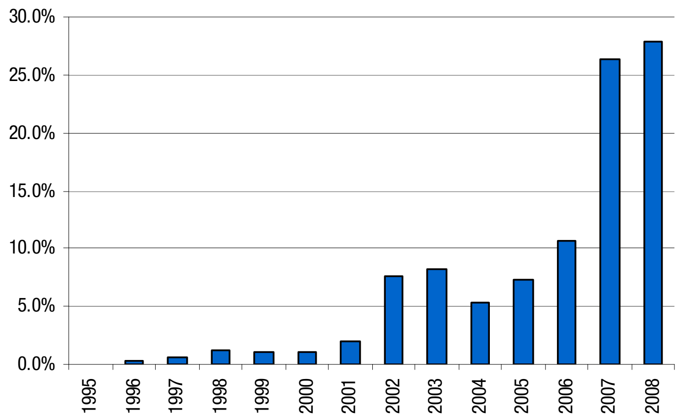


Chart 3:
Portfolio Breakdown by LTV

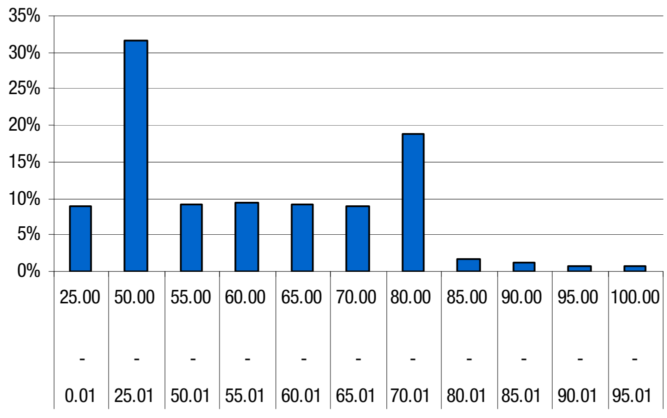


Chart 4:
Portfolio Breakdown by Geography

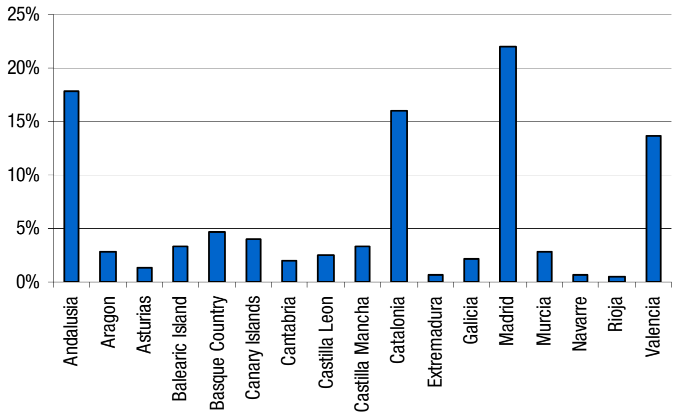


Chart 5:
Portfolio Breakdown by Property Type

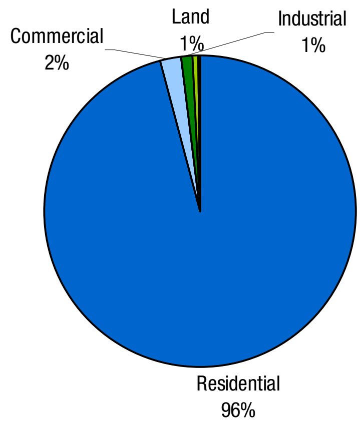
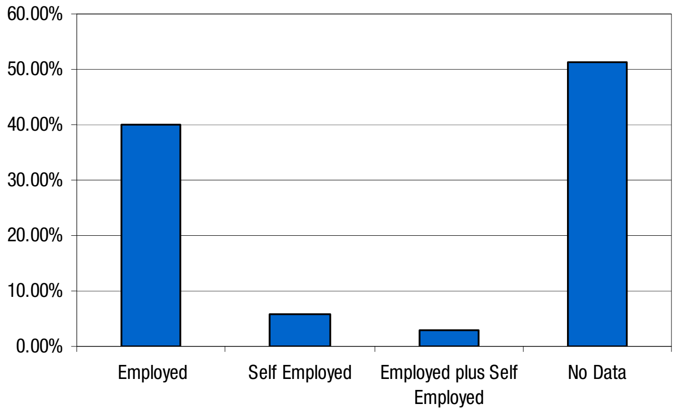


Chart 6:
Portfolio Breakdown by Employment Type



Audits: Performed on the provisional pool by PRICEWATERHOUSECOOPERS AUDITORES, S.L., in compliance with the Spanish regulatory framework.

Product Description: The collateral backing the notes' issuance mainly comprises first-lien mortgage loans (88.7%). The remaining part is composed of mortgage loans with prior ranks in place. Flexible products (see below) represent 16.1% of the portfolio.

Flexible Product: The *HIPOTECA SIN* is a specific mortgage product commercialised by Bankinter. This flexible product comprises a traditional mortgage product with several additional characteristics that aid payment flexibility. These include: (i) successive redraws on the portion of the mortgage that has been amortised; (ii) extension of credit payment terms; and (iii) holiday payments (both interest and principal grace periods). Only the first drawdowns of the line of credit are securitised in this deal.

Regarding more specific characteristics of the product:

– First drawdown: up to 80% LTV.
– Successive drawdowns: up to the level of the initial drawdown. Each additional drawdown is always subject to Bankinter's approval.
– Maturity of successive drawdowns: up to 10 years (with a maximum level equal to the initial maturity).
– Loan Extension: The debtor has the option of extending the mortgage loan to up to 40 years. No extensions are possible during the first two years but after this, the debtor can extend the mortgage loan by six months for each full year that has already been amortised.
– Holiday Payment: These are valid from Year 3 onwards, with a maximum of three consecutive instalments per year and no more than 12 grace periods in a 10-year period.

In the first instalment after the holiday payment period, the borrower has to repay in full the interest accrued and not paid during the period.

The current arrears level from Bankinter's global mortgage book shows a better performance for this type of flexible product.

Eligibility Criteria: The key eligibility criteria are as follows:

– The mortgage certificates exist and are valid and enforceable.
– The mortgage certificates are all denominated and payable exclusively in euros.
– The mortgaged properties are all finished and located in Spain and have been appraised by duly qualified institutions approved by the Bank of Spain.
– None of the mortgage certificates have any payments more than one month overdue at the date the mortgage certificate was issued.

- The Originator has strictly adhered to the policies in force for granting credit at the time in granting each and every one of the mortgage certificates.
- Each mortgage certificate must be registered in the relevant property registry.

Credit Analysis

Precedent Transactions' Performance: Bankinter has launched 18 previous RMBS transactions on which performance information is available.

Data Quantity and Content: Bankinter has provided historical information on delinquencies, prepayments and recoveries with respect to former securitisation funds with flexible products in the portfolios.

In Moody's view, the quality of data received is better than what we receive from some of the other originators.

Chart 7 and 8 below show 90+ delinquencies from other Bankinter's securitisation funds and recoveries by default vintage, whils chart 9 shows prepayments (CPR) for these same deals.

Chart 7:
Delinquencies

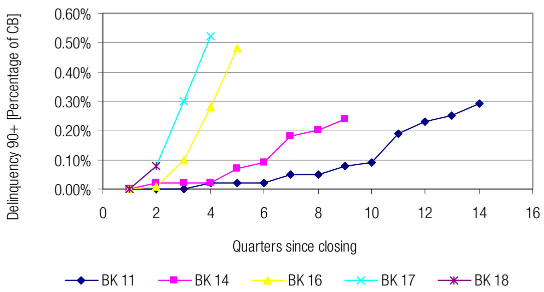


Chart 8:
Recoveries

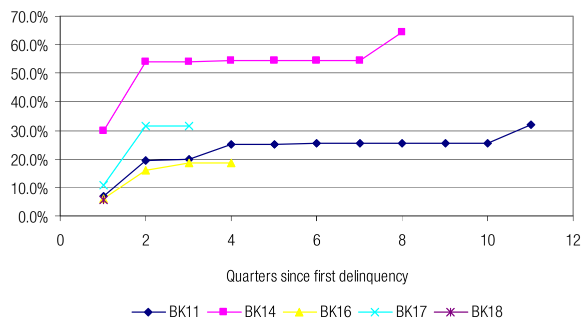
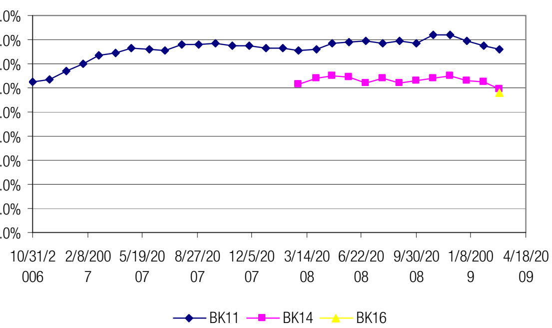


Chart 9:
Prepayments (CPR)



Assumptions and definitions Note that other values within a range of the notional amount listed below may achieve the same ratings.

Spread compression / margin analysis	50% of the assumed CPR comes from repayment of high interest rate loans. The other 50% is from repayment of loans with average interest rates.
WA Margin at closing	31 bppa
WA asset margin after reset	N.A.
Asset reset date	N.A.
Liabilities reset frequency	Quarterly
Interest on cash	Three month-Euribor
Expected Median Loss	1.10%
Milan Aaa CE	4.40%
Stressed Fees	30bps
Actual Fees	*Data not provided*
Write-off	18 months

The spread in the deal will depend on the actual average margin paid from the portfolio. Moody's has applied a margin compression taking into consideration the current margins paid by each mortgage loan, and assuming the effect that prepayments and renegotiations will have on the portfolio margin along the life of the deal. Bankinter is allowed to renegotiate the margin of any loan as long as the weighted-average margin of the portfolio is above 30 bps

Modelling Approach:

Loss Distribution: The first step in the analysis is to determine a loss distribution of the pool of mortgages to be securitised. Due to the large number of loans and supporting historical data, Moody's uses a continuous distribution to approximate the loss distribution: the lognormal distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility around this expected loss. These parameters are derived from two important sources: historical loss data and the loan-by-loan model.

Moody's has been provided with recovery and prepayment data with respect to other securitisation funds previously launched by the originator, and this was used in addition to other applicable and relevant data in order to extrapolate expected losses for the loan pool. Examples of data include market and sector-wide performance data, the performance of other securitisations, and other originators' data.

To obtain the volatility under "stressed" scenarios, Moody's takes into account historical data. However, observed historical volatility may not be significant (given insufficient data points, or incomplete data), and in addition may not be representative for the future as it is based on the previous economic environments experienced.

Consequently, Moody's determines a number representing the enhancement that would be required for a pool of mortgages to obtain a rating consistent with **Aaa** under highly stressed conditions. This enhancement number (the "MILAN **Aaa** CE" number) is produced by using a loan-by-loan model, which looks at each loan in the pool individually and based on its individual characteristics such as LTV or other identified drivers of risk, will produce a benchmark CE number. This assumes stressed recovery rates (through house price decline), time to recovery, interest rates and costs to foreclosure. The weighted-average benchmark CE number will then be adjusted according to positive and negative characteristics of each loan or of the pool as a whole to produce the MILAN **Aaa** CE number.

Modelling assumption: The Milan **Aaa** CE number and the expected loss number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses.

The standard deviation of the distribution is found by setting the expected loss of the area of the lognormal distribution beyond the MILAN Aaa CE equal to the expected loss that is consistent with the idealised expected loss of a Aaa tranche.

The rating of the notes is therefore based on an analysis of:

- The characteristics of the mortgage pool backing the notes; sector-wide and originator-specific performance data; protection provided by credit enhancement and liquidity support against defaults and arrears in the mortgage pool; the roles of the swap and hedging providers; and the legal and structural integrity of the Issue.

Treatment of Concerns:

Specific characteristic of this pool (high proportion of low income borrowers), combined with uncertainty on the sector and a deteriorating economic environment resulted in a Milan Aaa CE in excess of that which would be driven by the model outcome.

The current WALTV is 53.6%. This figure takes into account the prior ranks of second-lien mortgage loans, but it does not take into account two key factors: (i) the LTV can increase over the life of the deal in the case of flexible products; and (ii) the LTV can be modified in mortgage loans backed by more than one property if there is any change in the legal liability shares. The treatment of both concerns is described below.

– **Employment type:** No information was provided on employment for 51.2% of the pool. In mitigation, the Milan Aaa CE accounts for a penalty in this respect (MILAN adjustment 30% for the whole pool due to partial information on employment data).

– **Flexible products:** 16.1% of the portfolio comprises flexible products, on which borrowers are allowed to make further drawings up to a maximum credit limit defined at origination. To size the risk of increasing the LTV for these loans during the life of the deal, Moody's has determined the severity and default probability in the MILAN Aaa CE based on the maximum drawable amount for such loans. Additionally, this product can enjoy up to three months of holiday payments per year (see Collateral Description). In mitigation, the Milan Aaa CE accounts for a penalty in this respect (MILAN adjustment 25% for this product).

– **Property type:** 4% of the portfolio is backed by non-residential properties. In mitigation, the Milan Aaa CE accounts for a penalty in this respect (MILAN adjustment 50% for commercial properties and 100% for others).

– **Occupancy type:** 19% of the portfolio is backed by non owner-occupied properties. In mitigation, the Milan Aaa CE accounts for a penalty in this respect (MILAN adjustment 50% for these loans).

– **Second-lien** loans: 8% of the portfolio comprises second-lien loans. The severity for these loans takes into account the prior ranks informed by Bankinter.

– **Loans backed by more than one property:** 6.9% of the portfolio is backed by more than one property (excluding garages and warehouses). Moody's identifies two risk associated to these loans:

(1) The recourse to each property is limited to a certain percentage (the legal responsibility of each loan). Assume a mortgage loan of €100 (legal responsibilities). This loan is backed by a first property with an appraisal value of €100, the legal responsibility over this property is 80% and for a second property with an appraisal land value of €100 the legal responsibility is 20%. After the auction, the bank recovers €60 in the first property and €40 in the second property.

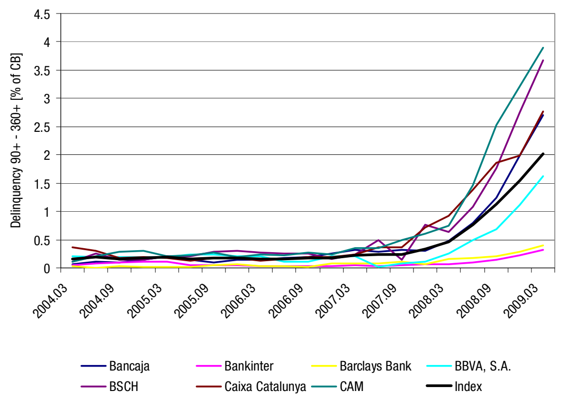
The total recovery is a 60 + 20 cap with the legal responsibilities. The rest of the money belongs to the debtor, therefore the bank will have to pursue the debtor for the rest of the debt (in Spain the banks have full recourse against the debtors). To mitigate this problem, Moody's calculates the appraisal value weighted by the legal responsibility of each property. Therefore the appraisal value introduced in the MILAN model is €100 * 80% + €100 * 20% = €100. Instead of €200 (the sum of each appraisal value)

(2) In addition as the mortgage loans amortise, the debtor may liberate the mortgage over the second home, therefore the LTV may revert its initial level. However, the cancellation of the second property is not automatic; the debtors have to ask for the cancellation of the additional legal responsibility.

Benchmark Analysis

Performance Relative to Sector: In Moody's view, the historical performance of the 18 previous securitisation funds launched by Bankinter is stronger than the Spanish RMBS market average.

Chart 10:
Spanish RMBS 90+ Delinquencies



Benchmark Table

Deal Name	BANKINTER 19	GÉNOVA HIPOTECARIO XII	BANKINTER 18
Closing date	April 29, 2009	July 16, 2008	November 13, 2008
Pool cut-off date	Definitive Portfolio as of closing	Definitive Portfolio as of closing	Provisional pool as of October 2, 2008
Originator	BANKINTER	BARCLAYS BANK S.A.	BANKINTER
Servicer	BANKINTER	BARCLAYS BANK S.A.	BANKINTER
MILAN Aaa CE	4.40%	2.90-3.10%	4.83-5.03%
EL	1.10%	0.55-0.65%	0.75-0.95%
PORTFOLIO STRATIFICATION			
Avg. Current LTV	53.6%	56.2%	57.8%
% Current LTV > 70%	23.0%	27.0%	36.6%
% Current LTV > 80%	4.2%	0.0%	14.0%
% Current LTV > 90%	1.5%	0.0%	8.3%
Avg. Current LTV indexed[1]	48.2%	52.1%	Not publicly available
% Self Employed	5.8%	Not publicly available	16.3%
% Non-owner Occupied (Includes: Partial Owner)	19.0%	Not publicly available	18.0%
% in Arrears	0.0%	0.7%	3.7%
Max regional concentration	Madrid (22%)	Madrid (25%)	Catalonia (19%)
PORTFOLIO DATA			
Current Balance	€1,650,001,085	€800,000,000	€1,655,631,059
Average Loan	€111,675	€163,265	€150,539
Borrower top 20 (as % of pool bal)	1.8%	2.3%	Not publicly available
% Non Residents	3.8%	Not publicly available	Not publicly available
% Foreign Residents	2.9%	Not publicly available	3.0%
WA Interest Rate	4.9%	5.1%	5.3%
WA Margin	0.51%	Not publicly available	Not publicly available
Main Interest Rate Index	12 month-Euribor (100%)	Not publicly available	12 month-Euribor (100%)
Average seasoning in years	3.2	1.7	1.3
Average time to maturity in years	24.4	25.5	28.3
Non Residential Properties	4.0%	0.0%	2.4%
Maximum Maturity Date	September 2048	December 2037	July 2048
Average House Price stress rate[2]	45.3%	Not publicly available	Not publicly available
Average House Price change[3]	7.1%	Not publicly available	Not publicly available
STRUCTURAL FEATURES			
Notes Payment Frequency	Quarterly	Quarterly	Quarterly
Total Aaa size	6.36%	6.25%	9.35%
RF at Closing[4]	3.20%	3.50%	3.00%
RF Fully Funded at Closing? [5]	Yes	Yes	Yes
RF Floor[6]	1.60%	1.75%	1.50%
Hedge in place	Yes	Yes	Yes
Guaranteed XS (if applicable)	No	No	No
Principal to pay interest?	Yes	Yes	Yes

1 As per Moody's calculation.

2 As per Moody's Milan methodology for Aaa scenario

3 As per Moody's calculation

4 Of original note balance

5 Of original note balance

6 Of original note balance

Parameter Sensitivities[i]

Parameter sensitivities for this transaction were calculated in the following manner: Moody's assumed 16 loss distributions derived from the combinations of MILAN Aaa Credit Enhancement: 4.40% (base case), 5.28% (base x 1.2), 6.16% (base x 1.4) and 7.04% (base x 1.6) and expected loss: 1.10% (base case), 1.65% (base x 1.5), 2.20% (base x 2) and 3.30% (base x 3). The 4.40% / 1.10% scenario would represent the base case assumptions used in the initial rating process.

The charts below show the parameter sensitivities for this transaction with respect to all Moody's rated tranches*.

Table 3:
Tranche A

		MILAN Aaa CE Output			
		4.40%	5.28%	6.16%	7.04%
Median Expected Loss	1.10%	**Aaa***	Aa1 (1)	Aa1 (1)	Aa1 (1)
	1.65%	Aaa (0)	Aa1 (1)	Aa1 (1)	Aa2 (2)
	2.20%	Aaa (0)	Aa1 (1)	Aa2 (2)	Aa2 (2)
	3.30%	Aaa (0)	Aa1 (1)	Aa3 (3)	A1 (4)

Table 4:
Tranche B

		MILAN Aaa CE Output			
		4.40%	5.28%	6.16%	7.04%
Median Expected Loss	1.10%	**A1***	A2 (1)	A3 (1)	Baa1 (3)
	1.65%	A2 (1)	Baa1 (3)	Baa2 (1)	Baa3 (5)
	2.20%	A3 (2)	Baa2 (4)	B1 (9)	Ba1 (6)
	3.30%	Ba2 (7)	B1 (9)	B3 (11)	B3 (11)

Table 5:
Tranche C

		MILAN Aaa CE Output			
		4.40%	5.28%	6.16%	7.04%
Median Expected Loss	1.10%	**Baa3***	Ba1 (1)	Ba1 (1)	Ba2 (2)
	1.65%	Ba3 (3)	B1 (4)	B2 (5)	B2 (5)
	2.20%	<B3(>9)	<B3(>9)	<B3(>9)	<B3(>9)
	3.30%	<B3(>9)	<B3(>9)	<B3(>9)	<B3(>9)

** Results under base case assumptions indicated by asterisk ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.*

Worse-case scenarios: At the time the rating was assigned, the model output indicated that Class A would have achieved the Aaa rating even if the expected loss was as high as 3.30% assuming Milan Aaa CE remain at 4.40% and all other factors had remained the same. The model output further indicated that the Class A would not have been assessed a Aaa rating with a Milan Aaa CE of 5.28%, and expected loss of 1.10%.

Monitoring

Moody's will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: Bankinter will act as swap counterparty, as well as servicer. If the servicer is downgraded below Baa3, it will have 60 days to assign a back-up servicer agreement.

Significant Influences: In addition to the counterparty issues, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market beyond the recovery lag and stress that was modelled.

Counterparty Rating Triggers	**Condition**	**Remedies**
Interest Rate Swap Counterparty	In accordance with Moody's swap guidelines**	
Treasury Account Bank	Loss of P-1	If the short-term rating of the treasury account provider falls below P-1, the management company will find a suitably rated guarantor or substitute within 30 business days
Collection Account Bank	Loss of Baa3	(i) Line of credit will be signed; or (ii) Commingling Reserve will deposited at a P-1 entity

*** See Framework for De-Linking Hedge Counterparty Risks from Global Structured Finance Transactions Moody's Methodology, May 15 2006*

Monitoring Report: Moody's has reviewed the template for the monitoring report and found it to be in line with the Spanish market standards.

- The management company (Europea de Titulización) will be in charge of providing periodically the investor reports (quarterly) and the pool updated information reports (monthly).
- Investor report will be provided at the end of the month on each payment date.
- As of the date of publication there is no commitment from the management company to provide Moody's with updated pool cut on a periodic basis.
- Investor report will be available on the management company website: [www.edt-sg.com]

Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Rating Methodologies:

- Moody's Updated Methodology for Rating Spanish RMBS, July 2008 (SF133138)
- Cash Flow Analysis in EMEA RMBS: Testing Structural Features with the MARCO Model (Moody's Analyser of Residential Cash Flows), January 2006 (SF58290)

Company Profile:

- Bankinter, May 2009 (117224)

Credit Opinion:

- Bankinter

New Issue Reports:

- Bankinter 18, November 2008 (SF147448)
- Bankinter 16, March 2008 (SF125133)

Performance Overview:

- All previous BANKINTER transactions

Special Reports:

- Spanish RMBS Q1 2009 Indices, June 2009 (SF171335)
- Structural Features in the Spanish RMBS Market Artificial Write-Off Mechanisms: Trapping the Spread, January 2004 (SF29881)
- Introducing Moody's Arrears Index for Spanish Mortgage-Backed Securities,March 2002 (SF12700)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Table of Contents

1 Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged. It is not intended to measure how the rating of the security might migrate over time, but rather, how the initial rating of the security might differ as certain key parameters vary. For more information on V Score and Parameter sensitivity methodology for RMBS, please refer ‘V Scores and Parameter Sensitivities in the Major EMEA RMBS Sectors’ published in April 2009.

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