

Rating Action: Moody's assigns definitive ratings to BANKINTER 20 FTA, a Spanish RMBS transaction

Global Credit Research - 13 Jul 2010

London, 13 July 2010 -- Moody's Investors Service has assigned definitive ratings to the following class of Notes to be issued by BANKINTER 20 FTA:

Aaa to the EUR 1,650,000,000 notes due 2053

The transaction represents the securitisation of Spanish mortgage loans originated by Bankinter. The assets supporting the notes are prime mortgage loans secured by residential properties located in Spain. The portfolio will be serviced by Bankinter.

The expected portfolio loss of 1.2% and the MILAN Aaa required credit enhancement of 6% serve as input parameters for Moody's cash flow model, which is based on a probabilistic lognormal distribution as described in the report "The Lognormal Method Applied to ABS Analysis", published in September 2000. These low figures relative to other recent Spanish transactions reflect the relatively low weighted average loan-to-value of the portfolio and the better historical performance of previous transactions by Bankinter than the average in the Spanish market. The characteristics of the pool and quality of the originator are similar to previous Bankinter transactions. However, the uncertainty derived from systemic risk and deteriorating economic environment in Spain resulted in a MILAN Aaa CE in excess of that shown in previous transactions. In addition, support for liquidity risk is stronger than in the previous transaction since from closing date, 3.2% of reserve fund (out of 8%) can only be used to cover for shortfalls in the payments of senior costs and notes interest due during life of deal and to pay principal and interest at deal maturity.

The V Score for this transaction is Medium, which is in line with the V score assigned for the Spanish RMBS sector. Only one subcomponent of the V Score have been assessed better than the average for the Spanish RMBS sector. Issuer/Sponsor/Originator's historical performance variability is Low/Medium, which is lower than the Medium V score assigned for the Spanish RMBS sector for this sub-component because the low delinquency rates shown by this originator relative to the rest of the market. The portfolio in the subject transaction has very similar characteristics than in previous transactions and thus, we do not expect major differences in the performance to previous transactions. V-Scores are a relative assessment of the quality of available credit information and of the degree of dependence on various assumptions used in determining the rating. High variability in key assumptions could expose a rating to more likelihood of rating changes. The V-Score has been assigned accordingly to the report "V Scores and Parameter Sensitivities in the Major EMEARMBSS Sectors" published in April 2009.

The principal methodologies used in rating the transaction were "Moody's Approach to Rating Spanish RMBS" and "Cash Flow Analysis in EMEA RMBS: Testing Structural Features with the MARCO Model (Moody's Analyser of Residential Cash Flows)", which can be found at www.moody.com in the Rating Methodologies sub-directory under the Research & Ratings tab. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Rating Methodologies sub-directory on Moody's website.

The definitive ratings address the expected loss posed to investors by the legal final maturity. The structure allows for timely payment of interest and ultimate payment of principal at par on or before the legal final 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 the yield to investors.

To obtain a copy of Moody's New Issue Report on this transaction, please see Moody's website www.moody.com or contact our Client Service Desk in London +44-20-7772 5454. In addition, Moody's publishes a weekly summary of structured finance credit, ratings and methodologies, available to all registered users of our website, at www.moody.com/SFQuickCheck.

London
Neal Shah
MD - Structured Finance
Structured Finance Group
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

London
Frank Julia-Sala
Analyst
Structured Finance Group
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

SECURITIES. MIS DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. CREDIT RATINGS DO NOT CONSTITUTE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS ARE NOT RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. CREDIT RATINGS DO NOT COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MIS ISSUES ITS CREDIT RATINGS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT. All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. Under no circumstances shall MOODY'S have any liability to any person or entity for (a) any loss or damage in whole or in part caused by, resulting from, or relating to, any error (negligent or otherwise) or other circumstance or contingency within or outside the control of MOODY'S or any of its directors, officers, employees or agents in connection with the procurement, collection, compilation, analysis, interpretation, communication, publication or delivery of any such information, or (b) any direct, indirect, special, consequential, compensatory or incidental damages whatsoever (including without limitation, lost profits), even if MOODY'S is advised in advance of the possibility of such damages, resulting from the use of or inability to use, any such information. The ratings, financial reporting analysis, projections, and other observations, if any, constituting part of the information contained herein are, and must be construed solely as, statements of opinion and not statements of fact or recommendations to purchase, sell or hold any securities. Each user of the information contained herein must make its own study and evaluation of each security it may consider purchasing, holding or selling. NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

MIS, a wholly-owned credit rating agency subsidiary of MOODY'S Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MIS have, prior to assignment of any rating, agreed to pay to MIS for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moodys.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

Any publication into Australia of this Document is by MOODY'S affiliate MOODY'S Investors Service Pty Limited ABN 61 003 399 657, which holds Australian Financial Services License no. 336969. This document is intended to be provided only to wholesale clients (within the meaning of section 761G of the Corporations Act 2001). By continuing to access this Document from within Australia, you represent to MOODY'S and its affiliates that you are, or are accessing the Document as a representative of, a wholesale client and that neither you nor the entity you represent will directly or indirectly disseminate this Document or its contents to retail clients (within the meaning of section 761G of the Corporations Act 2001).