





# (/en\_US/web/guest/home) Five Bankinter Spanish RMBS Tranches Upgraded Following Review; Seven Tranches Affirmed

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## Overview

We have reviewed Bankinter 6, 10, and 11 following the expansion of the global RMBS criteria's scope to include Spain, among other countries.

Following our review of these transactions, we have raised our ratings on five classes of notes. At the same time, we have affirmed our ratings on seven classes of notes.

Bankinter 6, 10, and 11 are prime RMBS transactions originated by Bankinter which were issued between 2003 and 2005. MADRID (S&P Global Ratings) Feb. 25, 2021--S&P Global Ratings today raised its credit ratings on Bankinter 6 Fondo de Titulizacion de Activos' class B and C notes to 'AAA (sf)' from 'AA (sf)', Bankinter 10, Fondo de Titulizacion de Activos' class B and C notes to 'AA (sf)' and 'A+ (sf)' from 'A+ (sf)' and 'BBB+ (sf)', respectively, and Bankinter 11 Fondo de Titulizacion Hipotecaria's class C notes to 'AA (sf)' from 'A+ (sf)'.

At the same time, we affirmed our 'AAA (sf)' ratings on Bankinter 6's class A notes, Bankinter 10's class A2 notes, and Bankinter 11's class A2 and B notes. Finally, we affirmed our 'B- (sf)' ratings on Bankinter 10 and Bankinter 11's class D notes, and our 'CCC- (sf)' rating on Bankinter 10's class E notes.

Upon expanding our global RMBS criteria to include Spanish transactions, we placed our ratings on some classes of notes on these transactions under criteria observation. Following our review of these transactions' performance and the application of our updated criteria, the ratings are no longer under criteria observation.

In these deals, we estimate that around 2% of the loans are on payment holidays under a moratorium scheme. Arrears are low, in the region of 1% of the outstanding collateral balance. Cumulative defaults have also been contained and overall, the transactions have performed strongly over the years.

Our weighted-average foreclosure frequency (WAFF) assumptions have decreased due to the introduction of the effective loan-to-value (ELTV) ratio, which is weighted by 80% of the original LTV (OLTV) and 20% of the indexed current LTV (CLTV). Under our previous criteria, only the OLTV was considered.

Our weighted-average loss severity (WALS) assumptions reflect the seasoning of the assets which supports a low indexed CLTV.

## Table 1

**Credit Analysis Results – Bankinter 6**

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	6.76	2.00	0.14
AA	4.75	2.00	0.10
A	3.75	2.00	0.08
BBB	2.95	2.00	0.06
BB	2.11	2.00	0.04
B	1.53	2.00	0.03

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

**Table 2****Credit Analysis Results – Bankinter 10**

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	6.49	2.00	0.13
AA	4.62	2.00	0.09
A	3.68	2.00	0.07
BBB	2.94	2.00	0.06
BB	2.16	2.00	0.04
B	1.61	2.00	0.03

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

**Table 3****Credit Analysis Results – Bankinter 11**

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	6.65	15.09	1.00
AA	4.76	12.06	0.57
A	3.81	7.08	0.27
BBB	3.06	4.91	0.15
BB	2.27	3.63	0.08
B	1.72	2.68	0.05

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

**Bankinter 6**

We affirmed our 'AAA (sf)' rating on the class A notes as our analysis shows these notes are resilient to the different stresses we apply at this rating level. The same rationale applies to our upgrades of the class B and C notes to 'AAA (sf)' from 'AA (sf)'.

**Bankinter 10**

We affirmed our 'AAA (sf)' rating on the class A2 notes as we believe these notes have sufficient credit enhancement to withstand our stresses at the 'AAA' rating level.

Following our review, we raised our ratings on the class B and C notes to 'AA (sf)' and 'A+ (sf)' from 'A+ (sf)' and 'BBB+ (sf)', respectively. These notes could withstand stresses at higher ratings under our credit and cash flow analysis. However, we have limited our upgrades based on deteriorating macroeconomic conditions, and the risk associated with an eventual increase in arrears.

Despite benefitting from the reserve fund for both interest and principal payments, the class D notes are unable to pass any of our cash flow scenarios given the modest excess spread in the transaction. We believe, however, that payments on this class of notes are not dependent upon favorable financial and economic conditions and, under our criteria for assigning 'CCC' ratings, we have affirmed our 'B- (sf)' rating on these notes.

We believe the likelihood of repayment of Bankinter 10's class E notes depends on favorable business, financial, and economic conditions. These notes benefit from the reserve fund for interest payments but rely on no tail-end losses to pay down (as the reserve fund and limited excess spread are its only amortization source). We have therefore affirmed our 'CCC- (sf)' rating on this class of notes in line with our 'CCC' ratings criteria.

**Bankinter 11**

We have affirmed our 'AAA (sf)' ratings on the class A2 and B notes as we believe these notes have sufficient credit enhancement to withstand our stresses at the 'AAA' rating level.

Following our review, we raised our rating on the class C notes to 'AA (sf)' from 'A+ (sf)'. These notes could withstand stresses at higher ratings under our credit and cash flow analysis. However, we have limited our upgrades based on deteriorating macroeconomic conditions, and the risk associated with an eventual increase in arrears.

Despite benefitting from the reserve fund for both interest and principal payments, the class D notes are unable to pass any of our cash flow scenarios given the modest excess spread in the transaction. We believe, however, that payments on this class of notes are not dependent upon favorable financial and economic conditions and, under our criteria for assigning 'CCC' ratings, we have affirmed our 'B- (sf)' rating on this class of notes.

None of the assigned ratings are capped by the application of our counterparty or sovereign risk criteria.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: [www.spglobal.com/ratings](http://www.spglobal.com/ratings) (<http://www.spglobal.com/ratings>)). As the situation evolves, we will update our assumptions and estimates accordingly.

## Related Criteria

Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities (/en\_US/web/guest/article/-/view/sourceld/11734324), Dec. 22, 2020

Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance (/en\_US/web/guest/article/-/view/sourceld/11140277), Oct. 18, 2019

Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceld/10861340), March 8, 2019

Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceld/10836964), Jan. 30, 2019

Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans (/en\_US/web/guest/article/-/view/sourceld/10808991), Jan. 25, 2019

Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology (/en\_US/web/guest/article/-/view/sourceld/9733017), March 29, 2017

Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions (/en\_US/web/guest/article/-/view/sourceld/8737366), Oct. 9, 2014

Criteria | Structured Finance | General: Global Derivative Agreement Criteria (/en\_US/web/guest/article/-/view/sourceld/8058839), June 24, 2013

General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings (/en\_US/web/guest/article/-/view/sourceld/7554329), Oct. 1, 2012

General Criteria: Principles Of Credit Ratings (/en\_US/web/guest/article/-/view/sourceld/6485398), Feb. 16, 2011

Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment (/en\_US/web/guest/article/-/view/sourceld/5428209), May 28, 2009

## Related Research

European RMBS Outlook 2021 (/en\_US/web/guest/article/-/view/sourceld/11799532), Jan. 25, 2021

S&P Global Ratings Definitions (/en\_US/web/guest/article/-/view/sourceld/504352), Jan. 5, 2021

European RMBS Index Report Q3 2020 (/en\_US/web/guest/article/-/view/sourceld/11744504), Dec. 11, 2020

Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts (/en\_US/web/guest/article/-/view/sourceld/11475804), May 1, 2020

2017 EMEA RMBS Scenario And Sensitivity Analysis (/en\_US/web/guest/article/-/view/sourceld/10156650), July 6, 2017

Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourceld/9913417), Dec. 16, 2016

European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourceld/9914948), Dec. 16, 2016

## Regulatory Disclosures For Each Credit Rating Including Ratings List Table

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Disclosures include requirements relating to press releases or reports published in accordance with Article 10(1), 10(2), and 10(5), and Annex I, Section D, I, 1, 2, 2a, 4, and 5. These requirements are available by rating via the link titled "Regulatory Disclosure" and include, but are not limited to:

Key Elements Underlying The Credit Rating

ESG Credit Factors

Solicited Or Unsolicited Status

Analysts Primarily Responsible For The Credit Rating

Office Responsible For The Credit Rating

Materials Used In The Credit Rating Process

Criteria Applied

Models Applied, Loss, And Cash Flow Analysis Performed

Scenario Analysis

Sensitivity Analysis

Risk Warning, Understanding Credit Rating Categorizations, And Criteria

Rated Entity Notification

Ancillary And Additional Services

Attributes And Limitations Of The Credit Rating

Information Specific To Structured Finance And Securitization Instruments

### 'sf' Identifier

The 'sf' identifier is assigned to ratings on structured finance or securitization instruments when required to comply with an applicable law or regulatory requirement or when S&P Global Ratings believes it appropriate. The addition of the 'sf' identifier to a rating does not change that rating's definition or our opinion about the issue's creditworthiness. For detailed information on the instruments assigned the 'sf' identifier, please see the appendix to "S&P Global Ratings Definitions" ([https://www.standardandpoors.com/en\\_US/web/guest/article/-/view/sourcelid/504352](https://www.standardandpoors.com/en_US/web/guest/article/-/view/sourcelid/504352)) for the types of instruments that carry the 'sf' identifier. To see if a credit rating has a 'sf' identifier, visit the [standardandpoors.com](https://www.standardandpoors.com) website and search for the rated entity.

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