S&P Global Ratings

Research

New Issue: Miravet 2025-1 DAC

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New Issue: Miravet 2025-1 DAC

Ratings Detail

Transaction profile	
Issuer	Miravet 2025-1 DAC
Collateral type	RMBS reperforming
Domicile of assets	Spain
Seller	Encina Residential DAC
Primary servicer	CaixaBank, S.A.
Special servicer	Anticipa Real Estate, S.L.U.
Counterparties	CaixaBank, S.A. and Morgan Stanley & Co. International PLC

Capital structure

Class	Rating	Class size (%)	Credit enhancement (%)	Coupon	Step-up coupon	Step-up date	Legal final maturity
A	AAA (sf)	77.00	24.55	Three-month EURIBOR + 0.90%	Three-month EURIBOR + 1.50%	March 2029	June 2074
B-Dfrd*	AA (sf)	3.00	21.55	Three-month EURIBOR 1.50%	Three-month EURIBOR + 2.50%	March 2029	June 2074
C-Dfrd*	A (sf)	2.75	18.80	Three-month EURIBOR + 2.00%	Three-month EURIBOR + 3.00%	March 2029	June 2074
D-Dfrd*	BBB (sf)	2.00	16.80	Three-month EURIBOR + 2.50%	Three-month EURIBOR + 3.50%	March 2029	June 2074
E-Dfrd*	BB+ (sf)	1.50	15.30	Three-month EURIBOR + 3.50%	Three-month EURIBOR + 4.50%	March 2029	June 2074
F-Dfrd*	B- (sf)	3.00	12.30	Three-month EURIBOR + 4.00%	Three-month EURIBOR + 5.00%	March 2029	June 2074
RFN	NR	1.55	N/A	7.00%	N/A	N/A	June 2074
Z1	NR	3.50	N/A	8.00%	N/A	N/A	June 2074
Z2	NR	7.25	N/A	10.00%	N/A	N/A	June 2074
Class S	NR	N/A	N/A	N/A	N/A	N/A	June 2074
Class X	NR	N/A	N/A	N/A	N/A	N/A	June 2074

*Our rating on this class considers the potential deferral of interest payments. EURIBOR--Euro Interbank Offered Rate. NR--Not rated. N/A--Not applicable.

The Credit Story

The pool for Miravet 2025-1 DAC contains €308 million (including loans in 12+ month arrears) reperforming residential mortgage loans located in Spain. The loans were originated by multiple lenders: Caixabank, S.A., Bankia, S.A., Caixa d'Estalvis de Girona, Barclays Bank, S.A.U., Banco de Valencia, S.A., Caja Sol, Caja Navarra, Caja Canarias, and Caja Burgos.

Credit strengths

Key factor	Description
Credit enhancement and liquidity coverage	The capital structure provides 24.55% of available credit enhancement for the class A notes through subordination. A fully funded liquidity reserve fund is available to meet revenue shortfalls on the class A notes. This liquidity fund is available as long as the class A notes are outstanding, providing liquidity support to cover senior expenses and advances under the real estate owned company (REOCO) loan facility.
Experienced servicers	The primary administrator, Caixabank, is an experienced servicer with well-established and fully integrated servicing systems and policies. Additionally, Anticipa Real Estate, S.L.U. (Anticipa) will act as special servicer on loans that are in 180+ day arrears.
Sequential structure	The application of principal proceeds is fully sequential. Credit enhancement can therefore build up over time for the rated notes, enabling the capital structure to withstand performance shocks.
Loss provisioning based on arrears	The structure defines amortization based on the performing balance (i.e., loans up to 12 months in arrears), which will speed up the repayment of the senior notes by the amount of new defaulted assets in the pool. We consider this as a positive for the transaction, as any excess spread is trapped as soon as the loan is in arrears for more than 12 months, rather than waiting until the recovery process is completed. We have considered this feature in our cash flow analysis.
Interest deferral triggers for rated subordinated notes	Cumulative default triggers, which are based on loans in arrears for 12 or more months, will defer the interest payment on junior notes until after the more senior notes' amortization if the portfolio's performance deteriorates.
Interest rate hedging	The interest rate cap partially hedges exposure to liquidity risks in a rising interest rate scenario. This hedge will be partial as the cap notional will not cover the full amount of the assets.

Credit concerns

Key factor	Description	Mitigant
Dual SPE structure	The transaction has a dual SPE structure: a Spanish SPE that acquired the portfolio rights from the seller and issued a bond backed by that portfolio. and an Irish SPE that acquired that bond and issued the securitization notes.	We analyzed the legal opinions and documentation about both SPEs and they comply with our legal criteria.
Borrower characteristics	Of the borrowers, 50% have had their loans restructured in the past. In a stressed economic environment, there is an increased probability of these borrowers going back into arrears.	We considered this risk in our analysis and increased our weighted-average foreclosure frequency (WAFF) assumptions. In our analysis, we have applied our reperforming adjustment to those loans that were in 90+ day arrears or restructured in the last 60 months and are currently performing (30.6%).
Proportion of arrears in the pool	Within the pool, more than 23.5% of the loans are at least one month in arrears, with 14.4% of these borrowers being more than three months in arrears. We view these borrowers as having a higher risk of default.	In line with our global RMBS criteria, we have increased our WAFF estimates accordingly to address this increased risk.
Interest rate mismatch	About 18.6% of the portfolio currently pay a fixed rate, whereas the rated notes are linked to a variable rate.	We have considered this risk in our cash flow analysis. The transaction benefits from an interest rate cap that partially protects the structure from rising interest rates.
Low asset yield and low excess spread	The assets have low yield and excess spread. Considering the coupon on the notes and our rating-specific stresses (i.e., stressed servicer replacement fees and yield compression), there is negative carry from day one.	We considered this risk in our cash flow analysis. Negative carry is mitigated by the credit enhancement levels above the required credit coverage at each rating category, effectively giving principal to pay interest.

Credit concerns (cont.)		
Key factor	**Description**	**Mitigant**
CGP and grace period loans	Of the pool, 7% are currently in a grace period, due to renegotiations under the Code of Good Practice (CGP). Borrowers under the CGP are considered vulnerable. Servicing activities are restricted on these loans, which can cause considerably higher foreclosure timings and partial write-downs as part of grace periods and other measures aiming to help vulnerable borrowers. Lenders may also be forced to offer long-term rental agreements to these borrowers. Servicing loans under the CGP may restrict the lender's ability to foreclose.	We considered this risk in our credit and cash flow analysis; we have increased the foreclosure frequency for these loans at all rating categories. Additionally, given the restrictions on the servicer in terms of realizing property involving vulnerable borrowers, we have stressed up to 10 years of collection delays.
Foreign nationals	About 9.6% of the loans are granted to non-Spanish borrowers. Historically, these loans in Spain have suffered from higher credit risk with higher default rates observed.	We have considered this in our credit analysis by applying a multiple of 2.5x to each of the loans granted to non-Spanish nationals.
Cross-collateralization	The pool features cross-collateralization, as there are multiple loans secured by the same properties, one loan secured by multiple properties, or one property linked to multiple borrowers.	To account for these characteristics, we have considered the default risk at the borrower level (see "Historical performance")
Weak representations and warranties	The seller and retention-holder provide representations and warranties in the mortgage sale agreement, which we consider to be weaker than the market standard for a Spanish RMBS transaction. Nevertheless, these are in line with other reperforming transactions observed in the Spanish market. Additionally, the transaction benefits from a short remedy period of 30 calendar days.	We have increased our foreclosure frequency estimates to address this risk. We have also considered the pool's high seasoning as a supporting factor.
Valuations	Most of the original property valuations were conducted pre-global financial crisis. In the market, we have observed some volatility when we compare updated and original property valuations from those years. The seller performed a limited-scope revaluation in September 2024 of all properties in the portfolio, through automated valuation models.	We considered the updated valuations when calculating our effective loan-to-value (ELTV) ratio. We have also compared the indexed original valuations with appropriate haircuts to the updated valuations provided by the seller. We have used the updated valuations in our loss severity analysis with a 15% haircut, because they are not full valuations.
Basis risk	The notes pay three-month Euro Interbank Offered Rate (EURIBOR) plus a margin. The assets are majority linked to 12-month EURIBOR.	We have accounted for this basis risk in our analysis.
Limited external liquidity	There is no external liquidity after the class A notes have been paid.	We have considered this in our cash flow analysis.
Interest-only loans	Of the pool, there are 5% of loans currently paying interest only, we are expected to revert to a higher payment that will amortize the loan by each loan's maturity. All other loans are paying an amount that will pay the loan off by the loan's maturity.	We have considered this in our credit and cash flow analysis.

SPE--Special-purpose entity.

Origination, Collateral And Servicing

Originators

The assets present in this portfolio have been originated by multiple lenders, mainly before the global financial crisis (GFC). Some of these lenders have since been consolidated into larger banking groups (see table 1).

Table 1

Originator	
	Proportion of assets in the pool (%)
Bankia, S.A	50.32
CaixaBank, S.A.	23.03
Bc-Caja Sol	8.45

Table 1

Originator (cont.)	
	Proportion of assets in the pool (%)
Bc-Caja Canarias	5.19
Barclays	3.81
Banco De Valencia, S.A.	3.59
Bc-Caja Navarra	2.12
Caixa Girona	1.98
Bc-Caja Burgos	1.51

At the time of origination, mainly before 2008, the lenders in the pool were all considered prime lenders in Spain that had good customer relationships. Full valuations were required during origination, and their origination standards were in line with other banks.

Given the period in which the loans were originated, Spanish lenders' data collection and general processes were not as detailed as today, following the introduction of tighter underwriting rules after the GFC.

Spanish mortgage performance was significantly affected by rising unemployment after the GFC, and the performance of loans originated as prime collateral deteriorated. They are now mostly reperforming.

We capture the credit quality of these assets through our originator adjustment, which is materially higher than what we would use in prime RMBS transactions.

The main originators have significant experience and track records within the Spanish market.

Caixabank

CaixaBank, S.A. provides various banking products and financial services in Spain and internationally. The company operates through banking and insurance, and corporate center segments. The company provides solutions related to security, protection, internationalization, and financing; traditional financial advice, independent advice, and broker services; asset management; liquidity management; capital markets, cash management, project finance, asset finance, and M&A services; and various financial services and solutions to public and private sector institutions, as well as distributes non-life and life risk insurance policies; and private banking services. In addition, the company is involved in the real estate business. It has branches and ATMs in Spain and Portugal. CaixaBank, S.A. was founded in 1904 and is based in Valencia, Spain.

BankiaBankia

As of March 26, 2021, Bankia, S.A. was acquired by CaixaBank, S.A. Bankia emerged in 2017 from a deep restructuring plan agreed with the European authorities. The company was formerly known as Altae Banco, S.A. and changed its name to Bankia, S.A. in May 2011. Bankia, S.A. was founded in 1976 and was based in Valencia, Spain.

Table 2

Key considerations	
Description	**Consideration**
Collateral type	We consider the portfolio to be reperforming. We have considered that in our analysis by applying a higher originator adjustment, increasing our WAFF.

Table 2

Key considerations (cont.)

Description	Consideration
Lending policy versus peers and market standards	The main originators of the pool all had lending policies that were aligned with market standards at the time. Similar standards with loan-to-income ratio and loan-to-value (LTV) ratio metrics would have been observed across the assets in the book, and across the wider market within the originations' subset.
Historical arrears performance	The historical performance of this legacy collateral has been relatively poor when compared with other collateral subtypes. We have received historical information that expands over the last five years. We have no visibility on how the assets performed during the financial crisis. We have factored this limitation in our analysis. 90+ days arrears are in line with or lower than other reperforming transactions we have recently rated. Since 2022, we have seen an increase in arrears in this collateral type in correlation with the raised interest rates that were seen along with soaring inflation, which increased the cost of living for borrowers. The 90+ days arrears have doubled during these past three years. See chart 1 for the pool's historical performance. Positive selection criteria were applied at the time of the sale of this portfolio. Therefore, 90+ day arrears decreased in the second half of 2023. Since the selection, the 90+ day arrears have increased back to similar levels of the previous five-year average. Many of these borrowers were under restructuring arrangements that limited the monthly installment.
Pay rates	We have also received pay rate data for the same period as the historical data. The performance of the pay rates for the total portfolio has remained stable during the cost of living crisis and increasing interest rates. The average 12-month pay rate for the entire portfolio averaged more than 99% of the restructured amount over the past two years. The administrator does not capitalize or write off arrears balances. Therefore, the only way a borrower has historically been able to cure arrears is through overpayments. Consequently, the one-month pay rate is lower than the three-month and 12-month pay rate. See chart 2 for the payment rates through time.
Data adequacy	Although the data provided meets our minimum requirements, we have accounted for the lack of performance history during the recessionary period in the Spanish mortgage market in our originator adjustment. Additionally, the amount of information we receive in reperforming transactions is limited compared to newly originated transactions. The high seasoning and historical performance provide us comfort for the lack of data.
Qualitative factors not captured above	As the assets were originated a materially long time ago, we place an emphasis in our analysis on the observed historical performance of these assets.

Servicers

Two servicers participate in this transaction.

All performing loans are serviced by Caixabank. Once the loan becomes nonperforming (more than 180 days in arrears), the loans will be transferred to Anticipa for special servicing.

Anticipa manages the loans in arrears with the aim of maximizing the loan's value through restructuring solutions where the borrowers' affordability allows. Solutions would include term extensions, interest rate reductions, partial principal write-downs, or discounted pay offs.

About 50% of the portfolio has undergone some type of restructure, which considered the borrowers' circumstances. Should these restructure agreements fail, the servicing strategy aims to realize the real estate value in the most efficient manner available.

Caixabank and Anticipa are experienced servicers in the Spanish market with well-established and fully integrated servicing systems and policies. We have considered the ability of both to service the portfolio under our operational risk criteria and are satisfied that they are capable of performing their functions in the transaction. There is no cap on the ratings on the notes from an operational risk perspective.

Restructuring analysis

Of the portfolio, 50% has been restructured at some stage in the loan's life. Most of these restructures occurred between 2016 and 2023. We classify 30.6% of the loans as reperforming and we increased our WAFF assumptions for these assets based on the date when the loan was last 90 days or more in arrears or restructured over the last 60 months, in line with our criteria.

Compared to other similar transactions, we have not been provided with each loan's restructuring type. Our originator adjustment reflects this lack of information. We did receive Anticipa's servicing policies, and its servicing strategies are in line with the broader market.

Table 3

Reperforming loans

Category	Percentage of the portfolio
Loans attracting a reperforming adjustment (i.e., either a restructure or three months in arrears over the past five years and no longer in arrears)	31.0
Currently in arrears (less than three months)	8.7
Currently three months or more in arrears	14.7

As per our criteria, we have calculated our seasoning credit on these loans based on the date a loan was last 90 or more days in arrears or restructured.

Historical performance

Chart 1

Historical delinquency performance of the pool

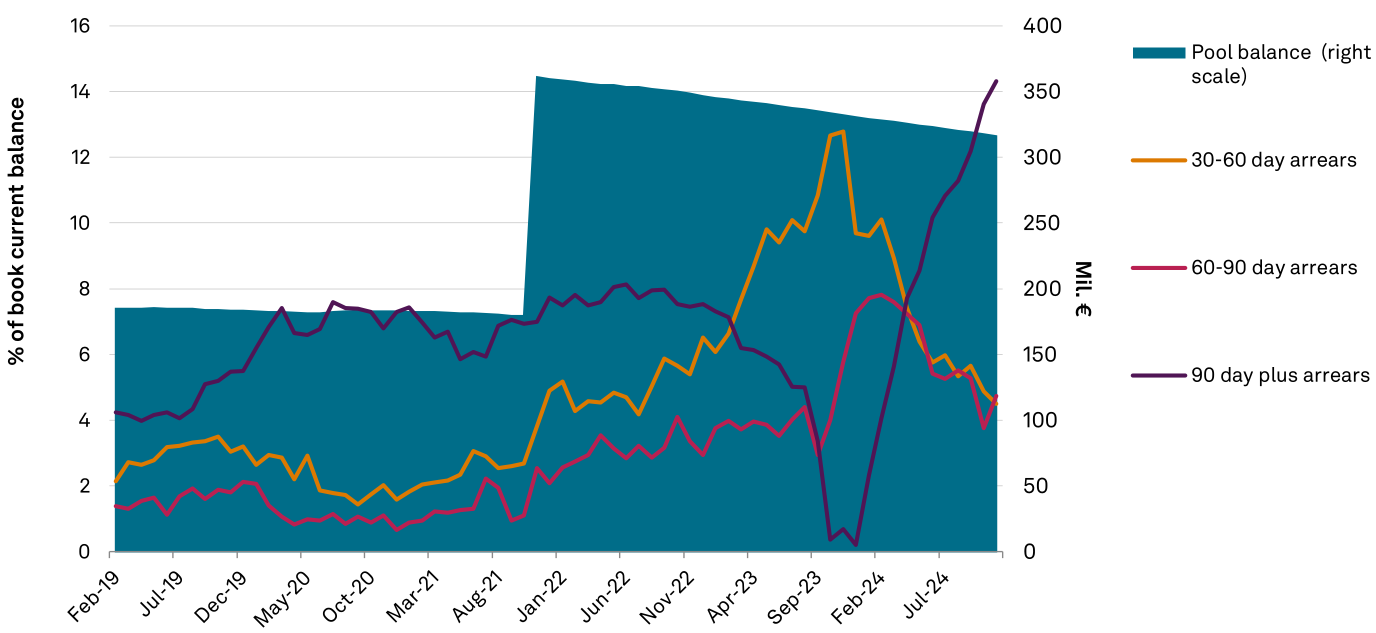
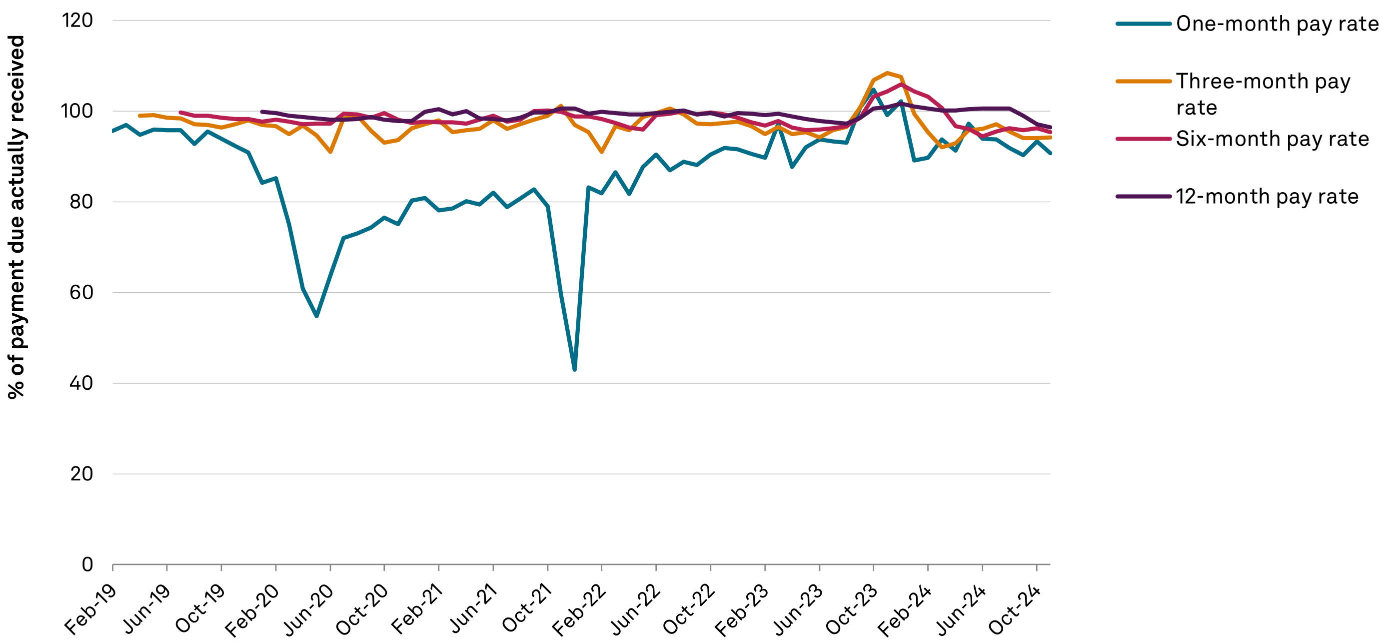


Chart 2

Pay rate performance over time



Collateral Characteristics And Peer Comparisons

The assets are first-lien mortgages on residential properties. See table 4 for further details and a peer comparison.

We received the final loan-level data as of Feb. 28, 2025, and historical performance data on the full pool since 2020. The amount of data provided is below what we would typically see in other reperforming transactions.

We have received an updated audit report on the pool.

Table 4

Collateral characteristics and peer comparisons*

	Miravet 2025-1 DAC	PRPM Fundido 2025-1 DAC	Lugo Funding DAC	Miravet 2023-1 DAC	Kinbane 2024-RPL 2 DAC	Merrion Square Residential 2024-1 DAC
Jurisdiction	Spain	Spain	Spain	Spain	Ireland	Ireland
Originator(s)	Caixabank, Bankia, and others	Sabadell, Cajamar, Banco CAM, Abanca and others	Banco Bilbao Vizcaya Argentaria, S.A.	ABANCA Corporación Bancaria, S.A.	Ulster Bank, AIB, and EBS	Permanent TSB PLC, Irish Nationwide Buidling Society, and Springboard Mortgages Ltd.

Table 4

Collateral characteristics and peer comparisons* (cont.)

Collateral characteristics						
Final pool cutoff date	Feb. 28, 2025	Dec. 31, 2024	Oct. 31, 2024	Dec. 31, 2022	Aug. 31, 2024	May 31, 2024
Principal outstanding of the pool (mil. €)	301.7	392.6	651.8	304.1	434	637
Number of loans	4,633	4,938	7,736	3,664	3,403	4,477
Initial WA interest rate (%)	3.82§	1.51§	1.28§	1.28§	5.26	5.74
Average loan balance (€)	79,854	79,507	84,254	82,990	127,731	142,284
WA original LTV ratio (%)	76.30	74.88	77.94	82.17	76.8	75.1
WA seasoning (months)	50	101	176	180	217	214
Restructured (ever) (%)	50	73	80	53	15.3	41.6
Reperforming adjustment (%)	31.0	18.9	9.0	13.6	76.6	61
Jumbo valuations (%)	12.36	11.29	12.36	10.98	27.76	58
Over/under valuation (%)	48.25	48.25	53.20	16.0	13	13
Current arrears greater than or equal to one month (%)	23.4	54.0	19.1	37.3	27.1	22.3
Geographic concentration (by balance)						
First	Andalucia (21.77%)	Catalonia (26.43%)	Catalonia (71.29%)	Galicia (29.91%)	Dublin (37.2%)	Dublin (35.6%)
Second	Valencia (17.07%)	Valencia (22.84%)	Madrid (10.11%)	Catalonia (17.02%)	Cork (9.3%)	Cork (10.1%)
Third	Catalonia (16.81%)	Andalucia (12.95%)	Valencia (7.55%)	Madrid (12.18%)	Kildare (5.9%)	Kildare (5.8%)
Credit assumptions†						
Portfolio WAFF (%)						
AAA	51.80	67.55	44.46	62.52	53.26	43.13
AA	43.23	60.80	37.63	55.01	44.25	35.51
A	38.24	56.69	32.68	50.28	39.30	31.26
BBB	31.69	50.41	27.42	45.75	33.62	26.31
BB	23.71	37.47	22.35	40.21	27.35	20.63
B	21.63	31.32	21.08	35.88	26.09	19.45
Portfolio WALS (%)						
AAA	25.98	36.88	21.16	36.87	23.68	25.35
AA	23.54	34.04	17.48	32.81	19.98	21.44
A	19.36	28.87	12.04	25.99	14.19	15.12
BBB	17.31	26.23	9.48	22.45	11.41	11.93
BB	15.93	24.44	7.9	20.05	9.66	9.81
B	14.70	22.82	6.59	17.9	8.24	8.03
Credit coverage (%)						

Table 4

Collateral characteristics and peer comparisons* (cont.)						
AAA	13.45	24.92	9.41	23.05	12.61	10.94
AA	10.18	20.70	6.58	18.05	8.84	7.61
A	7.41	16.37	3.93	13.07	5.58	4.73
BBB	5.49	13.22	2.6	10.27	3.84	3.14
BB	3.78	9.16	1.77	8.06	2.64	2.02
B	3.18	7.15	1.39	6.42	2.15	1.56

*Calculations are according to S&P Global Ratings' methodology. §WA margin on floating-rate loans modelled. †Incorporates the credit numbers of the portfolio, excluding the NPL assets that are modelled as 100% defaulted assets. LTV--Loan-to-value. WA--Weighted-average. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity. NPL--Nonperforming loans. The stratifications for Miravet 2025-1 excludes loans in arrears for more than 12 months.

Credit Analysis And Assumptions

The credit analysis of the mortgage portfolio assesses the credit quality of the underlying assets, which determines the projected losses under conditions of stress commensurate with each rating level. The projected losses are the result of the combination of the loan-level foreclosure frequency (the probability of default) and the loss severity (measuring the loss on the foreclosure amounts).

Table 5

Portfolio WAFF and WALS

Rating level	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	51.80	25.98	13.45
AA	43.23	23.54	10.18
A	38.24	19.36	7.41
BBB	31.69	17.31	5.49
BB	23.71	15.93	3.78
B	21.63	14.70	3.18

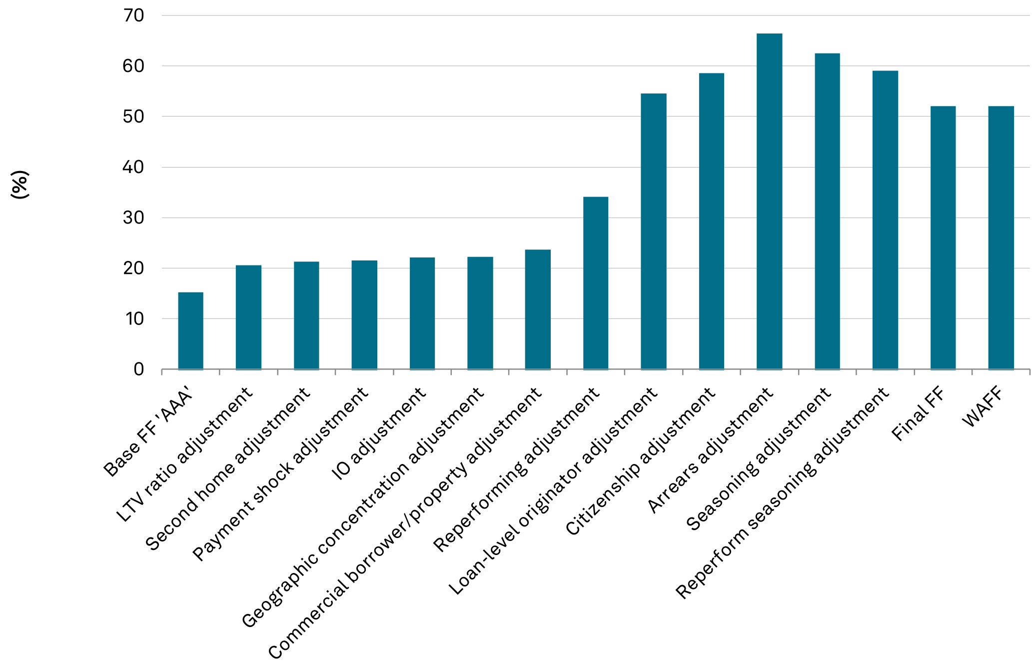
WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Foreclosure frequency

Our current 'B' foreclosure frequency assumption for the Spanish archetypal pool is 2.0% and our base 'AAA' foreclosure frequency assumption is 15.0% (see "Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts," published on May 1, 2020). Chart 3 and table 6 summarize how the base 'AAA' foreclosure frequency has been adjusted to account for the characteristics of the securitized portfolio.

Chart 3

'AAA' cumulative WAFF distribution



WAFF--Weighted-average foreclosure frequency. FF--Foreclosure frequency. LTV--Loan to value. BTL--Buy to let.
IO--Interest only.

Table 6

WAFF adjustments*

Factor	Description	Adjustment	Cumulative WAFF (%)
Base WAFF	Archetypal pool.	N/A	15.00
LTV ratio	The weighted-average original LTV ratio is 76.30% and the weighted-average current indexed LTV ratio is 55.0%.	1.357x	20.35
Second home	Applied to 15.17% of second homes in the pool.	1.046x	21.05
Payment shock	Applied to 5.2% of fixed to floating loans	1.010x	21.28
Interest-only adjustment	Applied to 4.96% of loans that in their interest-only period.	1.024x	21.89
Geographic concentration	Concentration thresholds are exceeded for one region (Balearic Islands).	1.003x	21.95
Property type/borrower type	Approximately 9% of the pool is considered to be commercial/mixed-use property or commercial borrower and gets an adjustment in our model.	1.083x	23.41
Reperforming	In line with our criteria, we consider the reperforming date to be the most recent of the latest restructure date or the date on which the loan was last in 90+ days in arrears. A loan will only attract this adjustment if it is currently performing and the appropriate date is within the last five years. In this pool, 30.6% of the loans attract our reperforming adjustment.	1.407x	33.92

Table 6

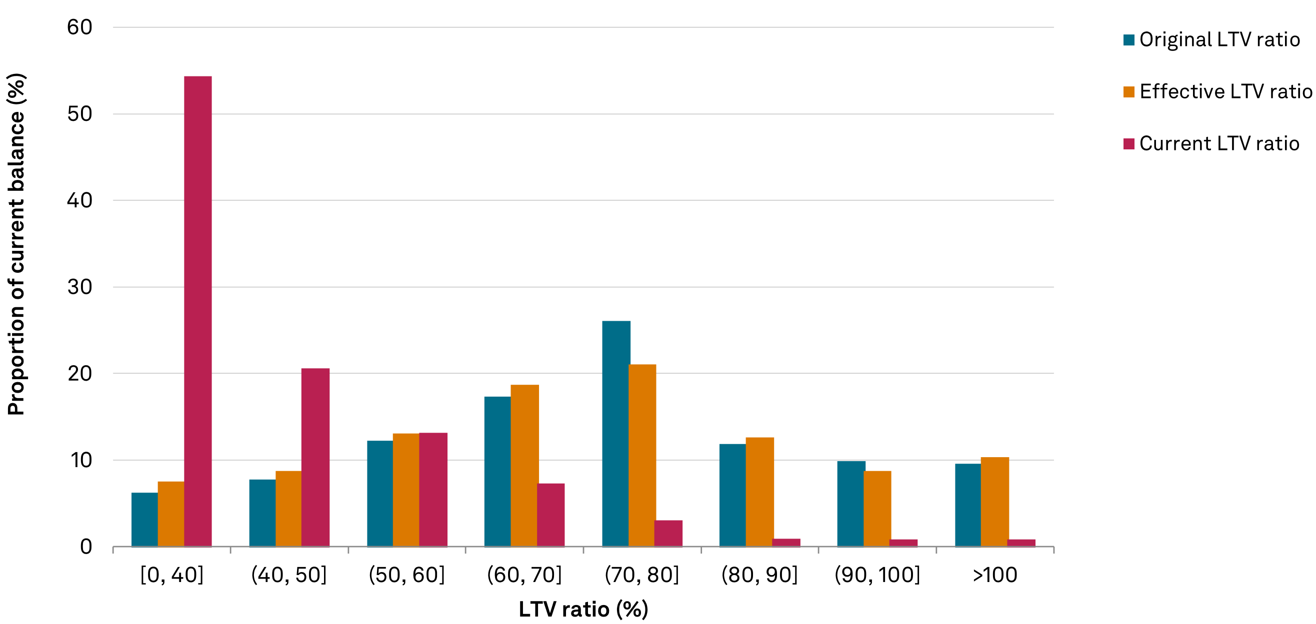
WAFF adjustments* (cont.)

Factor	Description	Adjustment	Cumulative WAFF (%)
Loan-level originator adjustment	We apply multiple layers of adjustments through the originator adjustment to reflect different risks that we consider material in the assets. This adjustment includes adjustments for the quality of the origination of the assets, the strength of the representations and warranties within the documentation, the audit reports conducted on the assets, and other data adjustments. The originator adjustment seen here is in line with similar collateral and peer transactions.	1.600x	54.27
Citizenship	Non-Spanish citizens account for 9.6% of the pool.	1.143x	58.34
Arrears (<90 days)	The pool comprises 9.2% loans of greater than or equal to one month in arrears, but less than three months in arrears.	1.219x	66.17
Seasoning (capped)	The weighted-average seasoning of the pool is 49 months. Any loans that have been restructured or have been in arrears for more than three months receive seasoning credit from those dates.	0.893x	62.32
Final foreclosure frequency (defaulted and >=90 days)	Arrears of three months or greater in the final pool are currently 14.7%.	100% foreclosure frequency to all loans defaulted or in arrears for three months or greater.	51.80
'AAA' WAFF	Actual collateral pool.	N/A	51.80

*Does not include loans in arrears greater than 12 months as these are considered 100% defaulted in our analysis. WAFF--Weighted-average foreclosure frequency. N/A--Not applicable. LTV--Loan-to-value. BTL--Buy-to-let. SVR--Standard variable rate.

Chart 4

Original, effective, and current LTV ratio distribution



LTV--Loan-to-value.

Table 7

Geographic distribution

Region	Percentage of the pool (%)
Andalucia	21.77
Aragon	0.95
Asturias	0.59
Balearic Islands	6.12
Basque country	0.88
Canary Islands	8.49
Cantabria	0.65
Castilla-la Mancha	3.45
Castilla-Leon	3.76
Catalonia	16.81
Extremadura	0.35
Galicia	0.89
La rioja	0.59
Madrid	11.34
Murcia	5.47
Navarra	0.75
Valencia	17.07
Ceuta	0.09
Melilla	0.00

Loss severity

Our base 'B' market value decline (MVD) is 15% and our base 'AAA' MVD is 40% (see "Global Methodology And Assumptions: Assessing Pools Of Residential Loans," published on Jan. 25, 2019). Table 8 provides details used in the derivation of the stressed repossession MVD (RMVD).

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Table 8

Repossession market value decline (RMVD) adjustments

Rating category	Base fixed MVD (%)	Over/undervaluation (%)	Forced sale discount (%)	Jumbo valuations adjustment	RMVD (%)*
AAA	40.0	2.5	10.0	1.0430x	50.38
AA	36.0	2.15	11.0	1.0548x	47.08
A	28.0	1.8	12.0	1.0548x	40.35
BBB	23.0	1.5	13.0	1.0611x	36.44
BB	19.0	1.25	14.0	1.0667x	33.54
B	15.0	1	15.0	1.0733x	30.72

*RMVD = 1-[1-(Fixed MVD+/-percentage of over/undervaluation x over/undervaluation)] x (1-FSD), plus any additional repossession MVD adjustment factors such as jumbo valuations. MVD--Market value decline. RMVD--Repossession market value decline.

The weighted-average current indexed LTV ratio of 55.0% is based on our methodology and 15% valuation haircut.

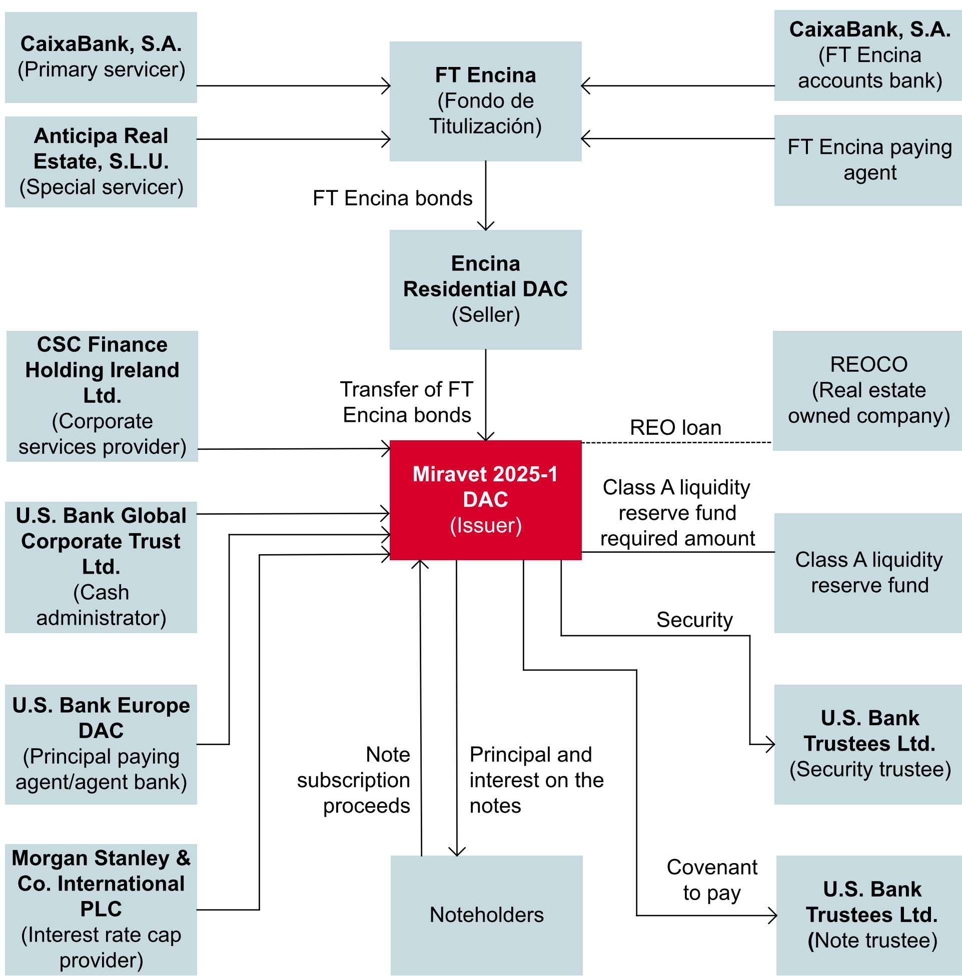
Borrowers with minimal equity in their property are more likely to default on their obligations than borrowers with more equity. At the same time, loans with high current LTV ratios are likely to incur greater loss severities if the borrower defaults.

The proportion of the pool with jumbo valuations is 12.36%. Due to the illiquid nature of larger-valued properties, these loans will suffer an additional market value decline, in our view. A property is classified as jumbo under our criteria as being in excess of €500,000.

Transaction Structure

Chart 5

Transaction structure



The transaction comprises a dual special-purpose entity (SPE) structure for tax-efficiency purposes.

Caixabank as the originator of the loans sold the mortgage certificates to Encina Residential DAC, the seller. On the same date, the seller, in partial consideration for the subscription of the FT Encina Bonds, transferred the mortgage certificates to FT Encina, a Spanish SPE.

Miravet 2025-1 DAC, the issuer of the RMBS notes, is an Irish SPE, which we consider to be bankruptcy remote. On the closing date, the issuer purchased the bonds issued by FT Encina from Encina Residential. The fondo de titulizacion (FT) bond is backed by mortgage certificates pledged in favor of the RMBS noteholders.

We analyzed the transaction's corporate structure in line with our legal criteria.

We reviewed the legal opinions that we received that aim to provide comfort that the sale of the mortgage certificates would survive the seller's insolvency. The Spanish FT will be subject to value-added tax from services provided to it (i.e. servicing fees). We have incorporated these potential taxes that would reduce the issuer's available funds.

We reviewed these opinions, and they comply with our legal criteria. We consider the Irish and the Spanish issuers to be bankruptcy remote.

Payment Structure And Cash Flow Mechanics

Collections

The borrowers are instructed to pay directly into the collection account of the primary servicer (Caixabank). Any funds deposited in the collection account will be transferred to the FT Encina treasury account with Caixabank every day. Amounts deposited to the FT Encina treasury account will be distributed quarterly according to the applicable priority of payments to the Irish issuer. The Irish issuer will use all the available funds from the FT bond to pay down the RMBS notes.

Available funds

FT Encina's available funds primarily comprise interest and principal, default interest, fees and any amounts received under the mortgage loans, any amounts paid as the price of the auction assignments (cesiones de remate) and returned to FT Encina, any interest accrued on the balances in the FT Encina treasury account, and the proceeds from any liquidation, if any, of FT Encina's assets. These funds will be transferred to the Irish issuer on a quarterly basis.

The Irish issuer's available funds will primarily comprise the principal and interest collections under the FT bond issued by FT Encina and subscribed by Miravet 2025-1(the Irish issuer), cash flows received from the REOCO, and amounts received under the cap.

Pre-enforcement priority of payments

There are two combined waterfalls, one at the Spanish issuer level and one at the Irish issuer level. On each quarterly payment date, the Spanish issuer will transfer the collections received under the mortgage certificates to the Irish issuer through the FT bond.

Every three months, the Irish issuer will apply the available revenue and principal funds in the priority shown in table 9.

Table 9

Priority of payments

Pre-enforcement priority of payments--FT Encina	Pre-enforcement priority of payments--Miravet 2025-1 DAC
Ordinary expenses, including senior fees and taxes	Senior fees
Extraordinary expenses	Amounts due to the REOCO corporate services provider
FT Encina mortgage loan expenses	Issuer profit
Principal on the FT bond	Amounts to the interest rate cap provider
Residual amount to the FT bondholder	Class A interest
	Class A liquidity reserve fund
	Class B-Dfrd interest (if not deferred)
	Class C-Dfrd interest (if not deferred)
	Class D-Dfrd interest (if not deferred)
	Class E-Dfrd interest (if not deferred)
	Class F-Dfrd interest (if not deferred)
	Up to target amortization amount, class A principal until fully redeemed
	Up to target amortization amount, class B-Dfrd principal until fully redeemed
	Up to target amortization amount, class C-Dfrd principal until fully redeemed
	Up to target amortization amount, class D-Dfrd principal until fully redeemed
	Up to target amortization amount, class E-Dfrd principal until fully redeemed
	Up to target amortization amount, class F-Dfrd principal until fully redeemed
	Class B-Dfrd interest (if deferred)
	Class C-Dfrd interest (if deferred)
	Class D-Dfrd interest (if deferred)
	Class E-Dfrd interest (if deferred)
	Class F-Dfrd interest (if deferred)
	Interest rate cap subordinated amounts
	From the first optional redemption date (FORD), class S note interest
	Class RFN interest
	Sequential repayment of the rated notes and the RFN notes
	Class Z1 interest
	Class Z1 principal
	Class Z2 interest
	Class Z2 principal
	Class S principal
	Class X notes

FT--Fondo de titulizacion.

Table 10

Payment structure details

Note terms	
Payment frequency	Quarterly
First IPD	September 2025
Interest rate	Three-month EURIBOR plus a class-specific margin.

Table 10

Payment structure details (cont.)	
Optional calls	A 10% clean-up call option that is applicable for the class A, B-Dfrd, C-Dfrd, D-Dfrd, E-Dfrd, and F-Dfrd notes. The optional call date is on or after the step-up date. Mandatory redemption after a portfolio auction, market portfolio sale, or an FT bond purchase option exercised by the sponsor. The minimum purchase price of the above option will be the outstanding balance of the rated notes plus accrued interest.
Step-up date	March 2029
Legal final maturity date	June 2074
Liquidity reserve	
Initial amount	2.0% of the principal outstanding balance of class A at issuance
Required amount	The higher of 2.0% of the class A notes' outstanding balance on each IPD and 1.0% of the class A notes' closing balance
Amortizing	Yes
Amortizing conditions	Reduces in line with the current balance of class A notes, to a floor of 1.0% of the closing balance of the class A notes. The liquidity reserve fund will stay at the reserve floor (1.0% of the class A notes' closing balance) until the class A notes are redeemed.
Available for	Senior fees and expenses and interest payments on the class A notes.
Additional details	The excess will be released to the combined waterfall.
Cumulative default triggers	
Note-specific cumulative default Triggers	Class B-Dfrd: 35%; class C-Dfrd: 31%; class D-Dfrd: 27%; class E-Dfrd: 21%; and class F-Dfrd 17%. The cumulative default triggers will subordinate the payment of interest when the cumulative level of defaulted loans reaches certain levels to protect the senior notes.

IPD--Interest payment date.

Stated coupon and net weighted-average coupon

Interest will be paid quarterly. The first interest payment date will be in September 2025.

The class A to F-Dfrd notes pay interest equal to three-month EURIBOR plus a margin with a further step-up in margin following the optional call date in March 2029. Our rating on the class A notes addresses timely payment of interest and the ultimate payment of principal. Our ratings on the class B-Dfrd to F-Dfrd notes address the ultimate payment of interest and principal. The interest accrued on the prior IPDs will be due at legal final maturity). Previous unpaid interest will not accrue interest.

Principal to pay interest

The transaction features a combined waterfall to address liquidity stresses where the issuer would not have sufficient revenue receipts to pay senior fees or interest on the outstanding classes of notes.

Events of default

We view all events of default as ratings remote and therefore do not consider the post-enforcement priority of payments in our analysis. The events of default include, among others, a default in the payment of interest on the class A notes or on principal when due. Deferring interest on the class B-Dfrd to F-Dfrd notes even when they are the most senior class outstanding will not result in an event of default.

Early redemption

The notes may be redeemed if the option holder requires the issuer to redeem the notes early on an IPD leading up to March 2028. Upon exercise of this option, the proceeds would need to be sufficient for the issuer to redeem all the outstanding rated notes at par, including any accrued interest.

Cash Flow Modeling Assumptions

We stress the transaction's cash flows to test the credit and liquidity support that the assets, subordinated tranches, and reserves provide.

Interest rate risk

The majority of the pool pays interest based on a floating rate, with 76.6% of the loans linked to EURIBOR and the rest paying a fixed rate.

Hedging

The issuer benefits from an interest rate cap with a strike rate starting at 3.0% and notional balances within a schedule for the next 16 years. The interest rate cap acts to minimize the exposure to liquidity stresses in an interest rate up scenario.

Table 11

Interest rate notional values and strike rates

Ending period (from closing)	Strike rate (%)	Notional (mil. €)
May 2025 to March 2027	3.0	100.0
March 2027 to March 2029	3.5	100.0
March 2029 to March 2031	4.0	100.0
March 2031 to March 2034	4.5	80.0
March 2034 to March 2037	5.0	60.0
March 2037 to March 2042	5.0	30.0

Basis risk

The transaction does not have a basis risk swap.

The floating-rate loans are exposed to basis risk and hence we have applied a basis risk stress on these loans.

Table 12

Cash flow modeling assumptions

Spread compression	
Applied	Yes, as the asset yield on the pool can decrease if higher-paying assets default.
Details	We have incorporated this in our cash flow analysis by assuming that the weighted-average yield on the portfolio drops by 0.70% at the 'AAA' rating level, 0.61% at the 'AA' rating level, 0.56% at the 'A' rating level, 0.49% at the 'BBB' rating level, 0.39% at the 'BB' rating level, and 0.37% at the 'B' rating level.
Fees modelled	
Servicing Fee	0.50%, which is the higher of 1.5x of the actual fees and 0.50% of the pool balance as per our global RMBS criteria. This higher fee is applied to account for the potential increase in costs to attract a replacement servicer.
Fixed fees	€160,000 per year.
Bank account replacement costs	€100,000 one-off fee.

Table 12

Cash flow modeling assumptions (cont.)

Setoff risk	
Details	No deposit setoff risk has been modelled as we assume this risk to be mitigated under the current Spanish legal framework. Given the type of collateral, we do not expect borrowers to have material deposits with the original lenders. Additionally, the risk retention holder will warrant that no debtor is an employee of the original lender.

Table 13

Default curves

Front-loaded and back-loaded

Year after closing	Front-loaded defaults (% of WAFF per year)	Back-loaded defaults (% of WAFF per year)
1	25.0	5.0
2	25.0	10.0
3	25.0	10.0
4	10.0	25.0
5	10.0	25.0
6	5.0	25.0

Prepayment assumptions

	High (%)	Low (%)
Pre-recession	24.0	1.0
During recession	2.0	1.0
Post-recession	24.0	1.0

Default and recovery timings

We used the WAFF and weighted-average loss severity (WALS) derived in our credit analysis as inputs in our cash flow analysis (see table 6). At each rating level, the WAFF specifies the total balance of the mortgage loans we assume will default over the transaction's life. Defaults are applied on the outstanding balance of the assets as of the closing date. We simulate defaults following two paths (i.e., one front-loaded and one back-loaded) over a six-year period (see table 14).

A small portion of the portfolio (7.0%) is backed by debtors that are classified as vulnerable borrowers. Under the CGP, the servicers may be restricted in terms of enforceability of the collateral and may be forced to offer long-term rental agreements. We have considered this risk in our analysis by extending the time to recover to 120 months on these loans.

We have therefore modelled 47 months to account for the CGP loans.

Delinquencies

To simulate the effect of delinquencies on liquidity, we model a proportion of scheduled collections equal to one-third of the WAFF (in addition to assumed foreclosures reflected in the WAFF) to be delayed. We apply this in each of the first 18 months of the recession and assume a full recovery of these delinquencies will occur 36 months after they arise.

Prepayments

To assess the effect on excess spread and the absolute level of defaults in a transaction, we model both high and low prepayment scenarios at all rating levels (see table 13).

Interest rates

We modeled two interest rate scenarios in our analysis: up and down. Given that the transaction incorporates an interest rate cap, upward interest rate stress assumptions exceeding the cap level may be unduly beneficial for the transaction's cash flow projection. We have also tested a scenario where the interest rates remain flat during the transaction's life.

Summary

Combined, the default timings, recession timings, interest rates, and prepayment rates described above give rise to eight different scenarios at each rating level (see table 14).

Table 14

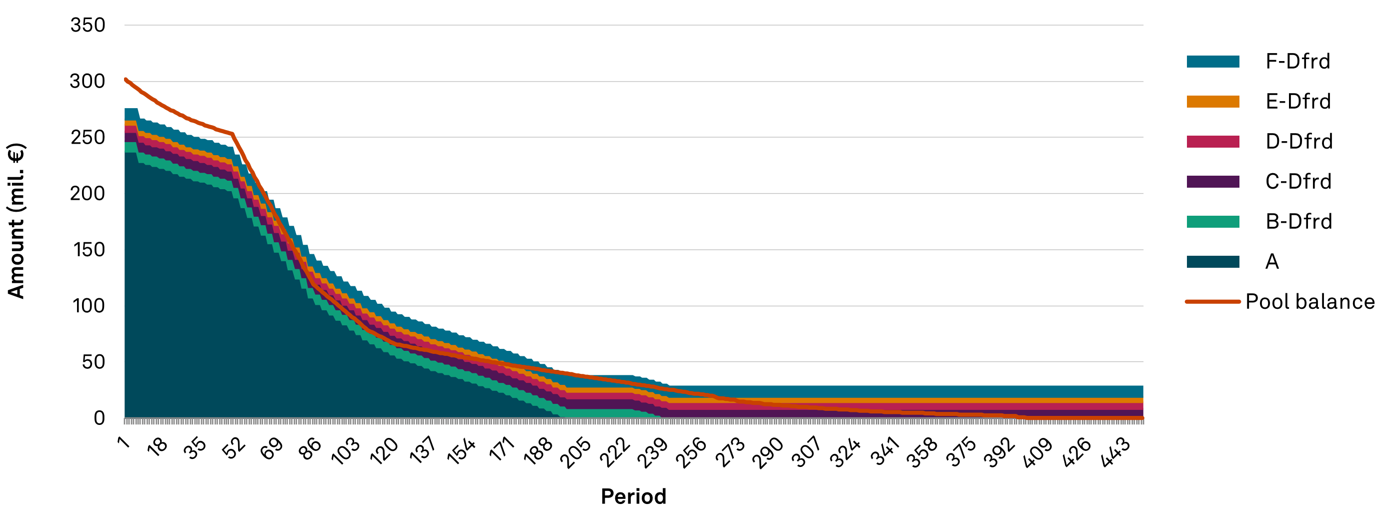
RMBS stress scenarios

Total number of scenarios	Prepayment rate	Interest rate	Default timing
8	High and low	Up and down	Front-loaded and back-loaded

The modeled amortization of the notes under our 'AAA' stress is shown in chart 6. The driving cash flow run for 'AAA' is low prepayments, rising interest rates, and front-loaded defaults.

Chart 6

Note amortization profile--'AAA' stresses



Excess spread

Excess spread is created through the difference between the asset's yield and the issuer's expenses. Table 15 outlines the initial excess spread estimate.

Table 15

Initial excess spread (estimate)

	Pool (%)
Pool yield (floating assets)	1.49
Senior fees	0.55*
Available for note coupons	0.94
Less the weighted-average note coupon (pre-step-up)	1.02
Excess spread remaining after expected coupon payment	(0.08)

*0.50% stressed senior servicing fee plus €160,000 annual fees.

Counterparty Risk

The counterparty documentation is in line with our counterparty criteria.

The documented replacement mechanisms adequately mitigate the transaction's exposure to counterparty risk for the transaction.

Table 16

Supporting ratings

Institution/role	Current counterparty rating	Minimum eligible counterparty rating	Remedy period (calendar days)	Maximum supported rating
U.S. Bank Europe DAC	A+/Stable/A-1	A	30 calendar days	AAA
Caixabank, S.A.	A/Stable/A-1	A	30 calendar days	AAA
Morgan Stanley & Co. International PLC	A+/Stable/A-1	A+	10 business days to post collateral, 90 calendar days to find a replacement	AAA

Commingling risk

Borrowers pay into collection accounts held with the primary servicer. Any funds deposited in the collection account will then be transferred to the account in the name of FT Encina with Caixabank.

If the legal titleholder was to become insolvent, the mortgage collection amounts in the collection account may become part of the legal titleholder's bankruptcy estate. To mitigate this risk, collections are transferred every business day into the Spanish FT bank account. We have concluded that there is no accumulation risk given the frequent sweeps to the FT account.

Additionally, the collection account sits with a rated bank that has a resolution counterparty rating. We believe that an orderly resolution would apply in case of insolvency that would prevent collections being lost during the time it would take to notify all the debtors to pay directly into the FT account bank.

The transaction documents contain replacement language in line with our counterparty criteria on the account bank at the FT level.

Amounts deposited to the FT Encina account are distributed quarterly according to the applicable priority of payments to the Irish issuer. The Irish issuer uses all the available funds from the FT bond to pay down the RMBS notes.

Hedging Features

Table 17

Details of the hedging features	
Type of hedging instrument	Interest rate cap instrument. The notional values and strike rates of the cap are set out in table 18. The interest rate cap minimizes exposure to liquidity stresses up to 16 years after closing.
Collateral posting triggers	Expected to be in line with our counterparty criteria
Replacement triggers	Expected to be in line with our counterparty criteria
Modelled in our cash flow analysis	Yes
Strike rate	3.0% to 5.0%

Sovereign Risk

Under our structured finance sovereign risk criteria, the maximum differential between the rating on the security and the rating on the sovereign depends on the asset sensitivity to country risk and the sovereign rating. We view the asset sensitivity to the country risk as low, and our long-term unsolicited sovereign rating on Spain is 'A'.

Considering this transaction's structural features, the notes' risk profile, and our cash flow analysis results, the notes can achieve up to six notches above the sovereign rating. Consequently, the application of our sovereign risk criteria does not cap our ratings on notes.

Scenario Analysis

Downside scenario

Various factors could lead us to lower our ratings on the notes, such as increasing foreclosure rates in the underlying pool and changes in the pool composition.

We consider the transaction's resilience in case of additional stresses to some key variables, in particular defaults and loss severity, to determine our forward-looking view.

In our view, the ability of the borrowers to repay their mortgage loans will be highly correlated to macroeconomic conditions, particularly the unemployment rate, consumer price inflation and interest rates. Given most of the loans in the transaction are floating, we believe material interest rates increases will have a negative effect on these borrowers' ability to service their loans. As of today, our forecast for policy interest rates in the Eurozone is 2.0% by the end of 2025 and 2.0% in 2026, and our forecast for unemployment in Spain is 10.6% and 10.3%, respectively.

Furthermore, a decline in house prices typically affects the level of realized recoveries. For Spain, we expect house prices to increase 4.5% in 2025 and by 3.5% in 2026.

Given our current macroeconomic forecast and our forward-looking view of the Spanish housing market, our sensitivity scenarios consider, all else being equal, the hypothetical effect on our credit ratings of different combinations of:

- An increase in WAFF (foreclosure frequency/defaults) by up to 30% at each rating level; and
- An increase in WALS (loss severity) by up to 30% at each rating level.

We therefore ran eight scenarios with increased defaults and higher loss severity, as shown in table 18.

Table 18

Sensitivity analysis

Class	WALS x 1.0	WALS x 1.1	WALS x 1.3
WAFF x 1.0	Base Case	Sensitivity 3	Sensitivity 4
WAFF x 1.1	Sensitivity 1	Sensitivity 5	Sensitivity 7
WAFF x 1.3	Sensitivity 2	Sensitivity 6	Sensitivity 8

		Sensitivity							
Class of notes	Initial rating	1	2	3	4	5	6	7	8
A	AAA	AA+	AA	AA+	AA	AA+	AA-	AA-	A
B-dfrd	AA	AA-	A	AA	A+	AA-	A	A	A-
C-dfrd	A	A	BBB+	A	BBB+	A-	BBB	BBB+	BBB-
D-dfrd	BBB	BBB	BBB-	BBB	BB+	BBB	BB+	BB+	BB
E-dfrd	BB+	BB+	BB	BB	BB-	BB	BB-	B	NR
F-dfrd	B-	NR	NR	NR	NR	NR	NR	NR	NR

No change

One-notch downgrade

Two-notch downgrade

Three-notch or more downgrade

Source: S&P Global Ratings.

The cash flow results for the class F-Dfrd notes refer to the standard asset-specific criteria. The class F-Dfrd notes pass our steady-state scenario.

The class F-Dfrd notes do not pass any of our cash flow stresses under our asset-specific criteria. Under our criteria for assigning 'CCC' category ratings, we rate an issue 'B-' if we believe the obligor has the capacity to meet its financial commitment on the obligation under the current conditions (see "Related Criteria"). To achieve a rating of 'B-', the securities must have sufficient credit enhancement to withstand a steady-state scenario where the current level of stress shows little to no increase and collateral performance remains steady (that is, performance does not deteriorate or improve). The class F-Dfrd notes pass our steady-state scenario. Therefore, we assigned a 'B- (sf)' rating to the class F-Dfrd notes.

The results of the above sensitivity analysis indicate a deterioration of no more than one category for the notes, which is in line with the credit stability considerations in our rating definitions.

A general downturn of the housing market may delay recoveries. We have also run extended recovery timings to understand the transaction's sensitivity to liquidity risk.

The transaction embeds some strengths that may offset deteriorating collateral performance. Given its sequential amortization, credit enhancement is expected to build-up over time. The existence of a reserve and liquidity fund may, to a certain extent, insulate the notes against credit losses and liquidity stresses. In addition, the interest rate swap mitigates the effect on note coupon payments from the rising three-month EURIBOR rates they are linked to.

Upside scenario

We could raise the ratings on the class B-Dfrd to F-Dfrd notes if credit enhancement builds as the transaction deleverages, or if the credit quality of the collateral pool improves over time, such as through lower current LTV ratios.

Environmental, Social, And Governance

For RMBS, we view the exposure to environmental credit factors as average, social credit factors as above average, and governance credit factors as below average (see "ESG Industry Report Card: Residential Mortgage-Backed Securities," published on March 31, 2021). For this transaction, we view the exposure to environmental credit factors as average, in line with the benchmark, as the pool is diversified geographically and does not have concentration risk. Social credit factors are considered above average, in line with the benchmark, because housing is viewed as one of the most basic human needs. Conduct risk presents a direct social exposure for lenders and servicers, particularly as regulators are increasingly focused on ensuring fair treatment of borrowers, predominantly retail ones. Aggressive collection practices would increase legal and regulatory risks.

We view the exposure to governance factors as below average because, in line with other structured finance transactions, there are strong governance frameworks through, for example, the generally very tight restrictions on what activities the SPEs can undertake, compared with other entities.

Appendix

Table 19

Transaction participants

Role	Participant
Arranger and lead manager	Morgan Stanley & Co. International PLC
Special Servicer	Anticipa Real Estate, S.L.U.
Corporate services provider	CSC Finance Holding Ireland Ltd.
Auditor	KPMG
Note trustee	U.S. Bank Trustees Ltd.
Originators	Bankia, S.A., Caixabank, S.A., among others.
Cash administrator	U.S. Bank Global Corporate Trust Ltd.
Principal paying agent/agent bank	U.S. Bank Europe DAC
Registrar	U.S. Bank Europe DAC
Security trustee	U.S. Bank Trustees Ltd.

Table 19

Transaction participants (cont.)

Role	Participant
Seller	Encina Residential DAC
Mortgage administrator	Caixabank, S.A.
Risk retention holder and servicer administrator	Morgan Stanley Principal Funding, Inc.

Related Criteria

- Criteria | Structured Finance | Legal: Asset Isolation And Special-Purpose Entity Methodology, May 29, 2025
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement, April 4, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- European RMBS Index Report Q1 2025, May 22, 2025
- EMEA Structured Finance Chart Book: May 2025, May 21, 2025
- S&P Global Ratings Definitions, Dec. 2, 2024
- European Housing Markets: Better Days Ahead, Jul. 17, 2024

- ESG Industry Report Card: Residential Mortgage-Backed Securities, March 31, 2021
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016