Rating Report

FT RMBS Santander 6

DBRS Morningstar
July 2020

Contents

Covadonga Aybar
Vice President
European RMBS & Covered Bonds
+34 919 036505
covadonga.aybar@dbrsmorningstar.com

Alessandra Maggiora
Assistant Vice President
European RMBS & Covered Bonds
+44 20 7855 6691
alessandra.maggiora@dbrsmorningstar.com

Mark Wilder
Senior Vice President
Head of European Operational Risk
+44 207 855 6638
mark.wilder@dbrsmorningstar.com

Ketan Thaker
Managing Director
Head of European RMBS & Covered Bonds
+44 203 356 1525
ketan.thaker@dbrsmorningstar.com

Ratings, Issuer Assets, and Liabilities

Debt	Amount (EUR)	Size	Initial Credit Enhancement[1]	Coupon[3]	Step-Up Coupon	Rating	Rating Action
Class A[2]	3,780,000,000	84%	21.0%	3-month Euribor + 0.05%	N/A	A (high) (sf)	Provisional Rating - Finalised
Class B[2]	720,000,000	16%	5.0%	3-month Euribor + 0.50%	N/A	CCC (sf)	Provisional Rating - Finalised
Class C[4]	225,000,000	5%		3-month Euribor + 0.65%		Not Rated	N/A

Notes:
1. Credit enhancement is expressed as a percentage of the aggregate current balance of the closing portfolio balance.
2. The rating on the Class A notes addresses the timely payment of interest and the ultimate payment of principal. The rating on the Class B notes addresses the ultimate payment of interest and principal on or before the legal final maturity date.
3. Coupons are floored at 0%.
4. Class C notes are uncollateralised and will fund the General Reserve.

	Initial Amount (EUR)	Size
Asset Portfolio (as at 19 June 2020)	4,617,778,330	100.00%
Reserve Fund	225,000,000	5.0%[1] of the initial balance of the rated notes

1. The reserve fund is funded at the closing of the transaction through the issuance of a subordinated loan on the issue date. The reserve fund is sized at [5.0%] of the aggregate initial balance of the Class A, and Class B notes.

DBRS Morningstar finalised its provisional ratings on the Class A notes (the securitisation notes) issued by FT RMBS Santander 6 (the Issuer or Santander RMBS 6).

The Issuer is a securitisation fund incorporated under Spanish securitisation law. The notes were used to fund the purchase of first-lien residential mortgage loans secured over properties located in Spain. These mortgage loans were originated by Santander S.A. (49.7%), Banco Popular Español S.A., or Popular (44.7%), and Banco Español de Crédito S.A., or Banesto (5.6%),

As of 19 June 2020, the mortgage portfolio totalled EUR 4.6 billion. Approximately 69% of the loans were originated between 2015 and 2020. The majority of the loans in the portfolio (96.8% in terms of outstanding balance) are floating-rate loans for life and 9.9% of the loans were granted to finance second homes. None of the loans in the portfolio are more than three months in arrears.

Santander S.A. will service the mortgage portfolio during the life of the transaction, with no backup servicer in place at closing. Moreover, the rated notes will receive liquidity support from the liquidity reserve fund to account for any temporary servicing disruption. The transaction is managed by Santander De Titulización, S.G.F.T., S.A. (the Management Company).

Credit enhancement for the Class A notes is calculated at 21.0% and is provided by the subordination of the Class B notes. The Class A notes will benefit from full sequential amortisation, whereas principal on the Class B notes will not be paid until the Class A notes have been redeemed in full. Additionally, the Class A principal will be senior to the Class B interest payments in the priority of payments.

Liquidity in the transaction is provided by the reserve fund, which is available to cover senior expenses as well as interest and principal of the Class A and Class B notes until they are paid in full. The reserve fund will amortise with a target equal to 5.0% of the outstanding balance of the Class A and Class B notes, subject to a floor of EUR 112.5 million (2.5% of the closing balance of the Class A and Class B notes). The reserve fund will not amortise if certain performance triggers are breached, until it reaches 10% of the outstanding balance of the Class A and Class B notes and during the first three years of the life of the transaction.

A key structural feature is the provisioning mechanism in the transaction, which is linked to the arrears status of a loan (equal to or greater than 90 days) besides the usual provisioning based on losses. The degree of provisioning increases with the increase in number-of-months-in-arrears status of a loan. This is positive for the transaction as provisioning based on arrears status will trap any excess spread much earlier for a loan that may ultimately end up in litigation for recovery.

Portfolio Summary (19 June 2020)

Total Current Balance (EUR)	4,617,778,330	**Asset Class**	RMBS
Number of Loans	32,875	**Governing Jurisdiction**	Spain
Weighted-Average Coupon (WAC)	0.94 %	**Sovereign Rating**	"A"; Stable trend R1 (low); Stable trend
Indexed WACLTV[1]	92.9%		
Weighted-Average Seasoning (WAS) (Years)	5.3		

1. DBRS Morningstar calculation; includes coronavirus-related adjustments to the property valuations.

Transaction Parties

Roles	Counterparty	Rating
Issuer	FT RMBS Santander 6	N/A
Originators	Banco Santander, S.A.	A (high) Stable trend/R-1 (middle) Stable trend COR: AA (low) Stable trend/R-1 (middle) Stable trend
	Banco Popular Espanol, S.A.	N/A
	Banesto, S.A.	N/A
Servicer/Seller	Banco Santander, S.A.	A (high) Stable trend/R-1 (middle) Stable trend COR: AA (low) Stable trend/R-1 (middle) Stable trend
Subordinated Loan Provided	Banco Santander, S.A.	A (high) Stable trend/R-1 (middle) Stable trend COR: AA (low) Stable trend/R-1 (middle) Stable trend

Roles	Counterparty	Rating
Paying Agent	Banco Santander, S.A.	A (high) Stable trend/R-1 (middle) Stable trend COR: AA (low) Stable trend/R-1 (middle) Stable trend
Treasury Account Bank	Banco Santander, S.A.	A (high) Stable trend/R-1 (middle) Stable trend COR: AA (low) Stable trend/R-1 (middle) Stable trend
Arranger and Management Company	Santander De Titulización, S.G.F.T., S.A.	N/A

Relevant Dates

Portfolio Cut-Off Date	19 June 2020
Issue Date	16 July 2020
First Payment Date	17 November 2020
Payment Dates	17 of November, February, May, and August
Payment Frequency	Quarterly
Final Maturity Date	31 December 2059

Rating Considerations

Notable Features

- The rating on the Class A notes addresses the timely payment of interest and the ultimate payment of principal. The rating on the Class B notes addresses the ultimate payment of interest and principal.
- The portfolio backing FT Santander RMBS 6 comprises first-lien mortgage loans originated by Santander (49.7%), Popular (44.7%), and Banesto (5.6%) and granted to individuals for the acquisition, construction, or refurbishment of residential properties located in Spain, or to individuals subrogated to developer loans on residential properties built and finished located in Spain, or to individuals for other purposes. Popular and Banesto are a part of Santander. Banco Santander S.A. services all the mortgage loans.
- At closing, all loans were less than three months in arrears. Loans representing 3.9% of the portfolio balance are under a public moratoria (interest and principal payment holiday up to three months) and loans accounting for 11.9% of the portfolio balance are under a private moratoria (principal payment holiday up to 12 months) granted to the borrowers as a consequence of the coronavirus pandemic.
- The notes are always paid sequentially, allowing for the buildup in credit enhancement over time as the notes amortise.

Strengths

- **Established Lender:** Santander is an established lender in Spain.
- **Seasoned Pool:** The WA seasoning of the portfolio is 5.3 years, with about 69% of the mortgage loans originated between 2015 and 2020.
- **Arrears:** As at the portfolio cut-off date (19 June 2020), 0.93% of the loans were less than one month in arrears, with no loans being in arrears for more than 30 days.
- **First Lien:** All the loans in the portfolio are collateralised by first-lien mortgages, where the lender takes priority when allocating recovery proceeds following an enforcement of security.
- **Diversified Portfolio:** The portfolio has a very granular distribution, with 32,875 loans granted to 31,188 different borrowers. The largest borrower accounts for 0.07% of the portfolio's total loan balance. The top five borrowers account for 0.32% of the portfolio's total loan balance, with the top 10 borrowers accounting for 0.53%. The portfolio is also geographically diversified, with the three largest exposures being Madrid (26.85%), Andalusia (17.94%), and Catalonia (13.04%).
- **No Interest-Only Loans:** All loans repay capital according to an amortisation schedule with monthly payments.
- **Credit and Liquidity Support:** The Class A and Class B notes benefit from a reserve fund, sized at 5% of their closing balance.

Challenges and Mitigating Factors

- **Payment Holidays**: Since the coronavirus outbreak in Spain at the beginning of March, the Spanish Government has granted up to three months of payment holidays on both interest and principal payments (public moratoria) on mortgages for individual borrowers to reduce the financial burden of a slowed-down economy. At the same time, the financial institutions in an effort to help borrowers in financial difficulty, have also joined together to grant payment holidays of up to 12 months on only principal payments (sector moratoria). As of 19 May 2020, the portfolio included 3.88% of loans subject to a public moratoria and 11.92% of loans subject to a sector moratoria.
  Mitigant: DBRS Morningstar has taken these payment holidays into account in its analysis.
- **Restructured Loans:** About 13.4% of the pool has suffered some kind of modification since origination due to debtor solvency problems.
  Mitigant: DBRS Morningstar considered nonperforming restructured loans as weak and applied conservative adjustments in its RMBS Insight model.
- **High Loan-to-Value Loans:** The portfolio includes high LTV loans. The Indexed WA Current LTV as calculated by DBRS Morningstar is 92.9%. The WA LTV at origination was 93.5%, with 74.6% of the loans originated with an Original Loan-to-Value (OLTV) above 80%, and 28.4% originated with an OLTV above 100%.
  Mitigant: DBRS Morningstar has analysed these loans in line with its European RMBS Insight and European RMBS Insight: Spanish Addendum methodologies.
- **Renegotiations:** The servicer can grant loan modifications without the management company's consent; these include the possibility to extend the maturity date, change interest rate type, and reduce the margin on loans subject to certain limits.
  Mitigant: DBRS Morningstar took loan renegotiations into account in its cash flow analysis.
- **Self-Employed:** Self-employed borrowers represent 14.36% of the portfolio.
  Mitigant: To scoe the loans under its European RMBS Insight Model, DBRS Morningstar treats this 14.36% of the portfolio as "borrowers not employed". Each parameter of the Spanish Mortgage Scoring Model is considered to measure the relative risk of each loan.

- **Loans to Employees of the Seller**: About 14.2% of the mortgage loans were granted to employees of Santander.
  Mitigant: Santander is a highly rated entity and these loans are currently paying a reduced margin. About 14.2% of the loans in the pool have been granted to Santander employees, of which 8.8% are currently paying 0% coupon.
- **Exposure to Foreign Borrowers**: About 9.4% of the portfolio was granted to foreign borrowers.
  Mitigant: Each loan in the portfolio was scored using the European RMBS Insight Model, with parameters for the Spanish Mortgage Scoring Model measuring the risk of each loan
- **Unhedged Interest and Basis Risks:** The rated notes pay interest linked to the three-month Euribor rate. In comparison, 95.7% the loans in the mortgage portfolio pay interest linked to the 12-month Euribor rate, and 1.1% pay TRH Total Entidades, with the remaining 3.2% paying a fixed interest rate. This gives rise to interest and basis risks that is not hedged in the transaction.
- *Mitigant*: DBRS Morningstar considers that the basis risk for the Class A notes is partially mitigated by (1) the subordination of the Class B notes interest payments in the priority of payments and (2) the reserve fund available to cover interest payments on the Class A notes. In addition. Historically, the 12-month Euribor rate has been higher than the three-month Euribor rate, and given the small share of fixed-rate loans, the interest rate risk in this transaction is limited. Cash flows have been assessed in accordance with DBRS Morningstar's *Interest Rate Stresses for European Structured Finance Transactions* methodology

COVID-19 Considerations

The Coronavirus Disease (COVID-19) and the resulting isolation measures have caused an economic contraction, leading to sharp increases in unemployment rates and income reductions for many borrowers. DBRS Morningstar anticipates that delinquencies may arise in the coming months for many structured finance transactions, some meaningfully. The ratings are based on additional analysis and, where appropriate, additional adjustments to expected performance as a result of the global efforts to contain the spread of the coronavirus. For this transaction DBRS Morningstar assumed loans previously restructured as being in arrears and a moderate decline in residential property prices

On 16 April 2020, the DBRS Morningstar Sovereign Group published a set of macroeconomic scenarios for the 2020-22 period in select economies. These scenarios were updated on 1 June 2020. For details see the following commentaries:

- Global Macroeconomic Scenarios: June Update
- Global Macroeconomic Scenarios: Application to Credit Ratings
- European RMBS Transactions' Risk Exposure to Coronavirus (COVID-19) Effect.

DBRS Morningstar analysis considered impacts consistent with the moderate scenario in the referenced reports.

On 5 May 2020, DBRS Morningstar published a commentary outlining how the coronavirus crisis is likely to affect the DBRS Morningstar-rated RMBS transactions in Europe. For more details please see https://www.dbrsmorningstar.com/research/360599/european-rmbs-transactions-risk-exposure-to-coronavirus-covid-19-effect and https://www.dbrsmorningstar.com/research/362712/european-structured-finance-covid-19-credit-risk-exposure-roadmap.

For more information regarding rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release:
https://www.dbrsmorningstar.com/research/357883.

For more information regarding structured finance rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release:
https://www.dbrsmorningstar.com/research/358308.

ESG Considerations
A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework and its methodologies can be found
at: https://www.dbrsmorningstar.com/research/357792.

Origination and Servicing

DBRS Morningstar conducted an operational review of Banco Santander's (Santander) residential mortgage operations in June 2020. DBRS Morningstar considers the origination and servicing practices of Santander to be consistent with those observed among other Spanish banks.

Santander is part of the Santander Group, which has its origins in the founding of Banco de Santander in 1857. By 1957, when it celebrated its one hundredth anniversary, Banco de Santander had become the seventh-ranked financial institution in Spain.

In 1994, the acquisition of Banco Español de Crédito (Banesto) was a major event in the group's history, making it the leading player in the Spanish market.

Historically, Santander has had a strong presence abroad beginning in 1947 in South America, and is currently one of the largest banks in Europe and Latin America with a significant presence in the U.S. The bank is engaged in broadly diversified activities in retail and corporate banking, consumer finance, and asset management.

In December 2012, Banco Santander announced that it would absorb Banesto and Banco BANIF, purchasing the remaining 10% of Banesto it did not already own. In October 2013, Santander acquired 51% in Spain's largest consumer finance business, El Corte Inglés, for around EUR 140 million. On 7 June 2017, Banco Santander purchased Banco Popular Español for a symbolic price of one euro.

As of end Q1 2019, the Santander Group had total assets of EUR 1.51 trillion, over 200,000 employees, and 144 million customers. It is the largest bank in Spain and one of the largest in the Eurozone by total assets and market capitalisation.

DBRS Morningstar confirmed Santander's issuer and senior debt ratings at 'A (high)' with a Stable trend in November 2019. More information on Santander's ratings can be found at https://www.dbrsmorningstar.com.

Origination and Underwriting

Origination

All originations for Santander are internally sourced through its respective branch networks with oversight and support from the regional or territorial offices. Santander specialises in providing retail banking services to individuals, professionals, SMEs, and large corporates. The branches are responsible for managing the relationship with the borrower as well as collecting data and the required documentation, and inputting the information into the respective credit scoring system and rating model, where applicable.

Santander offers the standard mortgage loan products common in the Spanish market including fixed- and variable-rate loans. Residential mortgage loans are typically capped at an 80% LTV although higher LTVs are possible with additional guarantees and approval outside the branch office. The LTV limit for loans backed by commercial properties has been lowered in recent years and ranges up to 70% depending on the asset type. The maximum lending amount for non-owner occupied residential assets is typically below 80%. As with other Spanish banks, the vast majority of loans are on monthly payment schedules although quarterly and/or semiannual payment options might be available with head office approval.

Underwriting

The underwriting and loan approval process at Santander is generally consistent with the overall Spanish market and performed at the local branch. As consistent with the overall Spanish market, full income verification is conducted on all individual borrowers including collection of income statements, review of bank accounts, and tax returns particularly for self-employed applicants. For SME and corporate clients, the last two years' audited financial statements, tax returns, acts of incorporation, and lists of outstanding loans are reviewed.

Santander employs credit scoring and rating models that incorporate credit bureau data, sector data, financial statements, and qualitative elements. Ratings are based on a standard probability of default calculation and have been reviewed and approved by the Bank of Spain. The internal rating systems are also regularly back-tested and validated. The credit scores for individual borrowers, and ratings are mainly used for assessing the borrower's creditworthiness and overall risk profile. Furthermore, they are used as an ongoing monitoring tool including behavioural scoring functionality with monthly or quarterly updates of credit bureau data from CIRBE, Experian, and Equifax.

Santander's approval authority limits are generally consistent with other Spanish banks. Approval levels are set according to competency and size, particularly branch-level authority as well as the risk profile of the borrower and the loan type (secured or unsecured). DBRS Morningstar also notes that the approval limits are based on the total borrower or economic group exposure and not on individual loans, and such policy is consistent with the wider Spanish market and in compliance with regulatory guidelines.

If a loan is rejected by the system, the branch can only appeal the decision with additional supporting information and the approval of at least the branch manager before the loans is reviewed by a risk analyst. Only 10% of system rejections can be appealed.

Valuations

Santander has an internal appraisal department responsible for carrying out valuations of select properties based on internal guidelines, managing external valuers, and reviewing all valuations conducted by external appraisers. All appraisals are performed according to Santander guidelines and standard valuation templates are used. For loans less than EUR 500,000, the valuation process is outsourced and the values set for commercial assets are typically slashed by 10% to 15%.

All assets are revalued annually using statistical valuation data (indexation) although a full appraisal is conducted for assets more than EUR 3 million, and a second appraisal may be ordered if a significant variance exists from the previous valuation.

Summary Strengths

- All loan activity is sourced internally; there is no external intermediary or broker network.
- Largest Spanish bank and top 20 global bank with significant opportunities for growth within the Spanish mortgage market.
- Strong securitisation experience with numerous transactions covering all major asset classes issued since 2001.

Summary Weaknesses

- Majority of loans approved at the branch level.
  Mitigants: Branch approval is based on size and competency level of the respective management team and is subject to policy rules. The risk profile of the borrower is also taken into account in setting approval limits. Lower limits are in place for unsecured positions, and the underwriting and credit risk team has significant experience.

Servicing

Servicing activities at Santander are comparable with other Spanish banks, with some centralisation of administrative functions in the respective bank's head office and primary borrower contact including collections and early arrears management activities managed with the local branches. Payments are primarily made through direct debit as most of the borrowers now have current accounts.

Santander's commercial management and risk management departments have a close relationship, and the bank has different systems to manage the monitoring of risk.

Santander's alert system is based on monitoring the credit quality of the clients and their transactions. The clients are classified in the system as either "Normal" or "Special Surveillance".

Under the Special Surveillance category, the branch agent will determine the level of risk associated with specific clients.

The alerts are used to track the progression of a loan, anticipate credit issues, and take early preventative measures to mitigate risk. This system is based fundamentally on the analysis of a set of variables relating to transactions and to customers in order to detect possible anomalous deviations in their behaviour and to be notified of situations such as:

- High debts;
- Variations in the rating levels;
- Overdrafts;
- A delinquency-tracking database (CIRBE, RAI, EXPERIAN, etc.).

The rating of the client is reviewed at least twice a year, but this review could be done earlier depending on the system alerts.

Up until 2009, the recovery process was handled in the risk division; however, since 2009 the recovery process at Santander is performed by a dedicated department in the commercial area. The team provides surveillance for all the flagged loans and follows a recovery plan for all irregular portfolio movements created by these flagged loans. Additionally, Santander branches are used within the recovery process to contact the borrowers and aid recoveries.

The recovery process is broken down into phases based on the number of days in arrears:

- **0-30 days, 31-90 days:** In these phases, different departments are involved such as the branch staff, call centres, agents, and analysts);
- **91-150 days:** All internal agents of the bank continue with their recovery activities along with the outsourced recovery companies.

Most probable solutions of the proceedings are that delinquent clients are able to refinance the debt and pay off the debt in part or in full; however, this is not always possible as the client may no longer be considered creditworthy. If a lawsuit is presented, the judicial process can extend for 11 months to 15 months, generally resulting in foreclosure. Once this process is finished, Santander will try to sell the foreclosed assets.

The operational loan management department is responsible for all loan management and servicing activities. Primary borrower contact is managed at the branch level including early arrears management activities.

Like most Spanish banks, payments are primarily made through direct debit although borrowers can deposit payments or pay directly at the branch. The majority of loans are on monthly payment schedules although quarterly, semiannual, and annual schedules might be available, which is in line with the overall Spanish market.

If a payment is missed, a loan is classified as irregular and the recovery process commences. Loans with an outstanding balance up to EUR 300,000 are handled largely by branches and external call centres between 1 and 30 days past due (DPD). Between 30 and 90 DPD, individual managers are involved in conjunction with external call centres. Loans over EUR 300,000 are typically handled entirely by branches up to 30 DPD and by individual managers between 30 and 150 DPD. Loans over EUR 5 million are handled by specialist teams throughout the process while real estate loans are handled by real estate and recoveries managers together with branches.

At the early stages of collection, the focus is on collecting cash to clear any arrears. If the debtor has problems meeting its payment obligations as a result of financial difficulty, then a loan modification may be considered, which may involve refinancing the existing loan on affordable terms.

If a loan reaches 90 DPD it is classed as delinquent. For loans with a balance below EUR 50,000 recovery action is outsourced to a panel of external debt collection agencies (DCA). If the loan value exceeds EUR 50,000 it continues to be handled by individual managers but external DCAs may be involved too.

In cases of serious deterioration, payment arrangements based on affordability may be considered. If this is possible then a discounted pay off may be considered whereby a portion of the loan is written off on payment of an agreed amount.

Bank of Spain regulations require that exposures are classified as written off after four years from the date of default. This date may be brought forward if detailed analysis leads a lender to consider that recovery is unlikely. Santander usually performs this detailed analysis two years after the default date. However, the classification of a loan as written off for accounting purposes does not change the approach to the recovery of the outstanding balance and recovery action will continue until the loan is repaid or collection is no longer possible, such as in the event the business is dissolved.

Summary Strengths

- Regular surveillance activities of the bank’s mortgage portfolio segregated by customer segment.
- Centralised servicing operations particularly for medium- and late-term arrears and no use of external collection agencies.
- Good oversight of third-party debt collection agencies.

Opinion on Backup Servicer

The transaction features no backup servicer. DBRS Morningstar believes that the bank’s current financial condition supported by a healthy investment grade rating mitigates the risk of a potential servicer event of default.

Transaction Structure

Transaction Summary

Currencies	Issuer's assets and liabilities are denominated in euros.	
Relevant Jurisdictions	Spanish securitisation law	
Basis Risk Hedging	Not hedged	
Interest Rate Hedging	Not hedged	
Reserve Fund	Provides credit and liquidity support to the notes.	
	Initial Amount	EUR 225,000,000 Corresponding to 5% of the initial balance of the Rated Notes.
	Target Amount	5% of the initial balance of the Rated Notes.
	Floor	EUR 112,500,000
	Amortisation	It will amortise to its target level, on each payment date except: (1) When the current balance of delinquent loans is >1% of the outstanding balance of the performing loans. (2) When on any interest payment date the reserve fund is not at its required target amount. (3) During the first three years of the life of the fund.
Commingling Reserve	None	

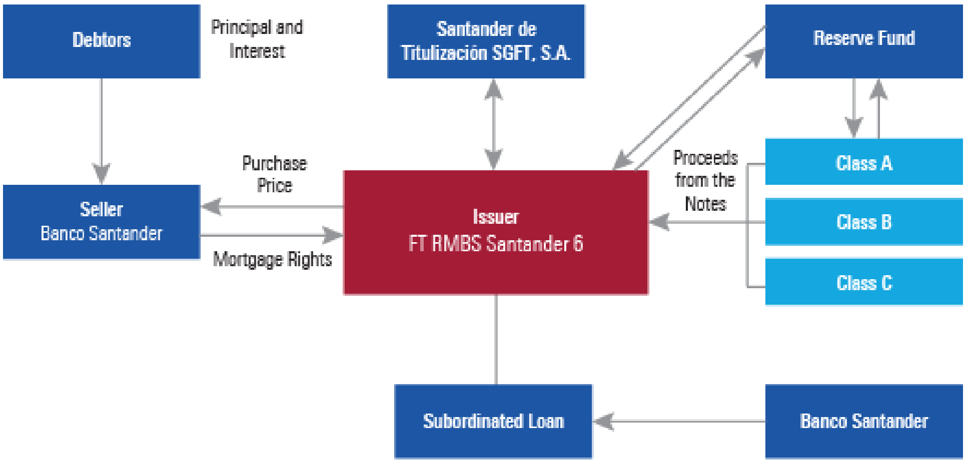
On each payment day, available funds to amortise principal are interest and principal collections from the portfolio, the reserve fund, interest on the transaction accounts, and any other amounts that the issuer might receive.

The amortisation of the notes will follow the theoretical amortisation approach, which is equal to the positive difference between: (1) the amount outstanding of the notes on each interest payment date and (2) the outstanding balance of the performing portfolio. According to the transaction documents, defaulted loans are defined as loans more than 90 days in arrears.

The Class A notes benefit from full sequential amortisation with principal payments on the Class B notes starting once the Class A notes are redeemed in full. Additionally, principal payments on the Class A notes are senior to interest payments on the Class B notes.

The transaction structure is summarised below:

Transaction Structure



Source: FT RMBS Santander 6 prospectus.

Counterparty Assessment

Account Bank

Banco Santander, S.A. is the account bank and paying agent for the transaction. DBRS Morningstar rates Banco Santander at A (high) and R-1 (middle) with a Stable Trend. If the account bank's DBRS Morningstar rating is downgraded below A, the Management Company, on behalf of the fund, would need to, within 60 days: (1) find a guarantor with the minimum DBRS Morningstar rating of "A" that will unconditionally and irrevocably guarantee the obligations of the treasury account agreement or; (2) find a replacement account bank with the minimum DBRS Morningstar rating of "A".

Based on the DBRS Morningstar's Long Term Critical Obligations Rating of AA (low) and Short Term Critical Obligations Rating at R-1 (middle) with Stable trends, the downgrade provisions outlined in the transaction documents, and the transaction structural mitigants, DBRS Morningstar considers the risk arising from the exposure to Banco Santander to be consistent with the ratings assigned to the Rated Notes, as described in DBRS Morningstar's *Legal Criteria for European Structured Finance Transactions* methodology.

Servicing of the Portfolio and Collections

All borrower payments are collected by Santander under a direct debit scheme and deposited into the servicer account. Payments are transferred from the servicer account to the treasury account at the account bank in the name of the fund two business days after receipt of funds. If the servicers become insolvent and until notification is delivered to the relevant borrowers to redirect their payment, payment collections may be commingled with other funds belonging to the servicer.

Commingling risk is partially mitigated by the fact that the payments from the borrowers are transferred to the transaction account held by the account bank (Santander S.A.) in the name of the Issuer after 48 hours.

Paying Agent

The Management Company has appointed Banco Santander, S.A. as the paying agent in this transaction. The paying agency agreement will have the replacement trigger set at "A". The paying agent is performing the calculation of the amounts due and payable and instructs the account bank to make the payments.

Available Funds

The treasury account was established with the account bank at the close of the transaction to hold the following amounts during the relevant collection period:

- Principal and interest collections on the mortgages loans.
- Any other amount derived from the collateral mortgage pool, such as the proceeds received from the sale of foreclosed properties.
- The reserve fund amount.
- At closing, amounts from the subordinated loan for initial expenses.
- Return on the amounts deposited in the bank account.

The available funds will be applied in accordance with the pre-enforcement priority of payments.

Priority of Payments

The Issuer applies the available funds in accordance with a combined priority of payments for interest and principal.

Pre-Enforcement Priority of Payments:

1. Ordinary and extraordinary expenses and the administration fee, including servicing fees if Santander is not the servicer;
2. Interest due on the Class A notes;
3. Interest due on the Class B notes if not deferred[1];
4. Amounts paid to amortise the Class A notes;
5. Amounts paid to amortise the Class B notes;
6. Interest due on the Class B notes if deferred;
7. Replenishment of the reserve fund to the target level;
8. Amounts paid to amortise the Class C notes; Interest on the subordinated loan;
9. Principal on the subordinated loan;
10. Servicing fees to Santander if not substituted as servicer;
11. Extraordinary interest payments on Class C notes (the liquidity excess, if any, after satisfying the payments above).

1. Interest on Class B notes can be deferred if: (1) Class B is not the most senior class outstanding; (2) loans in arrears for more than three months are less than 10% of the pool.

Post-Enforcement Priority of Payments:

Upon liquidation of the Issuer at the legal final maturity date or an early termination of the Issuer, the available funds and any amounts received by the Issuer after the sale of the remaining mortgage portfolio will be distributed as follows:

1. Ordinary and extraordinary expenses and the administration fee, including servicing fees if Santander is not the servicer;
2. Interest due on the Class A notes;
3. Amounts paid to amortise the Class A notes;
4. Interest due on the Class B notes;
5. Amounts paid to amortise the Class B notes;
6. Ordinary interest due on the Class C notes (Three-month Euribor plus a 0.65% margin);
7. Amounts paid to amortise the Class C notes;
8. Interest on the Subordinated Loan;
9. Principal on the Subordinated Loan;
10. Servicer fees (unless the servicer is substituted by another company different from Banco Santander, then it will be in the first position); and
11. Extraordinary interest on Class C notes (the liquidity excess, if any, after satisfying the payments above).

Principal Amortisation

On each payment day, available funds to amortise principal are defined as the lower of (1) amortisation amounts for the notes and (2) amounts available after payment of items 1 to 2 of the pre-enforcement waterfall for the Class A notes and amounts available after payments of the items 1 to 5 of the pre-enforcement waterfall for the Class B notes.

The amortisation of the notes will follow the theoretical amortisation approach, which is equal to the positive difference between: (1) the amount outstanding of the notes on each interest payment date and (2) the outstanding balance of the nondefaulted portfolio. According to the transaction documents, defaulted loans are defined as loans in arrears for more than three months.

The Class A notes benefit from full sequential amortisation with principal payments on the Class B notes starting once the Class A notes are redeemed in full. Additionally, principal payments on the Class A notes are senior to interest payments on the Class B notes if Class B interest is deferred.

Permitted Variations for the Servicer

The servicer can grant loan modifications without consent of the management company; these include the possibility to extend the maturity date, allow payment holidays for up to 12 months, and reduce the margin on loans subject to certain limits. DBRS Morningstar took into account these loan modifications in its cash flow analysis.

Representations and Warranties

The representations and warranties per the prospectus include the following:

- No loans in arrears for more than 30 days will be incorporated to the fund.
- None of the loans have a maturity date later than 31 December 2059.
- All loans make payments via direct debit.

- All loans are granted to individuals residents in Spain and are backed by properties located in Spain.
- None of the loans are granted to real estate developers.
- All loans are fully disbursed and backed by finished properties and are first-lien loans.

The final portfolio sold to the issuer will be static. However, the Seller will be able to substitute any loans that are found to have breached the reps and warranties with loans of similar credit characteristics.

Collateral Summary

Data Quality

DBRS Morningstar received the mortgage portfolio loan tape to conduct the credit analysis of the collateral pool (cut-off date of 19 June 2020). DBRS Morningstar was provided with historical static data for mortgage loans originated by Santander with OLTV greater than 80% (Banco Popular and Banesto not included). The set of data is quarterly static arrears (90-day plus) net of recoveries for the period 1Q 2004 to 4Q 2019. DBRS Morningstar did not view the Agreed Upon Procedures report.

The main source of information used for this rating is Santander de Titulización. DBRS Morningstar considers the information available to it for the purposes of providing these ratings to be of satisfactory quality.

Number of Mortgage Loans	32,875
Number of Borrowers	31,188
Total Original Balance (EUR)	5,288,907,190
Total Current Balance (EUR)	4,617,778,330
Average Original Balance per Borrower (EUR)	169,581
Average Current Balance per Borrower (EUR)	148,063
Maximum Original Balance (EUR)	3,533,000
Maximum Current Balance (EUR)	3,416,999
Weighted-Average Original LTV[1]	93.57%
Weighted-Average Current LTV Indexed[1]	97.80%
Proportion of Loans with Current LTV (Ind)>100%	34.23%
Weighted-Average Seasoning (Years)	5.28
Weighted-Average Residual Term (Years)	28.55
Weighted-Average Interest Rate	0.94%
Self-Employed	14.36%
Second Homes	7.90%
Purchase Loans	94.20%
Foreign Nationals	9.40%
Second-Lien	0.00%
Restructured Loans	13.40%
>0 and <=1 Month in Arrears	0.93%
>1 Months in Arrears	0.00%

1. DBRS Morningstar calculation: The WA Original LTV and the WA Indexed LTV were calculated after accounting for coronavirus-related adjustments to property valuations.

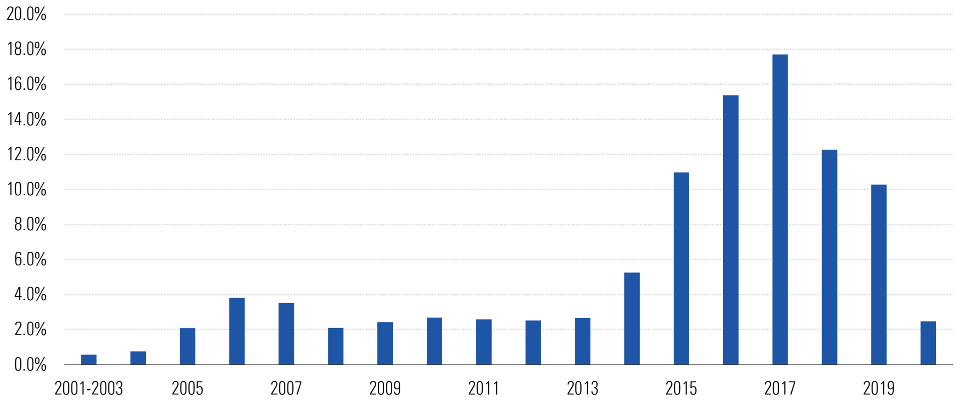
The portfolio was analysed using the European RMBS Insight Model, which takes into account the underwriting guidelines of the originator, loan, borrower, and property characteristics and the relative quality of historical performance and assigns an underwriting score to the portfolio.

For the purpose of this analysis, DBRS Morningstar split the portfolio into a normal and a risky portfolio. The model was run using underwriting scores of 3 and 5, respectively. The risky subpool is formed by loans that had been modified since origination (13.40% restructured) and/or are currently benefiting from a grace period (13.15%).

Vintage of Origination

As of the cut-off date, the securitised portfolio had approximately 5.3 years of seasoning. The chart below shows the proportion of loans in the mortgage portfolio by the origination vintage.

Exhibit 1 Origination Vintages



Source: FT RMBS Santander 6 Tape from Santander de Titulización.

Original Term

Of the mortgages, 72.96% were originated with a term higher than 30 years and 20.71% were with a term above 40 years. The longest origination value is 51 years (31 December 2059) and the WA original term is 33.8 years.

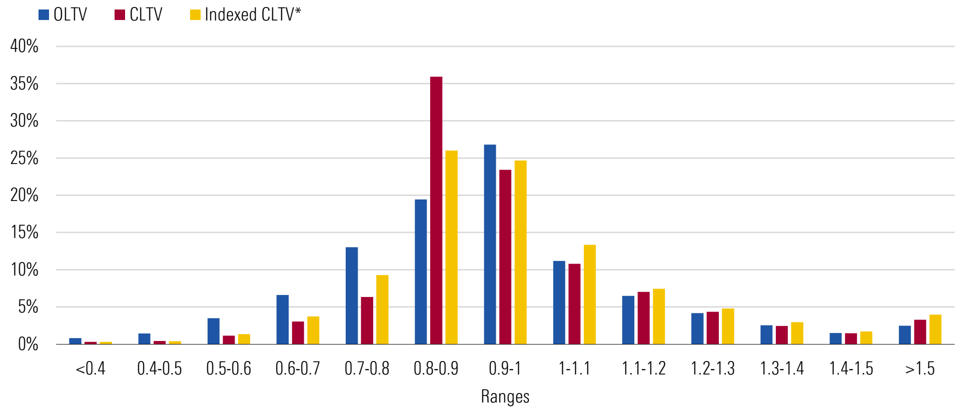
Interest Rates

The WA interest rate of the portfolio is 0.94%. The majority of the loans are floating-rate loans indexed to 12-month Euribor (96.8% of the mortgage portfolio, with a WA margin of 1.06%). The remaining portion pays a fixed rate of interest (3.2% of the mortgage portfolio, with a WA coupon of 2.06%). Currently, 9.62% of the portfolio is paying no coupon, a majority of which (8.79%) having been granted to employees of the borrower.

Loan-to-Value Distribution

The WA OLTV stands at 93.6%, while the WA Indexed CLTV is calculated at 97.8% as per DBRS Morningstar methodology (indexed up to Q3 2017). DBRS Morningstar assumed a moderate decline in property valuations linked to the coronavirus pandemic in the LTV calculations mentioned above.

Exhibit 2 Loan-to-Value Distribution

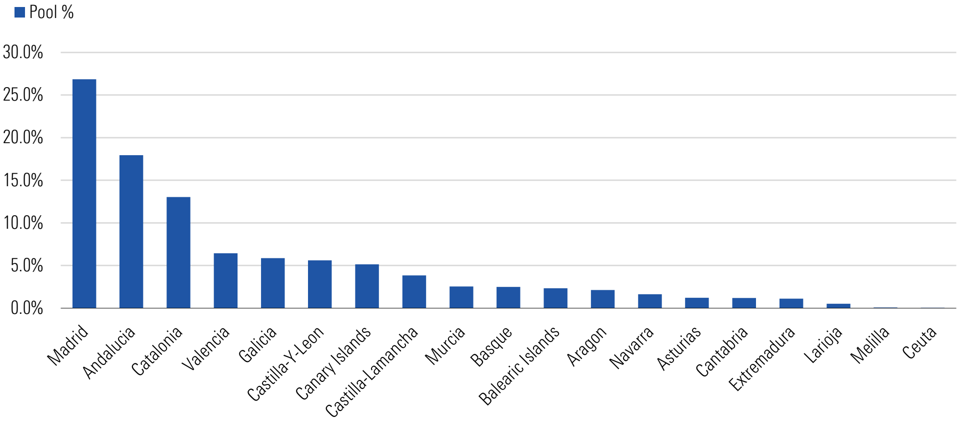


Source: FT RMBS Santander 6 Tape from Santander de Titulización and DBRS Morningstar.

Geographic Distribution

The pool is well diversified. The properties are mainly concentrated in the following regions: Madrid (26.85%), Andalusia (17.94%), and Catalonia (13.04%). The concentration in the regions shown below leaves the transaction exposed to house-price fluctuations, economic performance, and changes in regional laws.

Exhibit 3 Geographic Breakdown

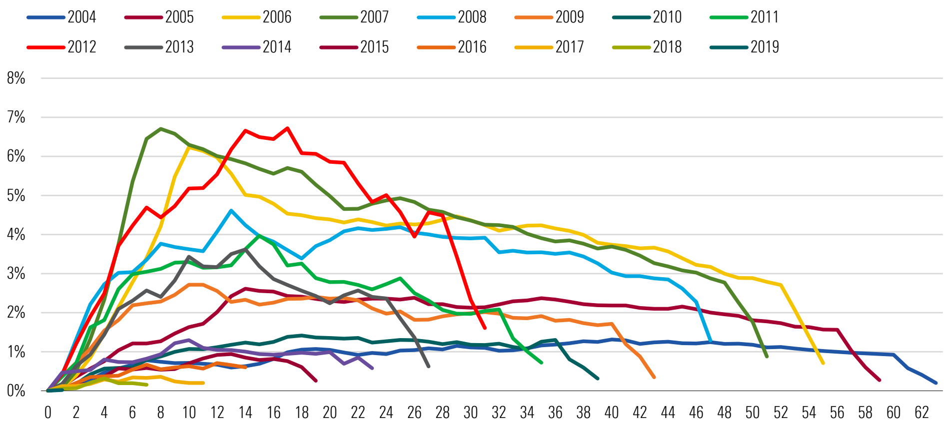


Source: FT RMBS Santander 6 Tape from Santander de Titulización.

Historical Performance Data

DBRS Morningstar was provided with historical static data for mortgage loans originated by Santander with OLTV greater than 80% (Banco Popular and Banesto not included). The set of data is quarterly static arrears for more than 90 days net of recoveries for the period Q1 2004 to 4Q 2019.

Exhibit 4 Historical Performance Data



Sources: Santander de Titulización, DBRS Morningstar.

Summary of Cash Flow Scenarios

To assess the timely payment of interest and the ultimate payment of principal on the Class A notes and the ultimate payment of interest and principal on the Class B notes, DBRS Morningstar applied its default curves (front-ended and back-ended), its prepayment curves (low, medium, and high constant prepayment rate assumptions), and interest rate stresses as per its *Interest Rate Stresses for European Structured Finance Transactions* methodology. Additionally, a 0% prepayment curve was also tested.

Based on a combination of these assumptions, a total of 16 cash flow scenarios were applied to test the performance of the rated notes (see table below).

Scenario	Prepayments	Default Timing	Interest Rate
1	0%	Front	Upward
2	0%	Front	Downward
3	0%	Back	Upward
4	0%	Back	Downward
5	5%	Front	Upward
6	5%	Front	Downward
7	5%	Back	Upward
8	5%	Back	Downward
9	10%	Front	Upward
10	10%	Front	Downward
11	10%	Back	Upward
12	10%	Back	Downward
13	20%	Front	Upward
14	20%	Front	Downward
15	20%	Back	Upward
16	20%	Back	Downward

Interest Rate Stresses

DBRS Morningstar applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology, which includes rising, flat, and declining interest rate curves.

The rated notes pay an interest rate linked to the three-month Euribor rate and, in comparison, 96.8% of the mortgage portfolio are floating-rate loans for life linked mainly to 12-month Euribor. The remaining 3.2% of the loans pay a fixed rate of interest for life. This gives rise to basis risk that is not hedged in the transaction.

DBRS Morningstar considers that the basis risk for the notes is partially mitigated by (1) the subordination of the Class B notes interest payments in the priority of payments and (2) the reserve fund available to cover interest payments. In addition, historically, 12-month Euribor has been higher than the three-month Euribor rate.

Renegotiations

The Servicer is allowed to grant loan renegotiations for margin compressions and extension of maturity. No further advances are allowed, and it is not possible to change the frequency of payments (all loans must pay interest and capital monthly) or the amortisation type (no IO loans are included in the pool). DBRS Morningstar has taken into account loan renegotiations in its cash flow analysis.

Interest Rate

A. Floating-rate loans can switch to fixed (up to 5% of the pool), provided that the new fixed rate minus the WA interest on the notes is not less than 80% of the same calculation performed at closing.
B. Margin compressions are allowed, provided that the renegotiated margin is equal to or higher than 1%.

Maturity Extension

DBRS Morningstar has extended the maturity for 10.0% of the portfolio balance such that the total loan term is 40 years (the maximum term allowed for the loans in the pool), provided that the extended maturity falls before 31 December 2059.

Probability of Default, Loss Given Default, and Expected Losses

The lifetime PD, loss given default (LGD), and expected losses (EL) estimated for the mortgage portfolio were used as an input for the cash flow analysis of the transaction structure and its supporting features.

Rating Scenario	PD	LGD	EL
AAA	45.8%	63.1%	28.9%
AA	41.9%	59.8%	25.0%
A	36.8%	56.4%	20.8%
BBB	30.3%	52.7%	16.0%
BB	22.7%	49.7%	11.3%
B	16.7%	47.1%	7.9%

Timing of Defaults and Recovery Lag

DBRS Morningstar used 10-year front- and back-loaded default timing curves and assumed a recovery lag of 48 months.

Risk Sensitivity

DBRS Morningstar estimated the PD and LGD for the pool based on a review of historical data and an assessment of the mortgage pool characteristics. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative impact on the credit ratings. The tables below illustrate the sensitivity of the rating to various changes in the base case default rates and loss severity assumptions relative to the base case assumptions, in the respective rating scenario:

Class A

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	A (high) (sf)	BBB (high) (sf)	BB (high) (sf)
	25	BBB (high) (sf)	BB (high) (sf)	BB (high) (sf)
	50	BBB (low) (sf)	BB (high) (sf)	BB (low) (sf)

Class B

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in LGD (%)	**0**	CCC (sf)	CCC (sf)	CCC (sf)
	25	CCC (sf)	Not Rated	Not Rated
	50	CCC (sf)	Not Rated	Not Rated

Appendix

Methodologies Applied

The principal methodologies applicable to assign ratings to this transaction are *European RMBS Insight Methodology (2 April 2020), European RMBS Insight: Spanish Addendum (10 July 2019),* and *European RMBS Insight Model v 4.2.2.0.* Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions* (11 September 2019) https://www.dbrsmorningstar.com/research/350234/legal-criteria-for-european-structured-finance-transactions.
- *Operational Risk Assessment for European Structured Finance Servicers* (28 February 2020) https://www.dbrsmorningstar.com/research/357429/operational-risk-assessment-for-european-structured-finance-servicers.
- *Operational Risk Assessment for European Structured Finance Originators* (28 February 2020) https://www.dbrsmorningstar.com/research/357430/operational-risk-assessment-for-european-structured-finance-originators.
- *Interest Rate Stresses for European Structured Finance Transactions* (10 October 2019) https://www.dbrsmorningstar.com/research/351557/interest-rate-stresses-for-european-structured-finance-transactions.

The rating methodologies and criteria used in the analysis of this transaction can be found at: https://www.dbrsmorningstar.com/about/methodologies. Alternatively, please contact info@dbrsmorningstar.com.

Surveillance Methodology

DBRS Morningstar monitors this transaction in accordance with its *Master European Structured Finance Surveillance Methodology* (22 April 2020), and available at www.dbrsmorningstar.com under the heading Methodologies. Alternatively, please contact info@dbrsmorningstar.com.

Notes:
All figures are in euros unless otherwise noted.

About DBRS Morningstar

DBRS Morningstar is a global credit ratings business with approximately 700 employees in eight offices globally.

On 2 July 2019, Morningstar, Inc. completed its acquisition of DBRS. Combining DBRS' strong market presence in Canada, the U.S., and Europe with Morningstar Credit Ratings' U.S. footprint has expanded global asset class coverage and provided investors with an enhanced platform featuring thought leadership, analysis, and research. DBRS and Morningstar Credit Ratings are committed to empowering investor success, serving the market through leading-edge technology and raising the bar for the industry.

Together as DBRS Morningstar, we are the world's fourth-largest credit ratings agency and a market leader in Canada, the U.S., and Europe in multiple asset classes. We rate more than 2,600 issuers and 54,000 securities worldwide and are driven to bring more clarity, diversity, and responsiveness to the ratings process. Our approach and size provide the agility to respond to customers' needs, while being large enough to provide the necessary expertise and resources.

MORNINGSTAR | DBRS

The DBRS group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(CRA, NRSRO affiliate, DRO affiliate). Morningstar Credit Ratings, LLC is a NRSRO affiliate of DBRS, Inc.

For more information on regulatory registrations, recognitions and approvals of the DBRS group of companies and Morningstar Credit Ratings, LLC, please see: http://www.dbrsmorningstar.com/research/highlights.pdf.

The DBRS group and Morningstar Credit Ratings, LLC are wholly-owned subsidiaries of Morningstar, Inc.