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Insight beyond the rating.

Date of Release: 17 March 2016

DBRS Finalises Provisional Ratings on FT Santander Consumer Spain Auto 2016-1

Bloomberg: DBRS Rates FT Santander Consumer Spain Auto 2016-1
Industry Group: European Structured Finance
Sub-Industry: European Consumer Auto Loans ABS
Region: Europe

DBRS Ratings Limited (DBRS) has today finalised, as follows, the provisional ratings previously assigned to the notes issued by FT Santander Consumer Spain Auto 2016-1 (the issuer or the fund):

-- €650.2 million Series A Notes at AA (sf) (the Series A Notes)
-- €30.6 million Series B Notes at A (sf) (the Series B Notes)
-- €42.1 million Series C Notes at BBB (sf) (the Series C Notes)
-- €23.0 million Series D Notes at BB (low) (sf) (the Series D Notes)

The notes are backed by a portfolio of auto loan receivables granted by Santander Consumer E.F.C., S.A. (SCF) to private individuals and commercial entities to finance the purchase of new and used vehicles in the Kingdom of Spain. The transaction will use the proceeds of the Series A, Series B, Series C, Series D and Series E notes to purchase the €765 million loan portfolio. The Fund will also issue the Series F notes to fund the €15.3 million reserve fund. The portfolio will be serviced by SCF. The fund is managed by Santander de Titulización, SGFT.

The ratings are based upon review by DBRS of the following analytical considerations:

-- Transaction capital structure and sufficiency of credit enhancement in the form of excess spread.
-- Relevant credit enhancement in the form of subordination and reserve funds available from the issue date.
-- Credit enhancement levels are sufficient to support the expected cumulative net loss assumption projected under various stress scenarios at a AA (sf) for Series A Notes, at A (sf) for Series B Notes, at BBB (sf) for Series C Notes and at BB (low) (sf) for Series D Notes.
-- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested.
--The transaction parties' capabilities with respect to originations, underwriting, servicing and financial strength.
-- The credit quality of the underlying collateral and the ability of the servicer to perform collection activities on the collateral. DBRS conducted an operational risk review of SCF and deems SCF be an acceptable servicer.
-- The legal structure and presence of legal opinions addressing the assignment of the assets to the issuer and the consistency with DBRS's 'Legal Criteria for European Structured Finance Transactions' methodology.

The transaction was modelled in Intex Dealmaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable is 'Rating European Consumer and Commercial Asset-Backed Securitisations'.

DBRS has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

Other methodologies referenced in this transaction are listed at the end of this press release.

All DBRS methodologies can be found on www.dbrs.com at: http://www.dbrs.com/about/methodologies.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to DBRS commentary 'The Effect of Sovereign Risk on Securitisations in the Euro Area' on http://www.dbrs.com/industries/bucket/id/10036/name/commentaries/.

The information used for this rating includes historical net loss data relating to SCF origination by quarterly vintage on a cumulative net loss basis going back to Q3 2006 and data from previous securitisations grouped into yearly vintages. All information was sourced by the originator, SCF, and by the management company, Santander de Titulización S.G.F.T., S.A, through the transaction arrangers, BEKA Finance, Sociedad De Valores, S.A., BEKA Structured Securities, S.L. and Crédit Agricole Corporate and Investment Banking. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

DBRS does not rely upon third-party due diligence in order to conduct its analysis; however, Agreed upon Procedures (AUP) are included in the requested documentation. DBRS was supplied with an AUP report. Data checks were performed and DBRS did not apply additional cash flow stresses in its scenarios.

Further information on DBRS's analysis of this transaction will be available in a rating report on http://www.dbrs.com or by contacting us at info@dbrs.com.

DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

These ratings concern a newly issued financial instrument. These are the first DBRS ratings on this financial instrument.

Information regarding DBRS ratings, including definitions, policies and methodologies, is available on www.dbrs.com.

To assess the impact of changing the transaction parameters on the rating, DBRS considered the following stress scenarios, as compared to the parameters used to determine the rating (the Base Case):

-- Probability of Default (PD): Base Case of 10.02%, a 25% and 50% increase on base case PD

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-- Loss Given Default (LGD): Base Case of 50.09%, a 25% and 50% increase on base case LGD
-- Recovery Rate: Base Case Recovery Rate of 50%

DBRS concludes that for the Series A Notes:
-- A hypothetical increase of the Base Case PD by 25% or a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series A notes to a A (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% or a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series A notes to a A (low) (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series A notes to a A (low) (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series A notes to a BBB (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series A notes to a BBB (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series A notes to a BB (high) (sf) rating.

DBRS concludes that for Series B Notes:
-- A hypothetical increase of the Base Case PD by 25% or a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series B notes to a BBB (high) (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% or a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series B notes to a BBB (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series B notes to a BBB (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series B notes to a BB (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series B notes to a BB (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series B notes to a B (high) (sf) rating.

DBRS concludes that for Series C Notes:
-- A hypothetical increase of the Base Case PD by 25% or a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series C notes to a BB (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% or a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series C notes to a B (high) (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series C notes to a B (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series C notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series C notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 50%, ceteris

paribus, would result in a downgrade of the Series C notes to a C (sf) rating

DBRS concludes that for Series D Notes:
-- A hypothetical increase of the Base Case PD by 25% or a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series D notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% or a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series D notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series D notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 25%, ceteris paribus, would result in a downgrade of the Series D notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 25% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series D notes to a C (sf) rating.
-- A hypothetical increase of the Base Case PD by 50% and a hypothetical increase of the LGD by 50%, ceteris paribus, would result in a downgrade of the Series D notes to a C (sf) rating

It should be noted that the interest rates and other parameters that would normally vary with the rating level, including the recovery rates, were allowed to change as per the DBRS methodologies and criteria.

For further information on DBRS historic default rates published by the European Securities and Markets Administration (ESMA) in a central repository, see
http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

Ratings assigned by DBRS Ratings Limited are subject to EU regulations only.

Initial Rating Date: 10 March 2016

Initial Lead Analyst: María López
Lead Surveillance Analyst: Vito Natale
Initial Rating Committee Chair: Chuck Weilamann

DBRS Ratings Limited
20 Fenchurch St, 31st Floor London EC3M 3BY
United Kingdom
Registered in England and Wales: No. 7139960

The rating methodologies used in the analysis of this transaction are listed below:

-- Rating European Consumer and Commercial Asset-Backed Securitisations
-- Legal Criteria for European Structured Finance Transactions
-- Derivative Criteria for European Structured Finance Transactions

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-- Operational Risk Assessment for European Structured Finance Servicers
-- Operational Risk Assessment for European Structured Finance Originators
-- Unified Interest Rate Model for European Structured Finance

The rating methodologies used in the analysis of this transaction can be found at http://www.dbrs.com/about/methodologies.

A description of how DBRS analysis structured finance transactions and how the methodologies are collectively applied can be found at http://www.dbrs.com/research/278375.

Issuer	Debt Rated	Rating Action	Rating	Trend
FTA Santander Consumer Spain Auto 2016-1	Series A	Provisional Rating – Finalised	AA (sf)	--
FTA Santander Consumer Spain Auto 2016-1	Series B	Provisional Rating – Finalised	A(sf)	--
FTA Santander Consumer Spain Auto 2016-1	Series C	Provisional Rating – Finalised	BBB (sf)	
FTA Santander Consumer Spain Auto 2016-1	Series D	Provisional Rating – Finalised	BB (low) (sf)	

Contacts:

María López
Vice President
Global Structured Finance
+44 20 7855 6612
mlopez@dbrs.com

Paolo Conti
Senior Vice President
Global Structured Finance
+44 (0)207 855 6627
pconti@dbrs.com

Chuck Weilamann
Managing Director
Global Structured Finance
+1 212 806 3226
cweilamann@dbrs.com