

## DBRS Ratings Limited

1 Minster Court, 10<sup>th</sup> Floor  
Mincing Lane  
London, EC3R 7AA  
United Kingdom

15 May 2014

### Lead Analyst

**María López**  
Vice President  
European Structured Credit  
+44 (0)20 7855 6612  
[mlopez@dbrs.com](mailto:mlopez@dbrs.com)

### Back-up Analyst

**Carlos Silva**  
Senior Vice President  
European Structured Credit  
+44 (0)20 7855 6604  
[carlos.silva@dbrs.com](mailto:carlos.silva@dbrs.com)

### Rating Committee Chair

**Simon Ross**  
Senior Vice President  
European Structured Credit  
+44 (0)20 7855 6622  
[sross@dbrs.com](mailto:sross@dbrs.com)

### Group Head

**Jerry van Koolbergen**  
Managing Director  
Structured Credit  
+1 212 806 3260  
[jvankoolbergen@dbrs.com](mailto:jvankoolbergen@dbrs.com)

### Operational Risk Group

**Mark Wilder**  
Vice President  
European Operational Risk  
+44 20 7855 6638  
[mwilder@dbrs.com](mailto:mwilder@dbrs.com)

### Table of Contents

Ratings	1
Transaction Summary	1
Methodologies Applied	1
Rating Rationale	2
Transaction Parties and Relevant Dates	3
Transaction Structure	3
Transaction and Counterparty Overview	3
Origination and Servicing	5
Legal Structure	8
Financial Structure	9
Security	10
Servicer Agreement	10
Credit Enhancement	11
Interest Rate Risk	12
Data Quality	12
Collateral Analysis	13
DBRS Analysis	15
Sensitivity Analysis	18
Assessment of the Sovereign	19
Monitoring and Surveillance	19

## FTA PYMES SANTANDER 9

### Ratings

Debt	Par Amount (EUR)	Initial Credit Enhancement (%)	Investor Coupon (p.a.)	ISIN	DBRS Rating	Rating Action
Series A	331,700,000	53.7%	3M Euribor + 0.75%	ES0305023006	AA (sf)	New Rating - Provisional
Series B	168,300,000	20.0%	3M Euribor + 0.80%	ES0305023014	CCC (high) (sf)	New Rating - Provisional

Kingdom of Spain, Sovereign Rating: A (low), Negative Trend  
Expected Transaction Close Date: 20 May 2014

### Transaction Summary

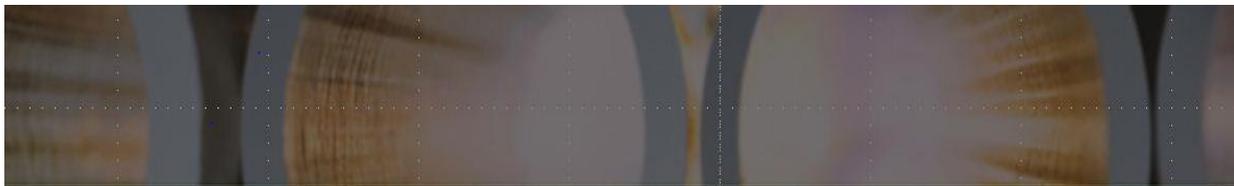
FTA PYMES SANTANDER 9, is a special purpose vehicle ("SPV") incorporated in accordance with Spanish legislation for the purpose of issuing asset-backed securities and acquiring loans. The SPV issued two series of asset-backed notes to finance the purchase of a EUR 500 million portfolio of loans granted by Banco Santander, S.A. ("Banco Santander" or the "Originator") to small and medium-sized enterprises ("SME") and self-employed individuals based in Spain. In addition, the SPV entered into a Start-Up Loan Facility (EUR 850,000) to finance the initial expenses of the SPV, and a Subordinated Loan (EUR 100,000,000) to finance a Reserve Fund. Interest and principal income received by the SPV will be distributed quarterly on the Payment Date according to the Priority of Payments established under the transaction documents.

The provisional ratings assigned to the FTA PYMES SANTANDER 9 Notes are listed on the table above. This securitisation has been structured as a public transaction with Series A Notes and Series B Notes (collectively, the "Notes"). The Series A Notes are senior and supported by 53.7% subordination provided by the Series B Notes and the Reserve Fund. The Series B Notes are supported by 20% subordination provided by the Reserve Fund.

### Methodologies Applied

The following are the primary methodologies that DBRS applied to assign the ratings to the above referenced transaction, which can be found on [www.dbrs.com](http://www.dbrs.com) under the heading Methodologies. Alternatively, please contact [info@dbrs.com](mailto:info@dbrs.com), or contact the analysts listed in this report.

- *Rating CLOs Backed by Loans to European Small and Medium-Sized Enterprises (SMEs)*, October 2013
- *Legal Criteria for European Structured Finance Transactions*, June 2013
- *Operational Risk Assessment for European Structure Finance Servicers*, November 2013
- *Cash Flow Assumptions for Corporate Credit Securitizations*, February 2014
- *Rating Methodology for CLOs and CDOs of Large Corporate Credit*, January 2014
- *Unified Interest Rate Model for U.S. and European Structured Credit*, January 2013
- *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda*, March 2014



## Rating Rationale

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

- The transaction's capital structure, and the form and sufficiency of available credit enhancement.
- Relevant credit enhancement in the form of subordination, Reserve Fund and excess spread.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms of the transaction documents.
- The Originator's capabilities with respect to origination, underwriting, servicing, and financial strength.
- The credit quality of the collateral, and the ability of the Servicers to perform collection activities on the collateral.
- The structure of the Priorities of Payments.
- The legal structure and presence of legal opinions addressing the assignment of the assets to the Issuer, and the consistency with the DBRS *Legal Criteria for European Structured Finance Transactions*.

### Strengths

- The EUR 100 million Reserve Fund, which corresponds to 20% of the initial aggregate balance of the portfolio and is available as additional credit enhancement for Series A and Series B Notes.
- Low obligor concentration, with the largest one, ten and twenty obligors representing 0.9%, 6.14%, and 10.15% of the portfolio balance, respectively.
- Moderate borrower regional concentration with the largest three regions accounting for 20.95% (Andalusia), 15.11% (Madrid) and 15.10% (Catalonia) of the portfolio.

### Challenges

- The reliance on Banco Santander to perform most of the relevant ancillary roles in the transaction. Banco Santander was the Originator of the loans and will act as Servicer and financial agent where all of the Issuer's bank accounts (including collections and reserve fund cash) will be held.
- The absence of any hedging agreements to mitigate the interest rate risk in the transaction.
- High industry concentration in "Building and Development" representing 27.1% of the initial portfolio balance based on DBRS industry classification.
- The exposure to loans that resulted from debt refinancing (15.2% of the portfolio balance) which have a higher expected probability of default based on the internal PD assigned by the Originator.
- The challenging economic environment in the Eurozone, and specifically, in Spain.

### Mitigating Factors

- DBRS maintains public ratings, private ratings, or private internal assessments to evaluate and monitor the potential risk that counterparties pose to the performance of the Notes. At the time of assigning these ratings, all transaction participants either meet or exceed DBRS counterparty requirements, which are publicly available in the published legal criteria referenced on page 1 of this report.
- The exposure to interest rate risk is addressed in DBRS analysis by incorporating stressed spread assumptions in its cash flow modelling. In addition, the Reserve Fund can be used to pay the interest on the Series A Notes in case of a shortfall in the available proceeds.
- DBRS considers that the base case annualised probability of default ("PD") of 10.8% and the cumulative default assumptions of 82.3% at the AA rating stress and 44.5% at the CCC (high) rating stress sufficiently address the concentration risk in "Building and Development" industry as well as the exposure to refinanced loans.



## Transaction Parties and Relevant Dates

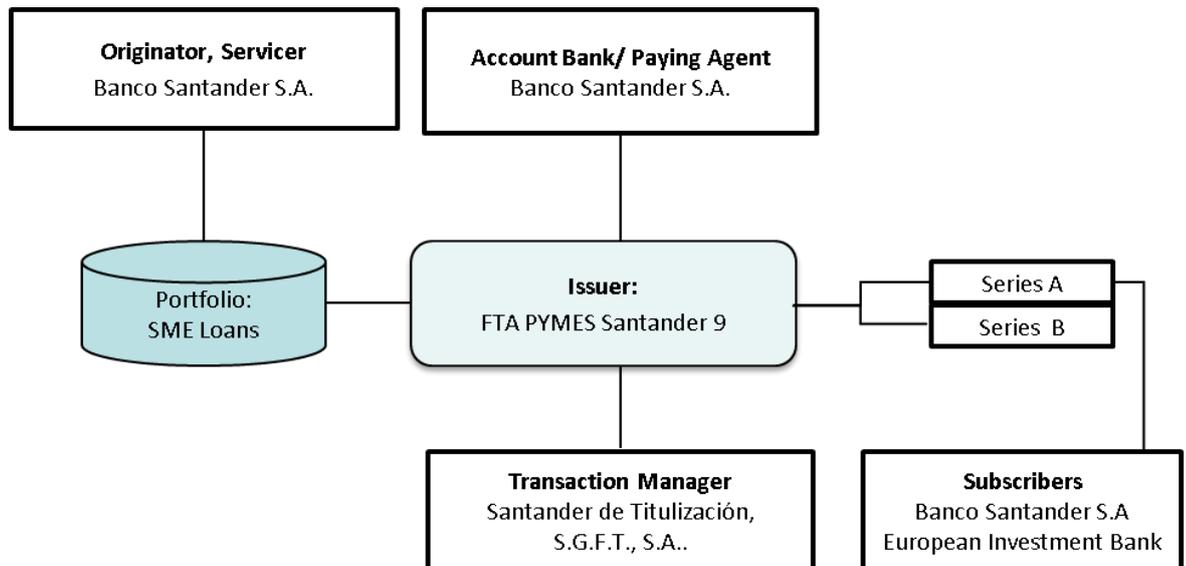
### Transaction Parties

Type	Name	Current Rating (Long Term/Short term)
Issuer	FTA PYMES Santander 9	N/A
Originator/Seller/Service	Banco Santander, S.A.	A/R-1 (Low)
Account Bank/Paying Agent	Banco Santander, S.A.	A/R-1 (Low)
Reserve Fund Account Bank	Banco Santander, S.A.	A/R-1 (Low)
Transaction/Fund Manager	Santander de Titulización, S.G.F.T., S.A.	N/A
Arrangers	Banco Santander, S.A.	A/R-1 (Low)

### Relevant Dates

Type	Date
Issue Date (Expected)	20 May 2014
DBRS Provisional Rating Date	14 May 2014
First Interest Payment Date	21 July 2014
Payment Frequency	Quarterly, on the 21 <sup>st</sup> day of January, April, July and October
Call Date	When the asset balance is less than the 10% of the original portfolio
Early Amortisation Date	N/A
Legal Final Maturity Date	21 January 2041

### Transaction Structure



### Transaction and Counterparty Overview

DBRS evaluates the potential credit impact on DBRS ratings based on the performance of counterparties that face issuers in the capacity of derivative counterparties, account banks, custodian, or other roles. To minimise the impact that the failure of such counterparties would have on the DBRS rated debt, each counterparty is required to satisfy minimum rating, collateral posting, or other requirements as outlined in the current publicly available DBRS *Legal Criteria for European Structured Finance Transactions*. For this transaction, each counterparty satisfies such criteria, based upon DBRS public ratings, DBRS private ratings or DBRS private internal assessments of the creditworthiness of counterparties that do not have a public DBRS rating.

Role	Counterparty Name	Minimum Rating	Actual Rating
Issuer Account Bank/Paying Agent	Banco Santander, S.A.	A	A/R-1 (Low)
Servicer	Banco Santander, S.A.	BBB (low)	A/R-1 (Low)



FTA PYMES Santander 9

Report Date  
15 May 2014

**Issuer**

FTA PYMES SANTANDER 9 (the “Issuer”) is an SPV created in accordance with Spanish securitisation law and regulated by Royal Decree 926/1998. Under the securitisation laws, the SPV is a separate and independent patrimony from the Originator (“Patrimonio Separado”), but does not have any legal personality or capacity. The Issuer is represented by Santander de Titulización, S.G.F.T., S.A. (the “Management Company” or “Sociedad Gestora”). All acts performed and all contracts, transactions or agreements executed by the Management Company on behalf of the Issuer are considered, under Spanish law, as acts performed, and transactions, agreements or contracts executed by the Issuer.

**Originator and Servicer**

Banco Santander will be responsible for the collection of all payments due by the borrowers on the assets, managing relationships with borrowers, monitoring the performance of the credit rights and initiating recovery processes against defaulted or non-performing borrowers. Banco Santander will transfer on a daily basis all collections received from the loan portfolio to the Treasury Account.

**Management Company**

Santander de Titulización, S.G.F.T., S.A. will act as the Transaction Manager and legal representative of the Issuer. It will be responsible for all administrative functions including Priority of Payments calculations, instructing payments to and from the Treasury Accounts, maintaining the financial accounting of the Issuer, preparing performance reports and providing information to regulators and rating agencies. The Transaction Manager is also responsible for representing the Noteholders’ interests in the Issuer, as well as determining whether counterparties should be replaced under certain circumstances.

Banco Santander owns 81% of Santander de Titulización S.G.F.T.

**Collections Account**

Banco Santander will act as the Collection Account Bank. All payments received on the loans will be initially domiciled in the Collections Account. All collections are then transferred to the Treasury Account within two days.

**Account Bank, Reserve Fund Account Bank and Paying Agent**

Banco Santander will act as the Account Bank and maintain the Treasury Account, where all the collections and Cash Reserve amounts will be held.

As per the transaction documentation, in case of withdrawal of the rating or downgrade of the long term rating of the Account Bank below “A”, the Account Bank must either i) be replaced within 30 calendar days by a financial institution with a DBRS public rating, private rating or internal assessment of at least “A”, or ii) find a guarantor with a public rating, private rating, or internal assessment from DBRS of at least “A”. If there are any costs incurred by these options, they will be at the expense of the original Account Bank or guaranteed Account Bank.



## Origination and Servicing

DBRS conducted an operational review of Banco Santander's SME operations in March 2013 in Madrid, Spain. DBRS considers the originations and servicing practices of Banco Santander to be consistent with those observed among other Spanish SME lenders.

### **Company background**

Banco Santander (the "Bank") was founded in 1857 and is based in Santander, Spain. Historically, Banco Santander has had a strong presence abroad, initially expanding to South America in 1947, and since then has maintained a strong presence throughout Europe, and in both North and South America. The Bank is engaged in broadly diversified activities in retail and corporate banking, consumer finance, and asset management.

As of end-June 2013, Banco Santander had total assets of EUR 1.22 trillion, making it the largest bank in Spain and the largest in the Eurozone by market capitalisation. As of this date, the Bank had approximately 187,000 employees worldwide.

DBRS's long-term rating of Banco Santander was confirmed at "A" with a negative trend in August 2013. On the same date the short term rating was confirmed at R-1 (low) with a stable trend.

For more information on Banco Santander, please see the most recent rating report and press release available on DBRS's website: <http://www.dbrs.com>.

### **Origination**

The origination process for SME loans starts at the branch network. The branch agent acts as the main point of contact with the client and is responsible for collecting all information and managing the client's credit application. Agents, however, do not have autonomy for approving transactions.

Banco Santander classifies SME clients in two different categories based on the client's risk. If Banco Santander has, or is expected to have, an exposure to the client or greater than EUR 500,000, this client is classified as "*Carterizados*," and the application is managed by a risk analyst. Clients with borrowings of less than EUR 500,000 are classified as "*Estandarizados*" and do not have a risk analyst assigned.

### **Underwriting**

Information that is used as part of the underwriting process depends on the product and on the guarantees, which include the following parameters:

- Financial statements for the last three years.
- Reports from the Bank of Spain (such as CIRBE).
- Use of delinquent data bases (such as RAI, ASNEF).
- Assets Declaration for the debtor and the guarantors.
- Appraised value of the guarantee (mortgage).
- Forecasts for the coming years.
- Information about guaranties (deposit, shares, etc.).
- Income taxes and VAT declarations.

The underwriting approval faculties are assigned to different internal departments depending on the amount of credit, tenor and collateral/guarantees. The different levels of authorisation for loans are (listed from lower authorisation power to higher):

- Branch Analyst.
- Manager of the Analyst of SME Department.
- Risk Commission.
- Regional Risk Commission.
- Credit Risk Department Commission.
- Risk Committee.
- Executive Risk Committee.



Banco 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 also notes that the approval limits are based on the total borrower or economic group exposure and not to individual loans, and such policy is consistent with the wider Spanish market and in compliance with regulatory guidelines.

For clients classified as "*Carterizados*", Banco Santander uses internal rating models for the purpose of assessing risk. The rating of customers is based on their credit profile, term of the deal and other transaction specific features. Furthermore, the internal rating model assigns a total probability of default based on the risk associated with the client. All models are developed by Santander Analytics ("*SA*"), which tests each model regularly. There are currently 16 models in admission and 11 models used for surveillance. Model approval is done centrally, with a specific methodology and approval for each model development.

The internal rating system analyses six key areas given below:

1. Product/ Market.
2. Shareholders and management.
3. Access to credit.
4. Profitability.
5. Cash-flow generation.
6. Solvency.

For clients classified as "*Estandarizados*", Banco Santander uses a scoring system based on the information provided on each borrower. This scoring system is not a binding system, and loan application can be authorised, refused or further referred to a risk analyst. The decision model has been in place since 2003, and the approach is similar throughout the different countries in which Santander operates.

For SME loans, the automated decision accounts for between 40% to 60% of all loans. The remaining decisions are made by analysts. Santander has a team of 84 dedicated analysts in their VDO (credit underwriters) department that look at loan applications and surveillance for clients, where the scoring indicated that a closer, more detailed analysis should be carried out. This department was organised on a decentralised basis (by region) until October 2009. Since October 2009, the VDO department has been centralised in Madrid.

The branch can appeal if the system automatically rejects applications, but only if it can provide further qualitative or quantitative information to justify the appeal (i.e. data that was not considered by the model). The appeal needs approval from the branch manager, the regional manager or the area manager before being reviewed by a VDO analyst. A maximum of 10% of system rejections can be appealed. Loans to companies operating in specific sectors must always be determined by VDO analysts (e.g. construction, or other areas that may pose a reputational risk to the bank such as media and communications). VDO decisions are normally taken by the VDO analyst directly. Each analyst is assigned approval faculties based on his or her experience and expertise in each sector.

### **Valuations**

Banco 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 Banco 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 haircut 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 15% variance exists from the previous valuation.

**Risk Monitoring**

Banco Santander employs an alert system to monitor 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, together with the surveillance analyst, will determine the level of risk associated with specific clients based on the severity of the alerts.

The alerts are used to track the progress of a loan, anticipate credit issues and take preventive 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. The alerts system will notify the surveillance analyst of situations such as:

- Problems affecting a specific sector.
- Changes in the company management structure or with the shareholders.
- Increase in debt levels.
- Variations in the rating levels.
- Overruns.
- Overdrafts.
- Any delinquency from that borrower in the banking system (flagged by external databases such as CIRBE, RAI, EXPERIAN, etc.).

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

**Arrears Management and Foreclosures**

The recovery process at Banco Santander is performed by a dedicated department that provides surveillance for all flagged loans and follows a recovery plan for all irregular portfolio movements created by such loans.

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

- 1 day to 90 days in arrears: In this phase, different departments are involved (such as the branch staff, recovery call centres, arrears management department and SME analysis unit) depending on the type of the client (i.e. “Estandarizado” or “Carterizado”).
- 91 days to 150 days in arrears: All internal agents of the Bank continue with their recovery activities along with the outsourced recovery companies.
- More than 150 days in arrears (judicial process): Banco Santander will employ external recovery management companies for those borrowers with an exposure less than EUR 50,000. For borrowers with an exposure greater than EUR 50,000, the Bank assigns those loans to internal recovery managers that try to reach a solution together with the borrower. If that is not possible, the judicial process is initiated.

Most common solutions for clients that went into arrears include debt refinancing and full or partial debt amortisation. If a lawsuit is initiated, the judicial process can extend for a further 11 to 15 months, generally resulting in foreclosure. Once this process is completed, Banco Santander will perform an updated valuation of the assets and assign those properties to real estate agents who will be responsible for the marketing and sale of the foreclosed assets.

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

Similar to most Spanish banks, payments are primarily made through direct debit although borrowers can submit payments or pay directly at the branch. The majority of loans are on monthly payment schedules although the portfolio does include some quarterly, semi-annual and annual schedules which are in-line with the overall Spanish market.

The Bank follows standard collections and arrears management strategies, including compliance with regulatory guidelines surrounding delinquency, watch list, and default definitions. Borrower contact is



managed through the local branch. Automated, standard letters are generated through the servicing system and sent to the borrower at approximately day 15 and day 30. The Bank's internal rating system is used to monitor the loan, including updates to the rating and helps to set the appropriate workout strategy. Legal proceedings are initiated generally after a loan is officially classified as a default and all previous attempts at an out-of-court resolution have been exhausted.

**Summary strengths**

- Monthly surveillance activities of the Bank's entire SME portfolio segregated by customer segment.
- Centralised servicing operations particularly for medium- and late-term arrears and no use of external collection agencies.

**Summary weaknesses**

- Rising levels of arrears and defaults coupled with less robust management strategies surrounding such assets.

**Legal Structure****Laws Impacting Transaction**

The Issuer is incorporated and regulated under Spanish laws. The key Spanish securitisation laws regulating this transaction are the (i) Royal Decree 926/1998 governing Asset-Backed Securitisation Funds and Securitisation Funds Managing Companies and (ii) Law 19/1992 on Real Estate Investment Companies and Funds and Mortgage Securitisation Funds.

The securitisation laws do not include a full and complete legal framework for securitisations and, in many respects, the legal analysis relies on general law, including regarding commingling, tax, transfer of assets and risks related to the counterparties of the Issuer. In addition, the general law of the mortgage market, Law 2/1981 and Royal Decree 716/2009 (the "Mortgage Market Laws") are key considerations in mortgage-backed securities transactions, and any rating analysis by DBRS also takes these laws into consideration.

More details on the legal framework in Spain can be found in DBRS's *Legal Criteria for European Structured Finance Transactions*, published June 2013, and in the DBRS commentary *Legal Commentary - Spain* published on the same date.

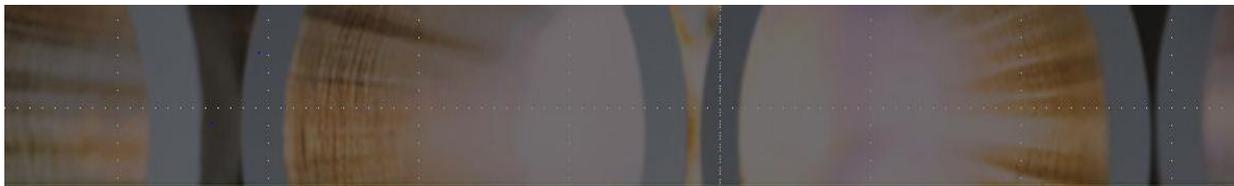
Additionally, the changes to the Spanish insolvency law introduced by the Royal Decree Law 4/2014 introduce additional risks and uncertainties which could have an adverse effect in the performance of SME CLO transactions. The key risks that could impact SME CLO transactions include:

1. Potential extension in the asset maturities.
2. Uncertainty as to how the voting rights will be used in the approval of restructuring plans
3. Uncertainty on how certain loss or default triggers will be calculated following the implementation of restructuring plans, which may include changes to the debt instruments held by the SPV (such as debt conversion).

Further details on how the Royal Decree Law 4/2014 may impact SME CLO transactions can be found in the DBRS commentary *Spanish Insolvency Law Changes: The Good, the Bad and the Uncertain for SME CLOs* published on 14 April 2014 and available at [www.dbrs.com](http://www.dbrs.com).

**Current Transfer/Assignment of Receivables**

In Spanish securitisations, the transfer of receivables must be made in writing, but the consent of the underlying obligor is not necessary. Neither Royal Decree 926/1998, nor the Mortgage Market Laws require the formalisation of the transfer in a public deed. However, the transfer of receivables either through the issuance of mortgage securities (*Participaciones Hipotecarias* or *Certificados de Transmisión de Hipoteca*) or through the ordinary transfer of non-mortgage receivables is usually documented in a public deed for the record of the date of execution for purposes of its effect vis-à-vis third parties, and, therefore, to be recognised by regulators or insolvency officers.



In this transaction, the transfer of the loans on the mortgaged collateral from Banco Santander to the Issuer is done directly in the public deed on the date of incorporation of the Issuer. The transfer of the assets from the mortgage loans is also transferred on the incorporation date through the issuance of mortgage transfer certificates ("*Certificados de Transmisión de Hipoteca*") and their subscription by the Issuer.

**Asset Eligibility Criteria**

The following is a selection of the representations given to the Issuer relating to the collateral. For a full list, please see the Prospectus.

- All loans are duly documented and formalised, and the corresponding agreements are available to the Management Company.
- All loans exist, are valid, and enforceable.
- Banco Santander rightfully holds all loans, and that there are no restrictions on their sale to the Issuer.
- All assets were originated by Banco Santander in its normal course of business and using its normal criteria and policies.
- All credit rights derive from loans granted to SMEs that comply with Recommendation 2003/361/CE of the European Commission.
- All credit rights derive from loans which are being serviced by Banco Santander.
- There are no legal claims against the loans that may adversely affect their validity.
- At the date of transfer, Banco Santander has no knowledge of any bankruptcy of any of the borrowers included in this portfolio.
- None of the loans have been made to companies related to, Banco Santander.
- None of the loans have a final payment date after 31 December 2037.
- None of the loans finance unfinished real estate promotions.
- None of the loans result from the renegotiation of loans that were in arrears.
- None of the loans were in arrears for more than 15 days at the date of incorporation of the SPV.

**Buy-Back/Indemnity Mechanics for the Breach**

In case it is detected that any mortgage loans have hidden defects or have breached any of the representations, the seller will agree to repair the hidden defect within 15 days following its identification or notification. In case the above is not possible, the seller will replace the corresponding mortgage loans with another of similar characteristics with respect to maturity profile, interest rate, notional, and loan-to-value level if approved by Santander de Titulización S.G.F.T., S.A.

Any expenses incurred with the repair or replacement of such loans will be paid by the seller. In the event the seller is not able to replace or repair the affected loans within ten business days from notification, the management company will request the seller to buy back the affected loans, including accrued and unpaid interest and deposit such amounts in the issuer's Treasury Account.

For unsecured loans, if any hidden defects or breach of any of the representations occurs and is identified, the seller will agree to repurchase the loan (together with any accrued and unpaid interest) within 15 days following its identification or notification and deposit such amounts in the Issuer's Treasury Account.

**Financial Structure****Transaction Cash Flow**

The Servicer will collect all payments received on interest and principal (including recoveries) from the portfolio on an on-going basis. On each payment date, the amounts available in the Treasury Account will be distributed in accordance with the Priority of Payments as summarised below.

**Priority of Payments**

- (i) Taxes and senior expenses;
- (ii) Interest on the Series A Notes;
- (iii) Interest on the Series B Notes, only if the cumulative outstanding balance of defaulted loans is below 5% of the original portfolio balance;
- (iv) Series A and Series B Notes principal redemption (according to the notes redemption rules);



FTA PYMES Santander 9

Report Date  
15 May 2014

- (v) Interest on the Series B Notes if deferred from point (iii) above;
- (vi) Top up Reserve Fund to the required level;
- (vii) Interest on the Subordinated Loan for Reserve Fund;
- (viii) Principal on the Subordinated Loan for Reserve Fund;
- (ix) Interest on the Subordinated Loan;
- (x) Principal on the Subordinated Loan;
- (xi) Servicer fees; and,
- (xii) Financial Margin.

**Note Redemption rules**

- The Series A Notes will begin amortising on the first payment date in July 2014.
- The Series B Notes will amortise once the Series A Notes have been fully redeemed.

**Early Liquidation Events**

- Once the outstanding balance of the assets is less than 10% of the Initial Balance and the proceeds from the sale of the assets are sufficient to pay down all the Notes outstanding.
- If there are circumstances that permanently affect the financial stability of the SPV.
- If the Management Company is declared bankrupt and a substitute is not appointed within four months.
- In case of a non-payment indicating a serious and permanent imbalance that affects the transaction.
- The first payment date that falls six months before the Legal Final Maturity Date.

**Liquidation Priority of Payments**

- (i) Taxes and expenses;
- (ii) Interest on the Series A Notes;
- (iii) Principal on the Series A Notes;
- (iv) Interest on the Series B Notes;
- (v) Principal on the Series B Notes;
- (vi) Interest and principal on the Subordinated Loan for Reserve Fund (in this order);
- (vii) Interest and principal on the Subordinated Loan (in this order);
- (viii) Servicer fees; and,
- (ix) Financial Margin

**Payment Timing**

Interest due on the Notes for each subsequent period is determined two days before the applicable payment date. The transaction pays interest and principal on a quarterly basis on the 21<sup>st</sup> day of January, April, July and October of each year. Interest on the Notes is based on 3 Month Euribor.

**Security**

**Receivables**

The portfolio consists of loans granted by Banco Santander to SMEs and self-employed individuals in Spain. At the time of the rating, approximately 78.7% of the outstanding balance of the portfolio was secured by mortgages on residential and commercial property situated in Spain.

**Servicer Agreement**

Banco Santander will act as the Servicer of the portfolio of SME loans. The Servicer will employ standard due diligence to ensure that the payments are collected in accordance with the terms and contractual conditions of the credit rights.

**Mechanics of Servicing**

The Servicer is expected to monitor and manage the loans sold to the Issuer with the same care and diligence as it does to its own loans. The Servicer will be responsible for the collection of all payments due



by the borrowers on the credit rights, managing relationships with borrowers, monitoring the performance of the loans and initiating recovery processes against defaulted or non-performing borrowers.

The Servicer is allowed to negotiate changes to existing credit rights within the permitted variations foreseen in the Servicing Agreement. The permitted variations are mainly limited to changes in the interest rate and maturity of the credit rights.

It should be noted that the recent changes in Spain's bankruptcy laws as described in the "Legal Structure" section could allow for changes in the loans that the Servicer might not otherwise have chosen.

#### ***Commingling Risk***

The Servicer will pay all of the amounts received from loans within two business days of being collected to the Issuer's Treasury Account opened with the Accounts Bank. However, as the Account Bank is Banco Santander, there is a significant exposure of the Issuer to Banco Santander. Nevertheless, DBRS gains comfort from the fact that Banco Santander is rated A/R-1 (low) Negative Trend and there exist provisions established in the transaction documentation to take certain remedial actions once the long term rating of Banco Santander falls below BBB (low).

The remedial actions upon a rating downgrade of the servicer below BBB (low) by DBRS include one of the following options: appoint a Back-up Servicer, appoint a replacement Servicer, or constitute a deposit to mitigate the commingling risk.

#### ***Servicer Termination***

The Servicer Agreement can be terminated under certain conditions by the Management Company. The primary reasons for which a Servicer could be terminated include: a breach of the obligations of the Servicer under the transaction agreements; the insolvency or bankruptcy of the Servicer; or if the Servicer ceases to have the necessary authorisation by the Bank of Spain to provide such services. In cases where a Servicer agreement is terminated, the Management Company will appoint a replacement Servicer.

The Servicer agreement can also be voluntarily terminated by the Servicer only once the Servicer has proposed a new replacement Servicer, which does not add additional costs to the Issuer and does not negatively impact the ratings of the Notes. Any event of the Servicer replacement needs to be communicated to the Comisión Nacional del Mercado de Valores ("CNMV"), the Spanish financial securities markets regulator, and the rating agencies.

### **Credit Enhancement**

---

The Series A Notes benefit from credit enhancement in the form of the excess of the balance of the portfolio above the notional of the outstanding balance of the Series A Notes. Additionally, credit enhancement is provided by the Reserve Fund.

#### ***Reserve Fund***

As of the Close Date, the balance in the Reserve Fund equalled EUR 100 million, equivalent to 20% of the portfolio.

The Reserve Fund is available to cover senior expenses, and missed interest and principal payments on the Series A and Series B Notes throughout the life of the deal.

The Reserve Fund balance must be maintained at the Minimum Level, defined as the lower of:

- EUR 100 million; and,
- The higher of:
  - 40% of the outstanding principal balance of the Series A and Series B Notes;
  - 10% of the original balance of the Series A and Series B Notes.

However, no reduction of the required Reserve Fund level will be allowed; (i) in the first two years, (ii) if the Reserve Fund was not funded to the Minimum Level on the previous payment date or (iii) if the outstanding



principal balance of the portfolio in arrears over 90 days is higher than 1% of the outstanding principal balance of the performing portfolio.

#### **Performance Triggers**

Interest on the Series B Notes can be deferred to a lower priority on the Priority of Payments to allow excess spread to be used either to pay down the Series A Notes and replenish the Reserve Fund, or to prevent principal proceeds from the portfolio being used to pay interest on the Series B Notes.

Interest on the Series B Notes will be deferred to a lower priority if the cumulative outstanding principal balance of the defaulted credit rights divided by the initial balance of the portfolio is greater than 5%. Under the transaction documents, loans are normally only classified as defaulted once they have been in arrears for at least one year.

#### **Interest Rate Risk**

The Issuer has not entered into any interest rate hedging agreements and is therefore exposed to basis risk as well as potential liquidity risks due to the timing mismatches between payments on the Notes (quarterly) and payments collected on the loan portfolio, a mixture of monthly, quarterly, semi-annual and annual paying loans.

The basis risk could affect the performance of the transaction, potentially leading to an interest shortfall resulting from adverse movements in the interest rate index on the Notes versus the interest rate indices on the loan portfolio. This risk is partially mitigated by the excess spread that the portfolio generates and which can be used to cover this potential shortfall to a certain extent. As such, the benefit normally given to available excess spread needs to be adjusted to take these potential negative effects of the basis risk into consideration.

DBRS has analysed the historical relationship between different EURIBOR indices to determine stressed basis risk between the different indices pairs. Based on the interest rate distribution of the portfolio, DBRS assumed a stressed basis of 0.68% per annum. The basis risk is addressed in DBRS's cash-flow model analysis by reducing the annual spread paid by the floating portfolio by 68 basis points.

#### **Data Quality**

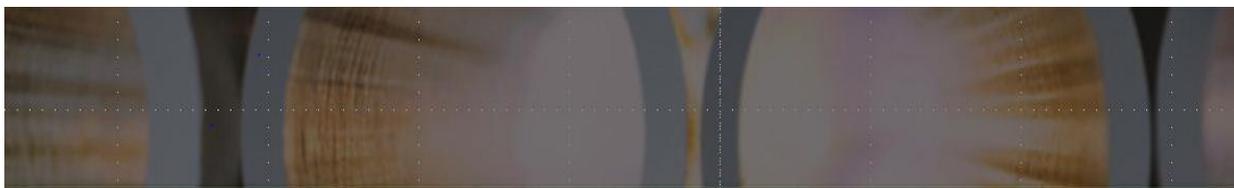
Banco Santander has provided a complete data set regarding the information on the loan portfolio that is consistent with the DBRS data template. Banco Santander has also provided historical performance data on the performance of SME loans. The historical data was organised by vintage, with information on the number and amount of loans over 90 days in arrears as well as recovery data.

No information on historical loan amortisation was provided as requested by our new data template. Therefore, the DBRS analysis performed incorporates our views on the loan amortisation based on the average loan tenor profile of similar **Banco Santander** portfolios. The loan amortisation assumption is required to calculate the base case PD under the new DBRS methodology.

DBRS determined key inputs used in our analysis based on historical performance data provided for the Originator and Servicer, as well as analysis of the current economic environment.

The sources of information used for this rating include parties involved in the rating, including but not limited to Banco Santander.

In March 2014, DBRS met with key departments at Santander to discuss extraction protocols relating to historical performance data which is used in DBRS analysis. Following the meeting, DBRS determined that the current protocol may lead to more conservative default assumptions as a result of the treatment given to restructured loans. Banco Santander treats some restructured loans as a new origination and will mark those loans as defaulted since origination until at least three consecutive instalments have been paid. This approach can result in double counting of defaults or recognition of defaults in more punitive vintages. The



result is a higher base PD calculation by DBRS and consequent higher cumulative default assumptions at each rating stress. However, until Banco Santander is able to quantify this effect, DBRS will have to accept the data as provided.

Despite these issues, DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

## Collateral Analysis

### Collateral Summary (provisional portfolio as of 3 April 2014)

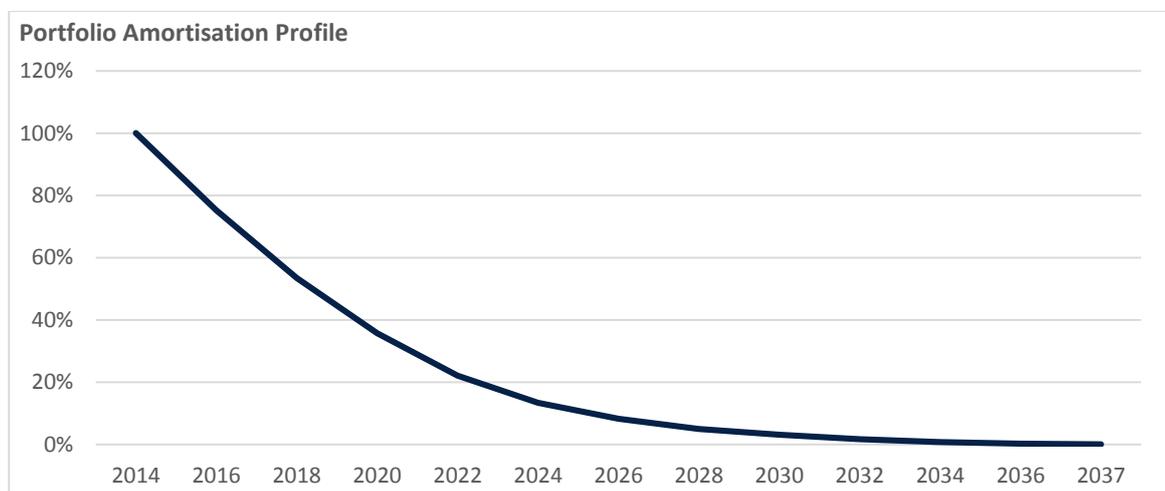
Asset Type (% of final portfolio notional)	Term Loans (secured)	78.7%
	Term Loans (unsecured)	21.3%
Borrower Type (% of final portfolio notional)	Micro Companies and SMEs	86.3%
	Self-employed Individuals	13.7%
Performing Balance (EUR million)	558.0	
Number of Loans	Total:	3,333
Number of Borrowers	3,184	
Floating/Fixed (% of provisional portfolio notional)	Floating	99.0%
	Fixed	1.0%
Average Loan Size (EUR)	167,426	
Average Borrower Exposure (EUR)	175,260	
Weighted Average Floating Spread (per annum)	2.3%	
Weighted Average Fixed Interest Rate (per annum)	4.7%	
Weighted Average Maturity	10.0 years	
Weighted Average Life	5.2 years	
Mortgage Guarantee (1 <sup>st</sup> lien) as defined by seller (% of provisional portfolio notional)	79.8%	
Mortgage Guarantee considered in DBRS analysis (% of provisional portfolio notional)	78.7%	
Obligor Concentration (% of provisional portfolio notional)	Largest	0.9%
	Top 10 Largest	6.1%
	Top 20 Largest	10.2%
Loan Origination Dates	1999-2014	
Delinquency	Loans in Arrears (1-15days)	6.7%
	Loans in Arrears (over 15 days)	0.0%

Please Note that all figures refer to the provisional portfolio, these figures may change lightly at closing.

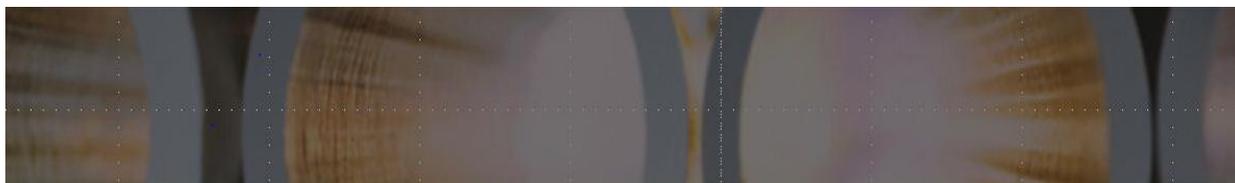
Source: Banco Santander, DBRS

### Amortisation Profile

The provisional collateral portfolio has a weighted average life of 5.2 years based on the scheduled amortisation data provided by Santander and assuming a 0% prepayment.



Source: Banco Santander, DBRS



**Portfolio Distribution – Borrower Location by Region**

Region Classification (provisional portfolio as of 3 April 2014)	Percentage of Balance
Andalusia	20.95%
Madrid	15.11%
Catalonia	15.10%
Valencian Community	9.72%
Canary Islands	7.70%
Aragon	6.45%
Castille-La Mancha	4.32%
Castille-Leon	4.02%
Basque Country	3.29%
Balearic Island	2.88%
Cantabria	2.26%
Extremadura	2.15%
Murcia	2.15%
Galicia	1.77%
Navarre	0.75%
Remaining Regions	1.39%
<b>Total</b>	<b>100.00%</b>

Note: Due to rounding, the items in the column might not add up to the stated total

Source: Banco Santander, DBRS

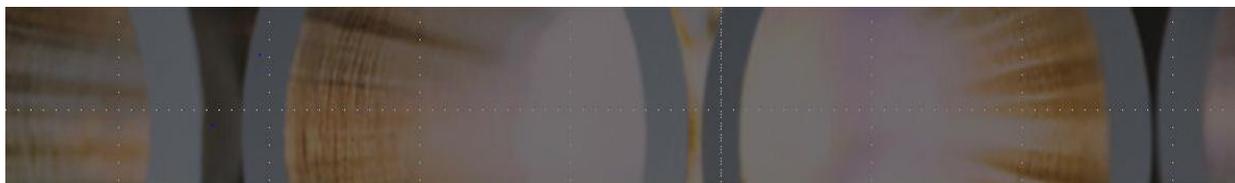
**Portfolio Distribution – Borrower Industry Sector Classification**

The portfolio has a very high concentration in Building & Development sector which represents 27.1% of the outstanding balance of the provisional portfolio and this is the highest concentration DBRS has seen in in Spanish SME CLOs originated in the last years; “Business Equipment & Services” (9.4%) and “Retailers (except Food & Drug)” (8.3%) complete the top three industries based on the DBRS Industry classification.

DBRS Industry (provisional portfolio as of 3 April 2014)	Percentage of Balance
<i>Building &amp; Development</i>	27.10%
<i>Business equipment &amp; services</i>	9.41%
<i>Retailers (except food &amp; drug)</i>	8.30%
<i>Food service</i>	6.15%
<i>Farming/agriculture</i>	5.76%
<i>Food products</i>	3.82%
<i>Surface transport</i>	3.51%
<i>Automotive</i>	2.99%
<i>Health care</i>	2.68%
<i>Leisure goods/activities/movies</i>	2.68%
<i>Lodging &amp; casinos</i>	2.66%
<i>Food/drug retailers</i>	2.47%
<i>Beverage &amp; Tobacco</i>	2.37%
<i>Clothing/textiles</i>	2.01%
<i>Nonferrous metals/minerals</i>	1.74%
<i>Home furnishings</i>	1.64%
<i>Chemicals &amp; plastics</i>	1.48%
<i>Miscellaneous</i>	1.47%
<i>Publishing</i>	1.38%
<i>Brokers, Dealers &amp; Investment houses</i>	1.35%
<i>Conglomerates</i>	1.28%
<i>Industrial equipment</i>	1.11%
<i>Forest products</i>	1.02%
<i>Remaining Industries</i>	5.61%
<b>Total</b>	<b>100.00%</b>

Note: Due to rounding, the items in the column might not add up to the stated total

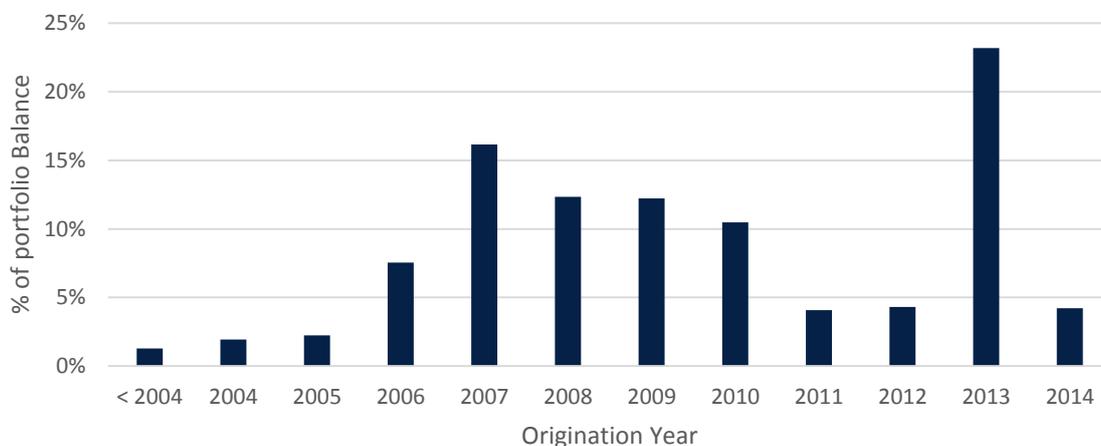
Source: Banco Santander, DBRS



**Portfolio Distribution – Loan Origination by Year**

Report Date  
15 May 2014

Origination Date (Provisional Portfolio as of 3 april 2014)



Source: Banco Santander, DBRS

**Portfolio Distribution – Largest Exposures**

The provisional portfolio is well diversified across borrowers. With the exception of the largest borrower exposure that accounts for about 0.9% of the portfolio, the top ten obligors represent 7.4% of the outstanding balance of the portfolio.

Rank	Balance (EUR)	Percentage of Portfolio	Region	Industry
1	4,977,296	0.89%	Catalonia	Food Services
2	4,558,552	0.82%	Valencian Community	Brokers, Dealers & Investment houses
3	3,721,607	0.67%	Andalusia	Beverage & Tobacco
4	3,663,671	0.66%	Valencian Community	Publishing
5	3,279,525	0.59%	Castille-La Mancha	Beverage & Tobacco
6	2,925,596	0.52%	Canary Islands	Leisure goods/activities/movies
7	2,913,568	0.52%	Catalonia	Building & Development
8	2,850,000	0.51%	Madrid	Conglomerates
9	2,819,677	0.51%	Valencian Community	Building & Development
10	2,560,090	0.46%	Andalusia	Building & Development
<b>Total</b>	<b>34,269,583</b>	<b>6.14%</b>		

Note: Due to rounding, the items in the columns might not add up to the stated totals

Source: Banco Santander, DBRS

**DBRS Analysis**

**Asset Analysis**

DBRS used its Diversity Model to determine a lifetime default rate at the required rating levels. The Diversity Model takes key loan-by-loan information of the securitised portfolio (such as borrower ID, borrower notional amount, and industry ID for each loan), the expected weighted average life of the portfolio and the annualised PD assumption estimated by DBRS which is based on the historical data provided. The Diversity Model employs a Monte-Carlo simulation to determine cumulative default rates (or hurdle rates) at each rating stress level.

Break even default rates on the Notes were determined using the DBRS CDO Cash Flow Model. The minimum break even default rate is computed over nine combinations of default timing and interest rate stresses. At the AA (sf) and CCC (high) (sf) rating levels, the break even default rates for the average of the nine scenarios must exceed the respective hurdle rate calculated by the Diversity Model.

**Average Annualised Default Rate**

The average annualised default rate is determined from the historical data supplied by the Originator. Banco Santander supplied historical default data split into the seven different loan types being securitised. The performance data was split by type of borrower: “Estandarizados” (borrowers with overall bank exposure below EUR 0.5 million), “Carterizados” (borrowers with overall bank exposure above EUR 0.5 million), and “Autonomos” (self-employed borrowers), and by loan type (unsecured loans and secured loans).

The portfolio is concentrated in loan and client segments which historically have high default levels based on the historical performance data received. The historical data indicates that the worst performing loan segments are secured loans to “Carterizados” and secured loans to “Estandarizados. The exposure to these two segments represents 67.9% of the provisional pool outstanding balance.

For this transaction, DBRS considered an annualised base case PD of 10.6% which is significantly higher than that assumed for previous transactions. The DBRS base case PD was based on the historical performing data of the last eight years and calculated based on the weighted average default rate of the six different loan types in the pool. DBRS also recognises that the historical data includes restructured non-performing loans which are marked as defaulted on the historical data and which could lead to conservative PD estimates. However, Santander was unable to provide additional data to quantify this effect and as such DBRS will have to base its analysis on the data as provided.

**Granularity Default Risk**

Borrower concentration is taken into account within the DBRS Diversity Model. In exceptional cases, DBRS may require additional analysis to be conducted in order to ensure that the risk associated with specific borrowers is accounted for appropriately. It was determined that there were no borrowers that required additional analysis in the Portfolio for this transaction.

**Correlation**

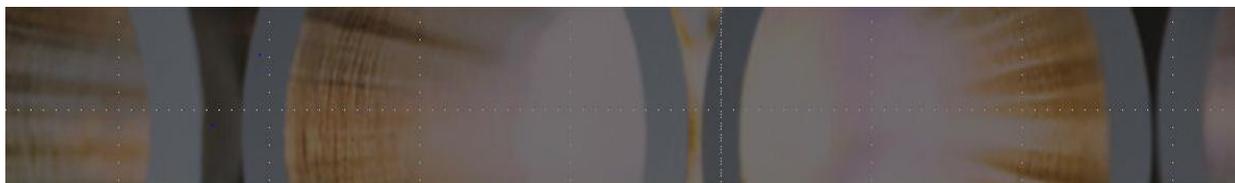
DBRS employs a two-factor correlation model as the basis for the SME default modelling. This correlation structure is implemented in the DBRS Diversity Model, allowing for explicit concentration in obligor and industries while utilising a Monte Carlo process to generate the stressed default rates. To take into account for the increased concentration risk inherent in SME pools due to obligor and industry, DBRS applies a rating level-based correlation stress using the DBRS Diversity Model.

**Recovery Rates and recovery delay**

For assets that are unsecured, or that are secured by collateral other than real estate, DBRS applies recoveries for the applicable proposed rating and country tier in line with its *Rating Methodology for CLOs of Large Corporate Credit*.

For assets secured by residential or commercial real estate, market value decline (“MVD”) assumptions are applied to the collateral value, with the resulting stressed value available for loan repayment. In the case of multiple loans or liens, DBRS considers all available data and computes the appropriate recovery. The resulting recovery rate is floored at the Senior Unsecured recovery rate for the applicable proposed rating and country tier. The MVD assumptions for assets secured by residential real estate can be found in DBRS’s *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda*, published in March 2014. MVD assumptions for assets secured by commercial real estate are based on residential real estate MVDs, with additional stress applied. DBRS MVDs for commercial real estate are contained in the commentary *Real Estate MVDs in CLOs Backed by Loans to European SMEs*, published in October 2013.

Recovery timing is assumed to vary according to the domicile of the obligor. In general, recovery delay assumptions have been determined by examining the average timing to resolve insolvencies, as well as the legal framework regarding relative debtor/creditor friendliness in a particular jurisdiction. For Spain, DBRS assumes a recovery delay of 2.25 years for unsecured loans and 4 years for secured loans.



Please refer to *Rating Methodology for CLOs and CDOs of Large Corporate Credit*, published in January 2014, for country tiers and delays for commercial real estate and unsecured recoveries, as well as the *Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda*, for recovery delays by country for loans backed by residential real estate.

Collateral Seniority (DBRS definition)	Collateral Type (DBRS definition)	Percentage of portfolio
Secured	Residential	37.3%
	Commercial	41.4%
Unsecured	Unsecured and 2 <sup>nd</sup> lien	21.3%

A summary of the recovery rates and recovery delays assumptions used for this transaction is shown in the table below.

Parameters	Values	Values
	(at AA (sf) Rating Stress)	(at CCC (high)(sf) Rating Stress)
WA unsecured recovery rate	15.78%	20.8%
Unsecured Recovery Delay for Spain	2.25 years	2.25 years
WA Secured Recovery Rate	42.9%	67.0%
Secured Recovery Delay for Spain	4.0 years	4.0 years

**Overall Rating Parameter Inputs for the DBRS Diversity Model**

The inputs used to calculate the portfolio default rates are:

Parameters	Values	Values
	(at AA (sf) Rating Stress)	(at CCC (high) (sf) Rating Stress)
Weighted Average Life of SME Portfolio (years)		5.2
Assumed 1 Year Default Rate		10.6%
Inter-Industry Correlation	10.750%	8.250%
Intra-Industry Correlation	26.875%	20.625%

The expected portfolio Lifetime Total Default Rates for the required ratings (based on the inputs described in the table above) are indicated below:

Target Rating	Lifetime Total Default Rate
AA (sf)	82.3%
CCC (high) (sf)	44.5%

**Interest Rate Scenarios**

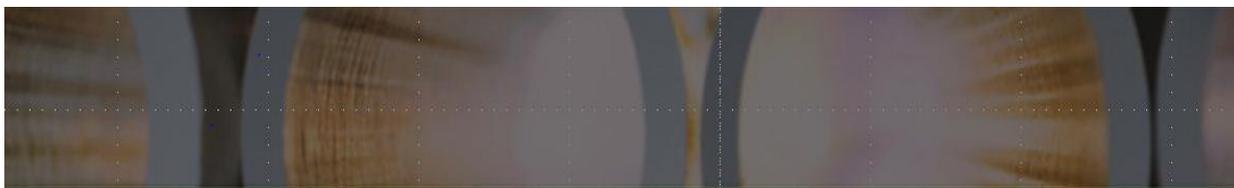
The purpose of the interest rate stress scenarios is to determine whether the transaction has any systemic interest rate risk exposure, such as due to having all floating rate liabilities and at least some fixed rate assets without an adequate hedge. DBRS uses its cash flow model to test the impact on the Notes' breakeven default rates for three interest rate scenarios: a forward interest rate curve, stressed increasing and decreasing interest rate scenarios.

The higher the target rating, the more extreme the level of interest rate stress that is used. For example, the interest rates assumed under the increasing interest rate stress scenario are higher for a target rating of AA (sf) than they are for a target rating of CCC (high) (sf). The interest rate stresses are discussed in the DBRS methodology *Unified Interest Rate Model for U.S. and European Structured Credit*, published in January 2013.

**Default Timing Vectors Scenarios**

In addition to the interest rate scenarios, DBRS also varies the timing of when the defaults occur. There are three scenarios, which are used for all target ratings:

Default Vector	Year 1	Year 2	Year 3	Year 4
Front	40%	30%	20%	10%
Back	20%	30%	40%	10%
Smooth	30%	30%	30%	10%



**Overall Cash Flow Model Summary**

The Lifetime Total Default Rate is the cumulative default rate (or hurdle rate) that the transaction must survive if the specified Notes are assigned the target rating, under the nine interest rate and default timing vector scenarios described above.

Specifically, in order to pass the AA (sf) rating level, the Series A Notes must not have any losses when 82.3% of the portfolio is defaulted, as per the default timing vectors above, under the average of the nine scenarios. In order to pass the CCC (high) (sf) rating level, the Series B Notes must not have any losses when 44.5% of the portfolio is defaulted, as per the default timing vectors above, under the average of the nine scenarios.

**Cash Flow Model Results**

Factor / Result	Series A Notes	Series B Notes
Rating Stress	AA (sf)	CCC (high) (sf)
Expected Lifetime Default Rate (at relevant rating stress)	82.31%	44.52%
Average Cash Flow Model Breakeven Default Rate (BDR)	82.65%	45.79%
Cushion	0.34%	1.27%

The results of the cash flow model analysis indicate that:

- The average breakeven default rates (“BDRs”) for the Series A Notes is higher than the AA (sf) stress lifetime default rate, supporting the decision to assign a provisional rating of AA (sf) to the Series A Notes.
- The average breakeven default rates for Series B Notes is higher than the CCC (high) (sf) stress lifetime default rate, supporting the decision to assign a provisional rating of CCC (high) (sf) to the Series B Notes.

**Sensitivity Analysis**

The sensitivity analysis conducted highlights the likely impact on the ratings when one key risk parameter is stressed while holding all others constant. In addition the sensitivity analysis also demonstrates the impact on the ratings where two risk parameters stresses are combined.

DBRS considered the following stress scenarios, as compared to the parameters used to determine the rating (the “Base Case”):

- Probability of Default Rates: Base Case PD of 10.6%, a 10% increase of the base case and a 20% increase of the base case PD.
- Recovery Rates: Base Case Recovery Rate, a 10% and 20% decrease in the base case Recovery Rates at each rating level.

**Series A Notes - rating sensitivity to changes in key risk parameters**

Relative Changes to PD	Relative Changes to Recovery Rate		
	Original (Base Case)	-10%	-20%
Original (Base Case)	AA (sf)	A (high) (sf)	A (high) (sf)
+10%	AA (low) (sf)	A (low) (sf)	A (low) (sf)
+20%	A (high) (sf)	A (sf)	A (low) (sf)

**Series B Notes - rating sensitivity to changes in key risk parameters**

Relative Changes to PD	Relative Changes to Recovery Rate		
	Original (Base Case)	-10%	-20%
Original (base case)	CCC (high) (sf)	CCC (low) (sf)	CCC (low) (sf)) (sf)
+10%	CCC (sf)	CCC (low) (sf)	CC (sf)
+20%	CCC (low) (sf)	CCC (low) (sf)	CC (sf)



## Assessment of the Sovereign

At the Closing Date, the ratings on the Kingdom of Spain's long-term foreign and local currency debt were A (low), both on Negative Trend. The "Negative Trend" reflects the uncertainty at that time with the financial markets, as well as the downside risks to the European and Spanish growth outlook.

For more information, please refer to the the most recent published press release by DBRS regarding the Kingdom of Spain.

## Monitoring and Surveillance

The ratings of the Series A and Series B Notes depend on the portfolio performance and counterparties' ratings. The main triggers that DBRS will rely on for monitoring are:

- Performance of the portfolio in terms of defaults, arrears and recoveries;
- Evolution of the Reserve Fund level;
- Updated SME default data from Banco Santander;
- Changes in the public or private credit ratings, or private internal assessments by DBRS of the counterparties engaged in the transaction as well as implementation of the remedial actions foreseen in the transaction agreements; and
- Any event of default by the Issuer.

DBRS will monitor the transaction on an on-going basis to ensure that it continues to perform as expected. Any subsequent changes in the rating will be publicly announced.

### Note:

All figures are in **Euros** unless otherwise noted.

This report is based on information as of April 2014, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

Copyright © 2014, DBRS Limited, DBRS, Inc., DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources believed by DBRS to be accurate and reliable. DBRS does not perform any audit and does not independently verify the accuracy of the information provided to it. DBRS ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. DBRS receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.