Presale Report

Fondo de Titulización RMBS Prado II

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DBRS

Insight beyond the rating.

Ratings and Issuer's Assets and Liabilities

Debt	Par Amount 1	Initial Subordination 2	Coupon 3	Rating	Rating Action
Class A	€421,000,000	22.0%	3-month Euribor + [•]%	AAA (sf)	New Rating - Provisional
Sub Loan 1	€119,000,000	0.0%			

1 Expected amount as at the issue date.
2 Subordination is expressed in terms of portfolio size.
3 The margin of the Class A notes will increase to [•]% following the March 2021 step-up date if the transaction is not called by the Issuer.
4 The Reserve Fund will be fully funded through a second subordinated loan on the issue date.

	Initial Amount (€)	Size
Asset Portfolio	€540,000,000	100.00%
Liquidity Reserve 4	€16,200,000	3.00%

DBRS Ratings Limited (DBRS) has assigned provisional ratings to the Class A notes issued by Fondo de Titulización RMBS Prado II (Prado II or the Issuer), a securitisation fund expected to be incorporated on 15 March 2016 under Spanish Securitsation law. The transaction is a securitisation of residential mortgage loans originated and serviced by Unión de Créditos Inmobiliarios, S.A. E.F.C. (UCI). The Class A notes and Subordinated Loan 1 will be issued at closing to finance the purchase of a portfolio of first-lien mortgages secured over properties located in Spain. The transaction is managed by Santander de Titulización, SGFT, S.A. (the Management Company).

Portfolio Summary (10 February 2016)			
Portfolio Balance	€543,598,065	**Asset Class**	RMBS
Average Balance per Borrower	€101,816	**Governing Jurisdiction**	Kingdom of Spain
Weighted Average Seasoning	74.7 months	**Sovereign Rating**	A (low)
Current Combined LTV	51.5%[1]		

Transaction Overview

Transaction Parties

Role(s)	Counterparty	Rating
Issuer	Fondo de Titulización RMBS Prado II	n. r.
Originator, Seller, Servicer and Subordinated Loans Provider	UCI	n.r.
Account Bank and Paying Agent	BNP Paribas Securities Services, Spanish Branch	DBRS Private Rating
Back-Up Servicer Facilitator	Banco Santander, S.A.	A / Stable
Joint Arrangers	BNP Paribas, London Branch and Banco Santnader S.A.	
Arranger and Management Company	Santander de Titulización, SGFT, S.A.	n. r.

1. DBRS calculation.

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Relevant dates

Issue Date	[•] March 2016
First Payment Date	17 June 2016
Payment Dates	Quarterly on the 17th of each March, June, September and December
Step-Up Date	17 March 2021
Collection Period	Each business day
Final Maturity Date	1 February 2052
Legal Final Maturity Date	17 March 2056

Rating Considerations

- Macroeconomic conditions in Spain moderately improved in 2015. However, real GDP is yet to return to 2011 levels. On the positive side, real GDP in 2014 grew 1.4% versus 2013 and increased 3.4% through Q3 2015 according to the Office of National Statistics (Instituto Nacional de Estadística INE). Unemployment figures continue to improve down to 21.2% through Q3 2015 from the peak of 26.9% at the beginning of 2013. On the other hand, the Spanish economy was supported by a combination of external factors such as the European Central Bank's bond purchase policy, low interest rates as well as lower oil and energy prices. The economy has still to prove how the long-term structural reforms and potential political transition risks will influence future growth.
- Property values showed moderate signs of improvement in 2015. Home prices reached a recent trough on a national level at the beginning of 2014 according to INE. Peak-to-trough declines were -37.3% on the national level. Regional declines ranged between -29.7% in Andalusia and -47.3% in Navarre. Through Q3 2015 national home prices have increased 6.5% since bottoming out.

Strengths

- ***Seasoning and Portfolio Performance:*** The mortgage portfolio has a weighted-average seasoning of 74.7 months with none of the loans ever being in arrears nor restructured.
- ***Current LTV:*** The current LTV of the portfolio (amortised loan balance divided by original property valuation) is low compared to other Spanish RMBS at 51.5% with none of the loans having a current LTV above 80%. On an indexed basis INE Q3 2015 the average LTV is 63.6% with 23.2% having an indexed LTV above 80%.
- ***Diversified Portfolio:*** 5,339 loans with the three largest Spanish autonomous regions being Madrid (27.7%), Catalonia (23.3%) and Andalusia (20.8%).
- ***Liquidating Structure:*** After payment of administrative fees, interest payments on the Class A notes and replenishment of the Reserve Fund to the target level, all remaining collections will be paid to the Class A notes as principal amortisation.
- ***Amortising Reserve Fund:*** The Reserve Fund provides liquidity to the Class A notes. The target balance of the Reserve Fund will amortise in amount equal to 3.0% of the performing portfolio balance with a floor at 1.00%.

Challenges and Mitigating Factors

- **Historical Performance of UCI:** Historical performance of UCI mortgage loans has been relatively poor. Cumulative arrears greater than three months reached 34.7% and 35.7% for the 2006 and 2007 vintages, respectively. Recent vintages from 2009 and onwards have improved with 2010 being the worst at 2.7% as a result of tighter underwriting guidelines and also with much lower origination volumes.

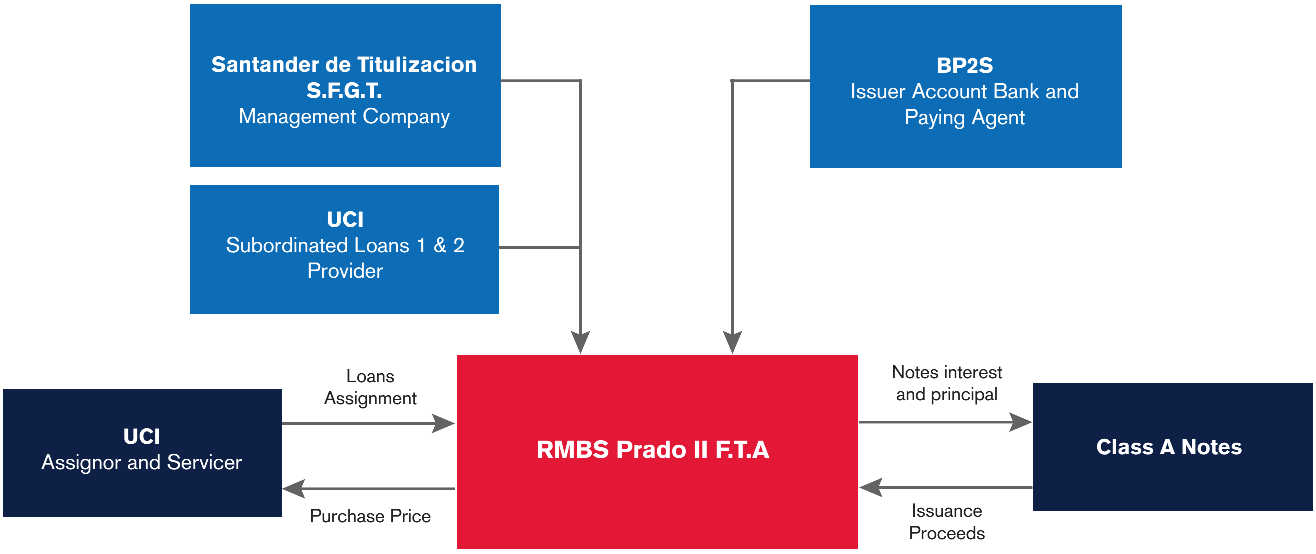
- *Mitigants:* Loans in Prado II have performed well with none of the loans ever being in arrears nor being restructured. The portfolio concentration for UCI's worst performing vintages of 2005-2008 represent 30.8% of the portfolio. 5.1% was originated in 2003 or earlier with the remaining 64.1% being originated between 2009 and 2014.

- **CPI instalment loans:** 6.0% of the portfolio are Consumer Prince Index (CPI) instalment loans and another 40% of the portfolio have the option to exercise a CPI instalment loan in a positive CPI environment. CPI instalment loans limit the amount of borrower's payment reset to 50%, 100% or 200% of CPI at the interest rate revision date.
  - *Mitigants:* The CPI instalment feature for 82% of the loans will expire between 2018 and 2022. Historically, the exercise rate for borrowers with the option to exercise is very low with a maximum value of 1.6%.
- **Self-Employed:** 8.8% of the portfolio were classified as self-employed borrowers including pensioners and loans without an employment status.
  - *Mitigants:* Self-employed borrower loans were stressed by applying a default penalty of 1.15.
- **"Wild-Card" Instalments:** 5.0% of loans have a "wild-card" instalment option where during the first three years since the loan origination date the borrower may once per year capitalise the monthly payment. If a payment is capitalised, the borrower's monthly payment is re-calculated based on the capitalised principal balance.
  - *Mitigants:* In order to exercise the "wild card" instalment, the borrower cannot be in arrears. Additionally, the borrower cannot exercise the option on two consecutive payment dates. The Reserve Fund is available to cover any potential shortfalls from the exercise of the payment. All of the "wild card" options will expire by December 2017.
- **Renegotiations:** UCI is able to renegotiate the maturity, interest rate and margin on the loans subject to criteria outlined in the servicing contract. Renegotiations are limited to 15% of the initial balance of assets and include extension of the maturity date to March 2056; and, a margin reduction to no lower than 0.50% if the loan is referenced to Euribor, or -0.40% if the loan is referenced to the Mortgage Loan Benchmark Index ("Índice de Referencia de Préstamos Hipotecario" or IRPH).
  - *Mitigants:* DBRS reflected this optionality in its cash flow modelling by extending the maturity to the longest possible date and compressing the spread of the loan margins to the applicable margin in line with the renegotiation criteria for 15% of the portfolio at transfer.
- **Basis Risk:** The basis risk in this transaction is unhedged. The liabilities are indexed to 3-month Euribor while the loans are primarily indexed to 12-month Euribor (62.6%), IRPH (32.4%) or 12-month MIBOR (4.9%).
  - *Mitigants:* (1) Basis risk is partially mitigated by the priority of payments where all collections after payment of administrative fees and Class A interest are paid in principal to the Class A notes; and, (2) the Reserve Fund is available to cover interest payments to the Class A notes.

Transaction Structure

Transaction summary		
Currencies	Issuer's assets and liabilities are denominated in euros (€)	
Relevant Legal Jurisdictions	Mortgage loans are assigned to the Issuer as a true sale pursuant to Spanish securitisation laws. The issuer is a securitisation fund incorporated under Spanish securitisation law.	
Interest Rate Hedging	none	
Basis Risk Hedging	none	
Cash Reserve	Provides liquidity support to the Class A notes and available to cover senior administrative fees.	
	Initial Amount:	€16,200,000 - 3.0% of the initial balance of collateral.
	Target Amount	3.0% of the performing balance of collateral (loans less than 12 months in arrears).
	Step-up	N. A
	Amortisation	Amortisation amounts are used to pay principal on the Class A notes.
	Floor	1.0% of performing balance of collateral (loans less than 12 months in arrears).
Commingling Reserve	none	

The transaction structure is summarised below.



Counterparty Assessment

Account Bank

BNP Paribas Securities Services, Spanish Branch (BNPSS Spain) is the Account Bank and Paying Agent for the transaction. DBRS privately rates BNPSS Spain and concluded it meets DBRS's minimum criteria to act in such capacity. The transaction contains downgrade provisions relating to the Account Bank where, if downgraded below 'A', the Management Company on behalf of the Issuer will replace the Account Bank. The downgrade provision is consistent with DBRS's criteria for the initial rating of AAA (sf) assigned to the Series A notes.

Servicing of the Portfolio and Collections

Payments are collected by UCI under a direct debit scheme and deposited in the cash flow account in the name of the Issuer with BNPSS Spain one day following receipt. In the event of insolvency of the servicer, the Management Company will request the servicer to notify the borrowers of assignment of the loans to the Issuer. Borrowers will be directed to make payments directly to the cash flow account held with BNPSS Spain.

In case of breach of the servicing contract or insolvency of the servicer, the Management Company will either replace the servicer or require the servicer to subcontract, delegate or be guaranteed the obligations by another suitable entity. In case of replacement of the servicer, the Back-Up Servicer facilitator will assume the responsibility to replace the servicer within 60 days. Commingling risk is mitigated by the direct deposit of collections by UCI to the cash flow account.

The cash flow account will be established with the Account Bank at the close of the transaction to hold the following amount during the relevant collection period:

- Principal and interest collections.
- Any other amount derived from the collateral mortgage pool, such as the proceeds received from the sale of foreclosed properties.
- The Reserve Fund amount.
- Return on the amounts deposited in the cash flow account.
- Any income received from repayment and early cancellation fees.

Pursuant to the Guaranteed Reinvestment Agreement, BNPSS Spain guarantees an annual return to the Issuer on amounts deposited in the cash flow account in an amount equal to the EONIA interest rate (1) minus 0.20% if EONIA is equal to or greater than 0.20%, or (2) minus 0.10% if EONIA is less than or equal to zero. The return on the cash flow account shall be subject to a floor of zero if EONIA is between zero and 0.20%. If the Account Bank's DBRS rating is downgraded below 'A', within 30 days the Management Company on behalf of the fund would need to (1) find a guarantor with the minimum DBRS rating of 'A' who will guarantee unconditionally and irrevocably the obligations of the Guaranteed Reinvestment Agreement or (2) find a replacement.

Moreover, the Management Company will enter into a paying agency agreement with BNPSS Spain on behalf of the Issuer. 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.

Priority of Payments

Pre-Enforcement Priority of Payments

The available funds will be distributed through the following combined waterfall on each payment date:

1. Ordinary and extraordinary expenses and the administration fee;
2. Interest due on the Class A notes;
3. Replenishment of the Reserve Fund to the target level;
4. Principal to the Class A notes until paid in full;
5. Interest due on Subordinated Loan 1;
6. Principal due on Subordinated Loan 1;
7. Interest due on Subordinated Loan 2;
8. Principal due on Subordinated Loan 2;
9. Administration fee to UCI;
10. Payment of variable commission to the Seller.

Post-Enforcement Priority of Payments

Upon liquidation of the Issuer at the legal final maturity date or 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 through the Post-Enforcement Priority of Payments:

1. Ordinary and extraordinary expenses and the administration fee.
2. Interest due and principal outstanding on the Series A notes;
3. Interest due and principal outstanding on the Subordinated Loan 1;
4. Interest due and principal outstanding on the Subordinated Loan 2;
5. Administration fee to UCI;
6. Payment of variable commission to the Seller.

Principal Amortisation

Following payment of administrative fees, interest due on the Class A notes and replenishment of the Reserve Fund, all collections will be paid to the Class A notes as principal until paid in full. This structural feature differs from the standard amortisation feature of Spanish RMBS where target amortisation of the notes is typically defined as the difference between the notes and the performing balance of collateral. In Prado II, funds will be paid to amortise the rated notes in advance of defaults whereas in other Spanish RMBS funds are directed to amortise the notes for defaults after a defined period of time (typically 12 or 18 months).

Origination and Servicing

DBRS conducted an operational review of Unión de Créditos Inmobiliarios's (UCI or the company) residential mortgage operations in November 2015 in Madrid. DBRS considers the origination and servicing practices of UCI to be consistent with those observed across the Spanish mortgage market.

UCI was established in 1989 and is jointly owned by Banco Santander and BNP Paribas which have owned the company equally since its inception. The company has lending operations in Portugal and Greece and has been active in those markets since 1999 and 2004 respectively. In 1998, UCI created a real estate franchise, Comprar Casa.

UCI is a frequent issuer of RMBS transactions and has issued over 19 deals with contribution loans representing around half of UCI's total loan portfolio of approximately €12 billion as of end-September 2015. Approximately 89% of UCI's loan portfolio was in Spain and 99% classified as retail mortgage loans with personal loans comprising the remaining 1%. The company's Portuguese operation represents around 10% of UCI's business.

DBRS does not publicly rate UCI although a private rating has been assigned by the agency.

Origination & Underwriting

Origination and sourcing:

UCI's mortgage business is heavily focused on brokers and real estate agents who are responsible for approximately 80% of all new originations, which is down from 90% reported in 2011. The remaining business is sourced directly through UCI's web portal (15%) and from other sources primarily existing mortgage customers (5%). While UCI offered loans through real estate developers in the past, such activity ceased in 2009 and the developed sourced loans represent less than 1% of UCI's total mortgage portfolio as of September 2015. While brokers are paid commission by UCI, the commission is performance-based taking into account future loan performance and paid out over a 3-year period.

New lending activity has decreased significantly since 2007 from approximately €3.8 billion annually to around €300 million, with Portugal and Greece representing around 25% of the total. The reduced lending activity has not affected UCI's market share which has remained just over 1%. The products, rate and payment types offered are consistent with the wider Spanish market although underwriting criteria were significantly tightened as a result of the economic crisis.

Underwriting:

Underwriting is performed at the branch level with account managers responsible for managing a portfolio of brokers and agents geographically based. UCI had 25 branches across Spain as of September 2015 which is down from 35 at its peak and up around 47% from several years ago. The agents provide the branch with all the basic information and documentation needed to begin the underwriting process, and the documents are subsequently scanned and fed into the company's proprietary workflow system. Standard income verification procedures are in place including collection of pay slips and income statements, and the verification process extends to all guarantors associated with the loan. The company's underwriting models incorporate data from the national and third-party credit bureaux used for both Spanish and foreign nationals.

UCI underwriting guidelines have been tightened since 2008 beginning with a new scoring system in February 2008. Other changes included discontinuing certain mortgage products including those with initial grace periods, loans to non-residents and unsecured loans. The conditions for obtaining additional personal guarantees were increased and full justification and use of equity is required for second mortgage or equity release loans. Further changes included capping of LTV at 80% and automatic rejection of loans with scores in the highest risk bucket.

All decision making activities are centralised in UCI's Madrid headquarters and approval limits are set by the credit risk management team based on the experience and competency of the approver. The limits are periodically reviewed and adjusted when deemed necessary. From 2005-2007, approval authority was decentralised across the branch network and some of the more senior and experienced branch managers still have some approval authority. Prior to 2005, all loans were underwritten and approved centrally in Madrid.

Valuations:

Full property valuations are conducted by an external appraisal company authorised by the Bank of Spain. UCI has been working with the valuation firm for over 20 years. UCI conducts audits of any valuation with a 15% or more variance between the appraised amounts and the purchase price. While UCI works almost exclusively with one vendor, valuations or repossessed assets are conducted by another appraisal company and the results compared against the original valuation to identify any possible negligence or fraud on the part of the original valuer. A standard valuation form is provided by UCI to the appraisal along with the scope of work which requires valuation reports to include pictures, sales comparable and proof of land registry checks.

Summary strengths

- Support through shareholders, Santander and BNP Paribas.
- Fairly conservative underwriting criteria.
- Centralised approval process for all loans. Real estate agents and brokers have not approval power.

Summary weaknesses

- Heavy reliance on external sourcing channels representing 80% of new business.
  - ***Mitigant(s):*** Limited number of exclusive agreements and network down to approximately 4,000 agents from 14,000 at peak driven by reduced lending and UCI's termination of arrangements with numerous brokers. Increased sourcing from web based application and expected to continue.

Servicing

All servicing activities including day-to-day loan administration as well as collections and arrears management are centralised at UCI's headquarters in Madrid. Average experienced among the servicing staff is consistent with the whole bank at over ten years. Most general loan administration is automated including rate changes and the majority of loans have monthly payment schedules (with only two payment date options) and pay via direct debit. All UCI mortgage customers are required to have a current account with Santander from which all mortgage payments are drafted.

Arrears and default rates have increased steadily since the start of the 'credit crunch' and have continued their upward trend. As a result, UCI has placed more focus on the management of delinquent loans. A new 'preventive team' with seven staff is responsible for conducting welcome calls with borrowers prior to their first payment to address any questions or potential problems regarding the borrower. A 30-strong centralised debt collection team manages loans up to four months in arrears and telephone contact with the borrower is attempted within the first week of a missed payment. Automated letters are generated through the system and UCI complies with Bank of Spain guidelines surrounding defaulted loan management. Average recovery timelines are consistent with Spanish peers and have lengthened over the last several years.

Summary strengths
- Centralised servicing operations in Madrid.
- High ratio of loans paying by direct debit and monthly payment schedules, in Santander account.
- Good collections and arrears management practices and increased attention as a result of rising defaults.

Summary weaknesses
- Relatively high default rate near 11%.
  - ***Mitigant(s):*** The default rate is lower than some peers and generally consistent with the Spanish market. UCI's arrears management practices are somewhat more robust than some Spanish peers although practices are generally limited to modification and forbearance schemes.

Opinion on Back-Up Servicer: No back-up servicer (BUS) at closing for Prado II. DBRS believes that UCI's current financial condition mitigates the risk a possible disruption in servicing due to a servicer event of default. Banco Santander S.A. will be appointed at closing as back-up servicer facilitator.

Collateral Summary

DBRS received a loan tape to conduct the credit analysis of the portfolio (as of 10 February 2016). In addition, DBRS was provided with the following historical performance data for UCI mortgage originations for arrears and recoveries from Q1 2001 through Q3 2015:
- Origination volumes
- Cumulative arrears greater than three months
- Cumulative arrears greater than six months
- Cumulative arrears greater than 12 months
- Recovery data for loans greater than three months in arrears
- Dynamic arrears
- Dynamic prepayments
- Loan level repossession data

The sources of information used for these ratings were provided by UCI and their representatives. DBRS considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

The assets in the portfolio are primarily floating-rate first lien mortgages secured by properties located in Spain originated by UCI. 82.7% of the loans are fully amortising loans with the remaining 17.3% having an "easy instalment option". Additionally, 5.0% of the loans have a "wild card" option. The loans are primarily indexed to 12-month Euribor (62.6%%), IRPH (32.4%) and 12-month MIBOR (4.9%). All of the loans pay monthly.

The main characteristics of the portfolio are summarised below. All calculations are based on the portfolio as of 10 February 2016. Additionally, the reps and warranties per the prospectus include the following:

- At the Date of Incorporation there will be no arrears greater than 30 days.
- None of the mortgage loans have been subject to a change, amendment, modification or waiver of any kind.
- All obligors are natural persons residing in Spain.
- None of the mortgage loans finance the acquisition of repossessions.
- None of the mortgage loans have been in arrears greater than 30 days nor defaulted on other obligations under the mortgage loans.
- All obligors pay via direct debit.

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

Summary Statistics (DBRS Calculations) [2]	
Number of Mortgage Loans	5,339
Number of Borrowers	5,339
Total Original Balance (€)	754,618,058
Total Current Balance (€)	543,598,065
Average Original Balance per Borrower(€)	141,340
Average Current Balance per Borrower(€)	101,816
Maximum Original Balance (€)	1,115,000
Maximum Current Balance (€)	454, 553
WA Original LTV	59.7%
% >=80% OLTV	3.07%
WA Combined Current LT	51.5%
% >=80% Combined Current LTV	0.0%
WA Combined Current Indexed LTV	63.6%
% >=80 Combined Current Indexed LTV	23.2%
WA Seasoning (years)	6.2
WA Residual Term (years)	26.5
WA Interest Rate	2.2%
WA Margin	1.2%
Interest Only Loans	0.0%
Self-Employed (treated as)	8.8%
Owner Occupied	100.0%
Foreign Nationals	2.86%
Purchase Loans	66.8%
Second Liens	0.0%

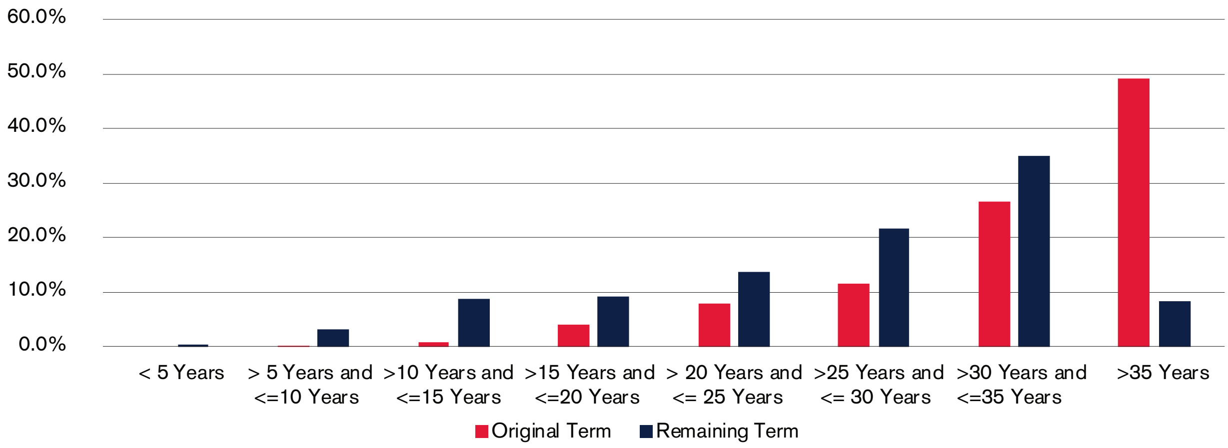
Source: UCI.

2. DBRS calculation.

Original Term vs Remaining Term

The original weighted-average term of the portfolio was 32.7 years with 75.7% having an original term greater than 30 years and 49.2% having an original term greater than 35 years. The current weighted-average remaining term of the portfolio is 26.5 years with 43.2% of the loans having a remaining term greater than 30 years and 8.4% having a remaining term greater than 35 years.

Loan Term Distribution

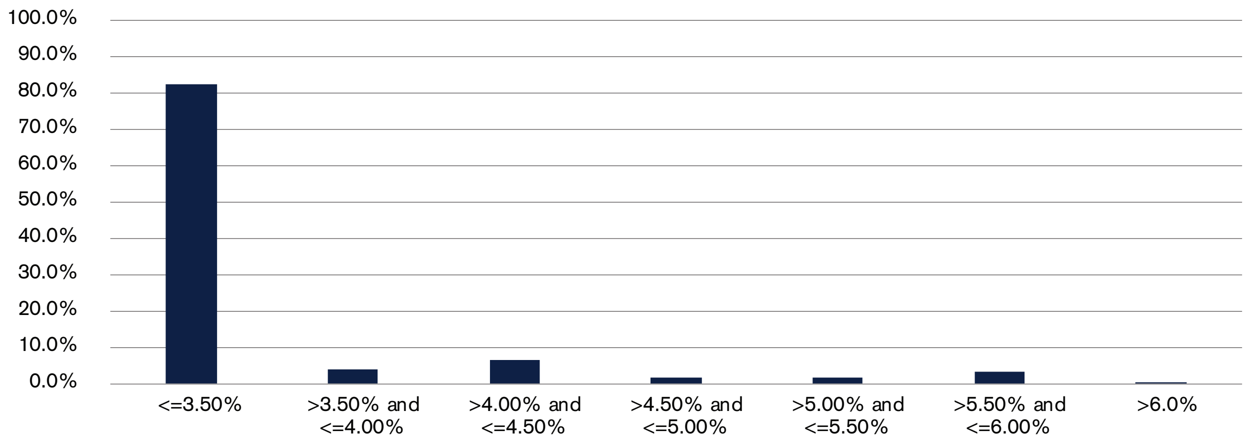


Source: UCI loan tape.

Margin and Interest Rate

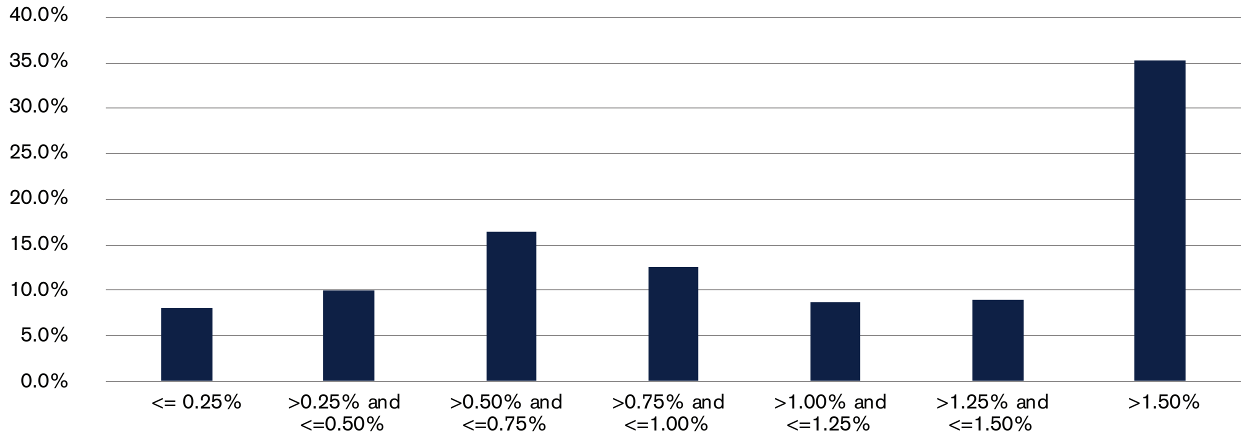
The weighted-average margin of the portfolio is 1.2% while the weighted-average interest rate (coupon) of the portfolio is 2.2%. 35.2% of the portfolio has a margin greater than 1.5%; however, the 82.4% of the portfolio has an interest rate below 3.50% given the combination of floating-rate loans and the current low interest rate environment.

Interest Rate Distribution (Coupon)



Source: UCI loan tape.

Interest Margin

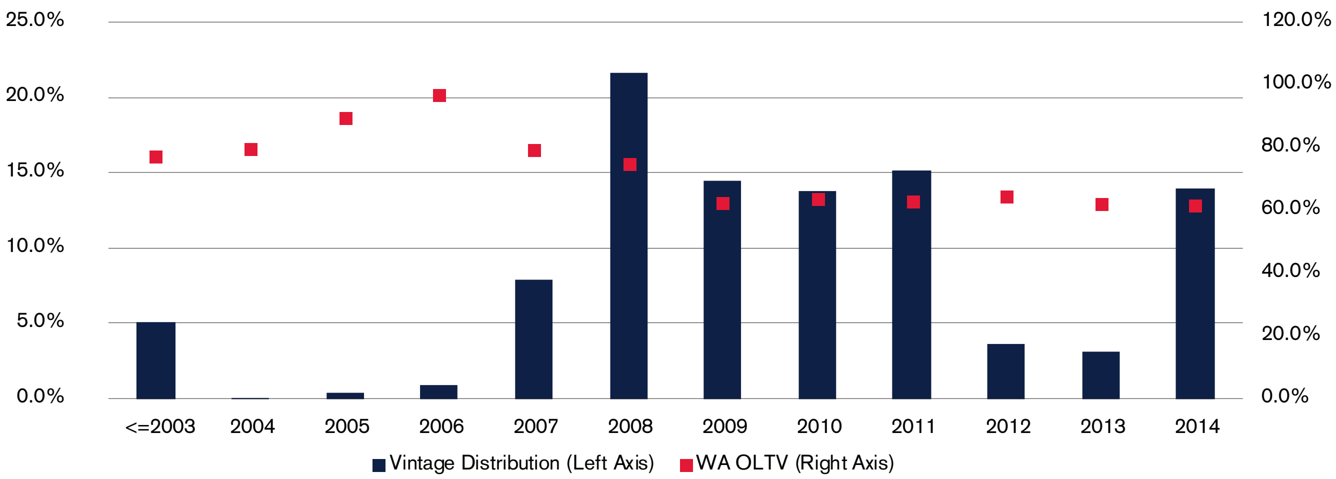


Source: UCI loan tape.

Origination Vintages

The portfolio vintages are mostly distributed between 2007 and 2014 with a small percentage (5.1%) originated prior to 2004. The highest vintage concentration in the portfolio is 2008 (21.7%) followed by 2011 (15.2%). Original LTV (OLTV) shows an improvement over time decreasing steadily from 79.1% in 2007 to 61.6% in 2014.

Origination Vinatges/LTVs

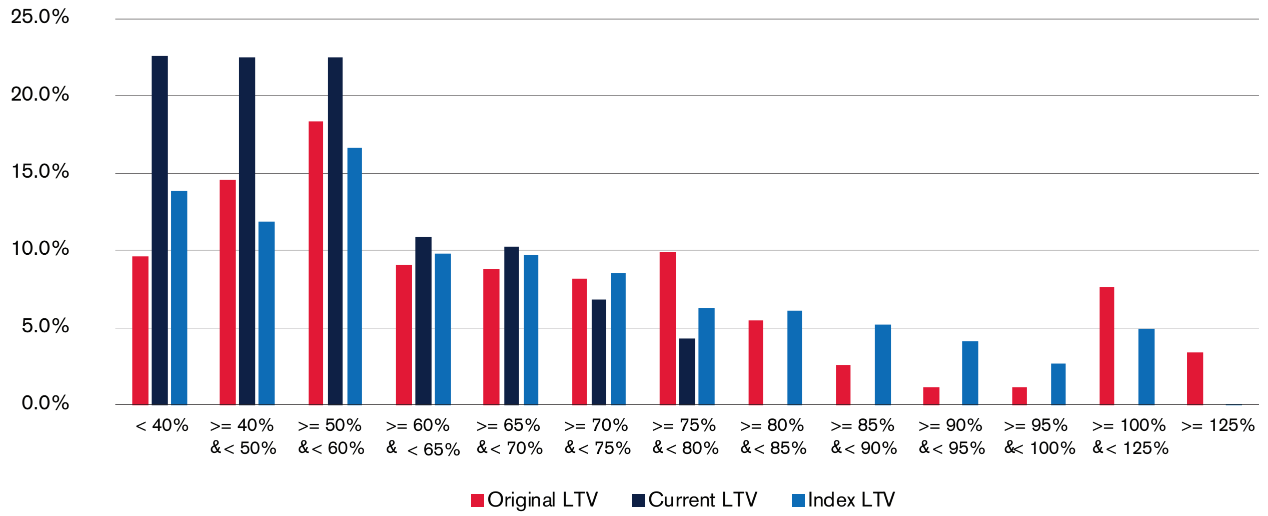


Source: UCI loan tape.

LTV Distributions

The weighted-average OLTV of the portfolio is 67.7% with 21.5% having an OLTV greater than 80% and 11.1% having an OLTV greater than 100%. The weighted-average current LTV of the portfolio is 51.5% with 0.0% having a current LTV greater than 80%. The weighted-average current indexed LTV (INE data) is 63.6% with 23.2% having a current indexed LTV greater than 80% and 5.1% having a current indexed LTV greater than 100%.

Origination Vintages/LTVs[1]

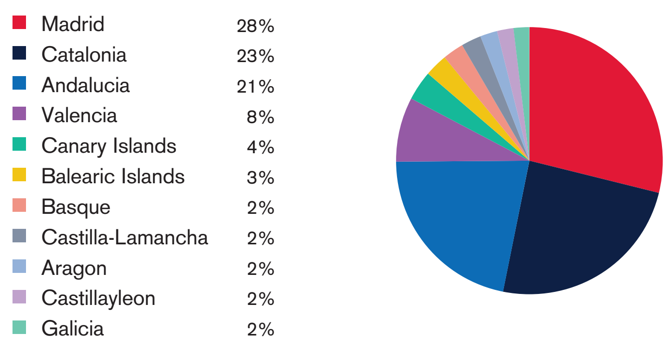


1 DRBS Calculation.
Source: UCI loan tape.

Geographic Breakdown

The pool is primarily concentrated in Madrid (27.7%), Catalonia (23.3%) and Andalusia (20.8%). The geographic concentration is consistent with that of other Spanish RMBS rated by DBRS.

Geographic Breakdown



Source: UCI loan tape.

The peak-to-trough price drops (INE data) in Madrid and Catalonia were more severe than those experienced at the national level, while the price drops in Andalusia were less severe. However, the rebound in prices since the beginning of 2014 has been stronger in Madrid and Catalonia while those in Andalusia have been in line with the national levels.

Region	Peak-to-Trough	Change Since Q1 2014
National	-37.3%	6.5%
Madrid	-43.05%	10.7%
Catalonia	-46.63%	8.3%
Andalucía	-29.65%	6.5%

Rating Analysis

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

- Transaction capital structure, proposed ratings and form and sufficiency of available credit enhancement.
- The credit quality of the mortgage loan portfolio and the ability of the servicer to perform collection activities. DBRS calculated probability of default, loss given default and expected loss outputs on the mortgage loan portfolio.
- The ability of the transaction to withstand stressed cash flow assumptions and repay the Class A and according to the terms of the transaction documents. The transaction cash flows were modelled using portfolio default rates and loss given default outputs provided by the DBRS European RMBS Credit Model.
- The sovereign rating of the Kingdom of Spain rated A (low) / Positive and R-1 (low) / Stable (as of the date of this report)
- 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.

Portfolio Performance Data

DBRS received the following set of data from UCI.

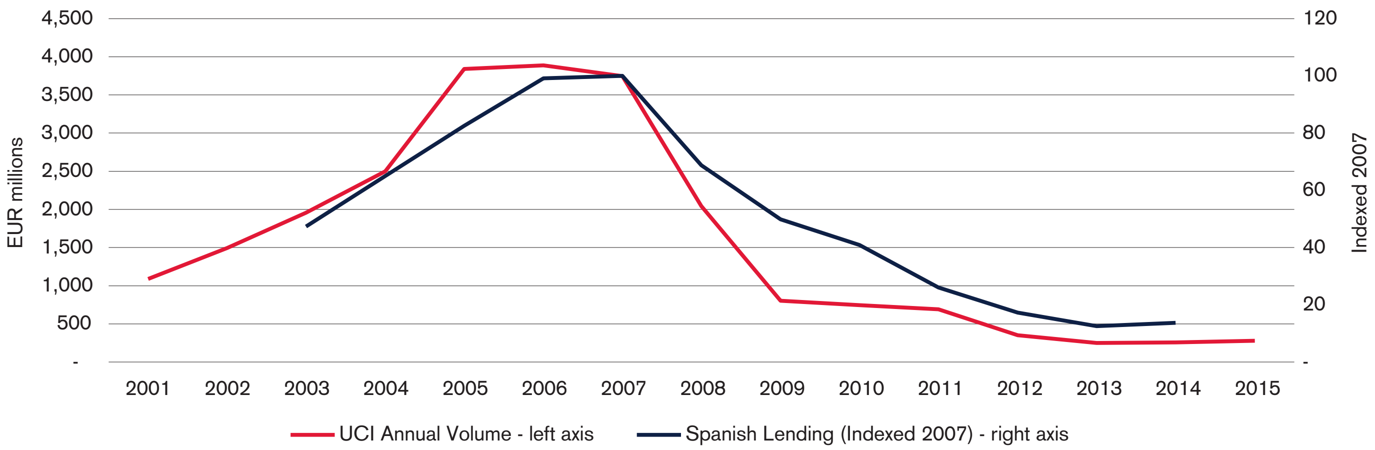
- Static cumulative 3+ months arrears, 6+ months arrears, and 12 months arrears.
- Cumulative recovery data or 3+ months arrears, 180+ days arrear, and 360 days arrears for each loans with an original LTV below 80% and original LTV greater than 80%.
- Dynamic arrears and prepayments.
- Loan level repossession data.

The originations covered the time period from Q1 2010 through Q3 2015.

UCI Originations

UCI originations have followed a similar trend to the overall Spanish market where volumes peaked in 2007 and dropped significantly through 2013. Annual UCI volumes peaked in 2006 at approximately EUR 3.7 billion. Volumes remained high in the following year at EUR 3.6 billion, but dropped steadily as lending volumes on a national level decreased. 2014 lending volumes for UCI were EUR 185 million, just 5% of the volumes lent in 2006.

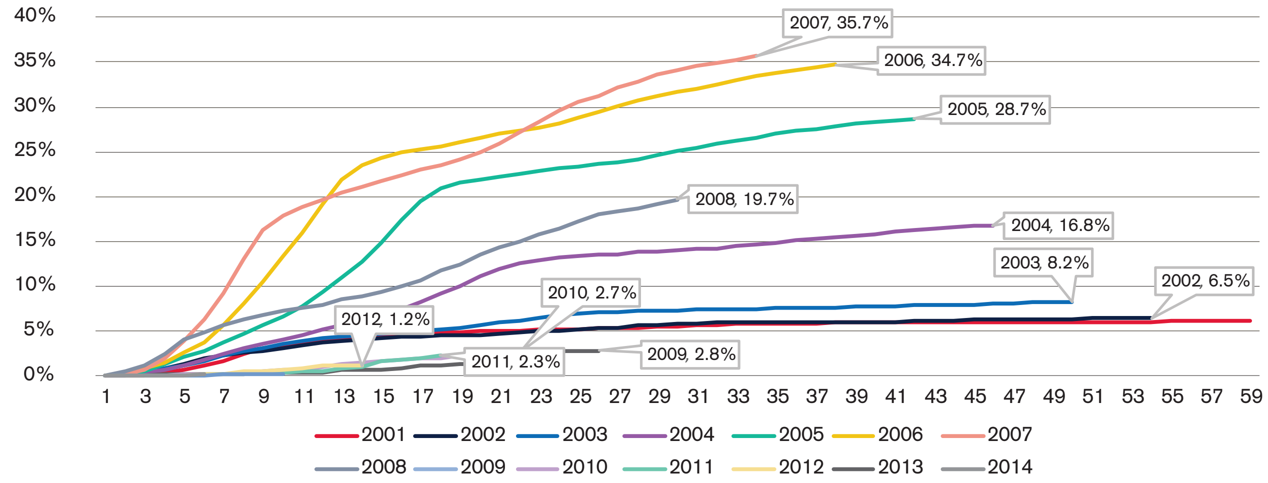
UCI and Spanish Lending Volumes



Source: UCI and INE.

Cumulative 3+ Months Arrears - UCI

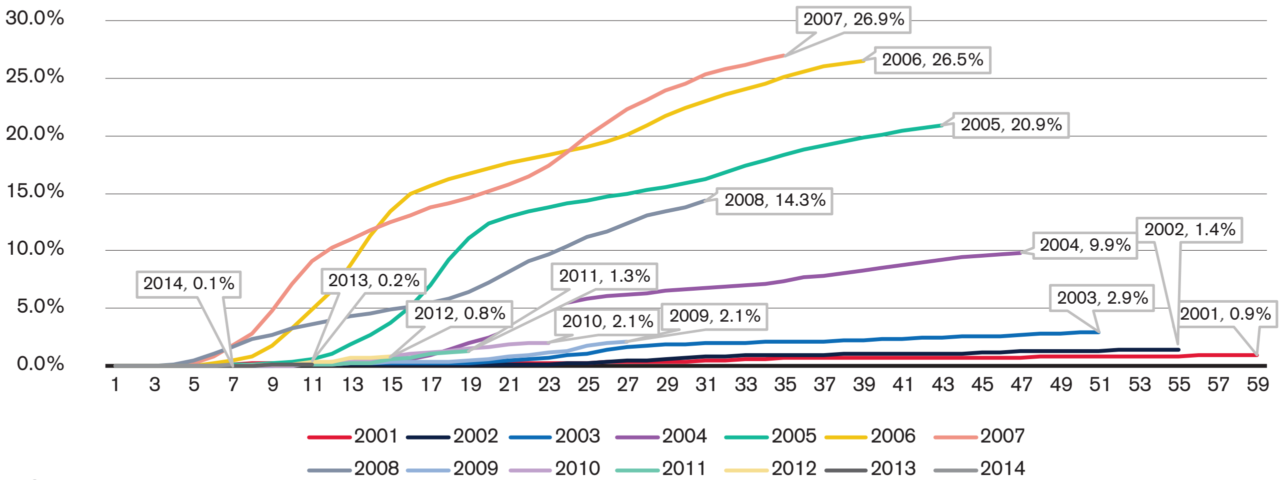
UCI Cumulative 3M+ arrears



Source: UCI.

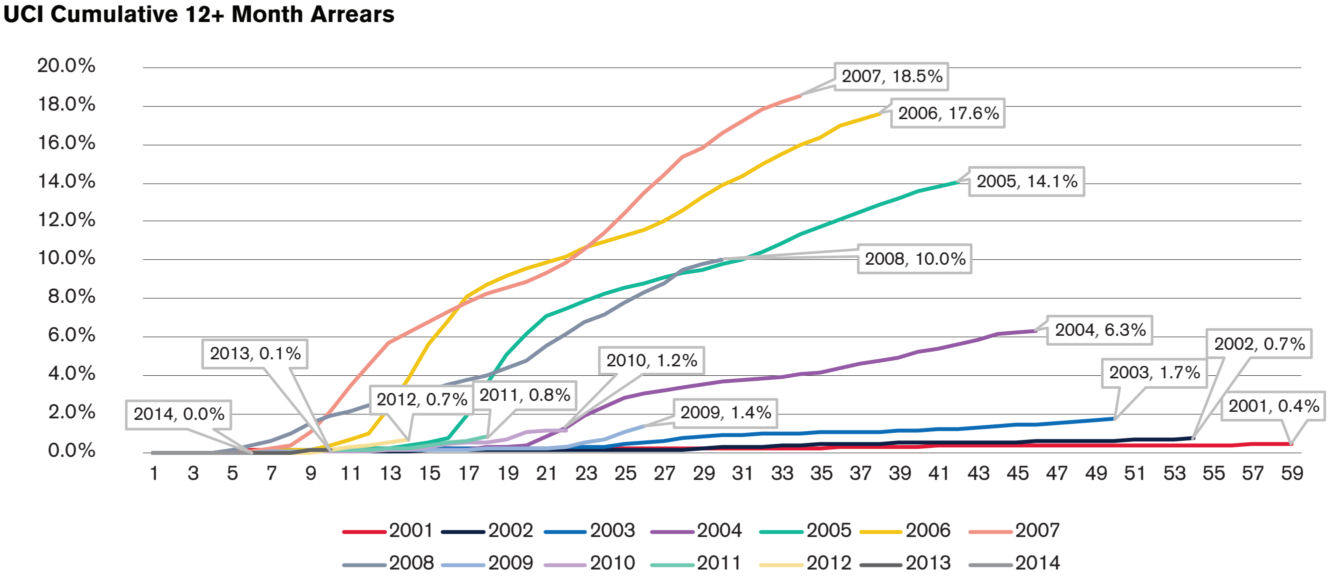
Cumulative 6+ Months Arrears - UCI

UCI Cumulative 6M+ arrears



Source: UCI.

Cumulative 12+ Arrears - UCI



Source: UCI.

PD, LGD and EL

The lifetime probability of default (PD), loss given default (LGD) and expected loss (EL) were estimated using the DBRS EU Credit Model. The 2-year PD for the portfolio using the 3+ month arrears data provided by UCI as a proxy was estimated to be 4.00%, including an adjustment for the sovereign rating of Spain. DBRS increased the market value declines (MVDs) for defaulted loans at each rating category following analysis of loan-level repossession data for UCI. Analysis of the loan-level repossession data showed higher LGDs relative to the LGDs from the DBRS EU Credit Model assuming the MVDs stated in the DBRS Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda. The DBRS methodology assumes LGDs are estimated on the OLTV of each loan. Given the impact on the indexed LTVs of the portfolio as a result of the price declines (as described in the Collateral Analysis section) and LGD experienced on repossessed loans, DBRS stressed the MVDs in the loss analysis as opposed to indexing the property valuations. The stressed MVDs were 55.0% and 77.0% for the Base Case and AAA stress, respectively.

The results of the model were used as the inputs into the cash flow analysis of the structure. The results of the model at the AAA rating scenario and base case are listed below:

Rating Scenario	PD	LGD	EL
AAA	29.9%	60.2%	18.0%
Base Case	7.3%	24.9%	1.8%

Cash Flow Scenarios

To assess the timely payment of interest on the notes and the ultimate payment of principal on the Class A, DBRS applied two default timing curves (front-ended and back-ended), its prepayment curves (low, medium and high CPR assumptions) and interest rate stresses as per its unified interest rate methodology. Due to the low prepayment rates observed in the Spanish mortgage market, DBRS also applied a 0% conditional prepayment rate (CPR) assumption.

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	Pre-payments	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 applied its standard interest rate stresses as detailed in its Unified Interest Rate Model Methodology for European Securitisations methodology. IRPH margins were stressed based on analysis of the historical relationship between IRPH and 12-month Euribor. IRPH has historically been higher on average by approximately 1.5%. However, for the AAA (sf) cash flow stress on the Class A notes, DBRS assumed the spread between IRPH and 12-month Euribor to be 0.2%.

Loan Modifications

As per the servicing agreement the servicer is allowed to modify loans within the portfolio aside from the good servicing practices defined by the Bank of Spain. These modifications can be made without the Management Company's consent and are subject to the following concentrations:

1. No further advances to the borrowers
2. No modifications of the frequency of the instalments
3. No margin reductions below 0.50% if the loan is referenced to Euribor or -0.40% if the loan is referenced to IRPH.
4. Extension of maturity of the loan so long as the final maturity date does not exceed March 2056

The loan modifications are subject to a limit of 15% of the initial balance of the portfolio. DBRS has stressed 15% of the portfolio to limit the margin to relevant levels and extend the maturity of the loans to the maximum date in its cash flow analysis.

Timing of Defaults and Recovery Lag

DBRS utilised ten-year front- and back-loaded default timing curves. A recovery lag of 48 months was used in the cash flow analysis per the DBRS EU RMBS methodology.

Risk Sensitivity

DBRS estimated the PD and LGD for each 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 credit ratings. The tables below illustrate the sensitivity of the rating to various changes in the based case PD and LGD assumptions in the respective rating scenarios:

Class A

		Increase in Default Rate %		
		0	25	50
Increase in LGD %	0	AAA	AA (high)	AA
	25	AA (high)	AA	AA (low)
	50	AA (high)	AA (low)	A

Appendix

Methodologies Applied

The principal methodology applicable to assign ratings to the above referenced transaction is "Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda" (4 January 2016).

Other methodologies referenced in this transaction are listed below.

- Legal Criteria for European Structured Finance Transactions (19 February 2016);
- Unified Interest Rated Model for European Securitisations (12 October 2015);
- Operational Risk Assessment for European Structured Finance Servicers (31 December 2015);
- Operational Risk Assessment for European Structured Finance Originators (15 December 2015).

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

Surveillance Methodology

The transaction is monitored by DBRS in accordance with its "Master European Structured Finance Surveillance Methodology" (15 December 2015), and available at www.dbrs.com under the heading Methodologies; alternatively, please contact info@dbrs.com.

Notes:
All figures are euros unless otherwise noted.

This report is based on information as of 29 February 2016, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.