MOODY'S
INVESTORS SERVICE

CREDIT OPINION
23 February 2021

New Issue

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Closing Date
23 February 2021

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FT Santander Consumo 4

New Issue Report – Banco Santander S.A. issues new consumer loan transaction in Spain

Capital structure

Exhibit 1
Definitive (D) ratings

Series	Rating	Amount (millions)	% of Assets	Legal Final Maturity	Coupon	Subordination[1]	Reserve Fund[2]	Total Credit Enhancement[3]
Class A	Aa2 (sf)	€ 1,262,800,000.0	84.19%	Sep-32	3mE+ 70bps	15.81%	2.00%	17.81%
Class B	A3 (sf)	€ 105,000,000.0	7.00%	Sep-32	3mE+ 115bps	8.81%	2.00%	10.81%
Class C	Baa3 (sf)	€ 41,500,000.0	2.77%	Sep-32	2.20%	6.05%	2.00%	8.05%
Class D	Ba3 (sf)	€ 47,800,000.0	3.19%	Sep-32	3.70%	2.86%	2.00%	4.86%
Class E	B3 (sf)	€ 42,900,000.0	2.86%	Sep-32	4.90%	0.00%	2.00%	2.00%
Class F	NR	€ 30,000,000.0	2.00%	Sep-32	6.50%	0.00%	0.00%	0.00%
Total		€ 1,530,000,000.0	102.00%					

(1) At closing.
(2) As of initial pool balance; Class F funds the cash reserve and is not backed by the asset pool.
(3) No benefit attributed to excess spread.
Source: Moody's Investors Service

Summary

FT Santander Consumo 4 is a one year revolving cash securitisation of unsecured consumer loan receivables extended by Banco Santander, S.A. (A2/P-1; A3(cr)/P-2(cr)) to private obligors residing in Spain.

Our analysis focused, amongst other factors, on, (i) an evaluation of the underlying portfolio of loans at closing and incremental risk due to loans being added during the revolving period; (ii) the historical performance information of the total book and past ABS transactions; (iii) the credit enhancement provided by the subordination, the excess spread and the cash reserve; (iv) the liquidity support available in the transaction, by way of principal to pay interest, and the cash reserve and (v) the overall legal and structural integrity of the transaction.

Our cumulative default expectation for the asset pool is 4.25%, recovery rate is 15.00% and portfolio credit enhancement (PCE) is 17.00%.

The figures presented in this report refer to the portfolio characteristics at the preliminary cut-off date, 15 January 2021, while the final pool transferred to the Issuer on the incorporation date amounted to c. € 1,500 million and does not include any loans in arrears at the time of the transfer.

Credit strengths

» ***Portfolio composition:*** The securitised portfolio is highly granular with the largest and 10 largest borrowers representing 0.008% and 0.067% of the pool, respectively (see “Asset description - Assets as of the cut-off date - Pool characteristics”). The figures presented in this report refer to the portfolio characteristics at the cut-off date, 15 January 2021, while the final pool transferred to the Issuer on the incorporation date amounted to c. € 1,500 million and does not include any loans in arrears art the time of the transfer.

» ***Financial strength of Banco Santander S.A.:*** Banco Santander S.A. is rated A2/P-1; A3(cr)/P-2(cr) and is acting as originator, servicer, collection account bank, issuer account bank provider and cap counterparty in the transaction. The bank's sound credit profile limits the deal's exposure to operational issues: specifically likelihood of interruption in the portfolio servicing during the lifetime of the deal is limited. Furthermore, the bank has significant experience in origination and servicing of consumer loan portfolios.

» ***High Excess Spread:*** The initial pool yields a weighted average interest rate of approximately 7.2%. In addition, the eligibility criteria provides for a weighted average minimum portfolio yield of 6.8% after the addition of receivables during the revolving period. Having deducted stressed senior fees, and stressed the yield further for prepayments and potential yield renegotiations, the issued notes benefit from a modelled average annual excess spread at closing of 4.8% after interest payments made to Class E at closing.

» **Covid-19 payment holiday assignment exclusion:** Loans with Covid-19 payment holidays granted before the assignment are excluded as per the eligibility criteria. However, the Seller will neither replace nor repurchase such loans affected by the Covid-19 Moratorium after the sale to the issuer.

Credit challenges

» ***High degree of linkage to Banco Santander S.A.:*** Banco Santander (A2/P-1; A3(cr)/P-2(cr)) is acting as an originator, servicer, collection account bank and issuer account bank of the transaction, as well as cap counterparty. There are suitable replacement triggers in place to offset this risk.

» ***Complex structure:*** The structure includes some complex structural features: (1) deferral of interest on Classes B, C, D, E and F upon certain default levels being hit benefits the repayment of the class of notes senior to each of them, but also increases the expected loss of deferred classes and (2) pro rata payments on all classes of notes (excluding Class F notes), as long as the sequential redemption event triggers are not hit, extend the time of redemption for the senior classes (see “Securitisation structure description”).

» ***Pre-approved loans:*** Around 71.6% of the portfolio is composed of pre-approved loans where the borrower was offered an unsecured consumer loan up to a maximum amount without initiating an application process. Moody's has received separate vintage information on these type of loans (see “Asset description - Assets as of the cut-off date - Pool characteristics”).

» ***Interest rate mismatch risk:*** Of the underlying loans, 100% are linked to fixed interest rates, while the Class A and B notes are all floating rate indexed to Euribor. As a result, the issuer is subject to fixed-floating mismatch — the risk that the interest rate on the floating rated notes could differ from the interest rate payable on this portfolio. This risk is mitigated by an interest rate cap provided by Banco Santander (A2/P-1; A3(cr)/P-2(cr)) (see “Securitisation structure description - Detailed description of the structure - Interest rate mismatch”).

» ***Potential renegotiation capabilities:*** The portfolio's yield and amortisation profile can change due to the flexibility of renegotiations. In particular changes to the maturity date and/or interest rate of the loans are possible subject to certain conditions (see Asset description - Changes to the asset pool after issuance - Loan renegotiations).

- ***Current economic uncertainty:*** Our analysis has considered the increased uncertainty relating to the effect of the coronavirus outbreak on the Spanish economy as well as the effects that the announced government measures, put in place to contain the virus, will have on the performance of consumer assets. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety. It is a global health shock, which makes it extremely difficult to provide an economic assessment. The degree of uncertainty around our forecasts is unusually high. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

ESG considerations

We consider overall environmental, social, and governance (ESG) risk to be low for securitizations backed by personal loans. Our credit analysis of the transaction, which considers ESG risk, includes the social and demographic trends that affect the obligors in ABS backed by consumer loans, and the very low exposure to severe weather events or other environmental factors. The geographic and industry diversification of consumer loan portfolios overall mitigates environmental risk. In addition, governance risk is largely mitigated by the structure of the transaction and our consideration of the transaction parties. Please refer to our Cross-Sector Rating Methodology: General Principles for Assessing Environmental, Social and Governance Risks, 9 January 2019, which explains our general principles for assessing ESG risks in our credit analysis globally.

- **Environmental:** The transaction has low to modest sector-wide exposure to meaningful environmental risks, with potential consequences not likely to be material to the credit quality of the notes. (See Additional asset analysis—ESG-Environmental considerations)
- **Social:** The social risk for this transaction, typical of those backed by consumer loans, is moderate because of COVID-19's potential impact on pool performance and potential changes in government policy which could lead to increased volatility in recovery levels. Assistance programs to affected borrowers, such as payment holidays, may adversely impact scheduled cash flows to bondholders. (see Credit challenges). Additionally, demographic trends in demand for goods and services shift over time, but the industry diversity of the obligors in loan pools should help protect the transactions from the risk of any one industry downturn. (See Additional asset analysis—ESG-Social considerations)
- **Governance:** Governance risks for this transaction are low based on the presence of transaction features such as risk retention, comprehensive agreed upon procedures (AUPs) report, servicing oversight, and R&W enforcement.(See Additional structural analysis-ESG-Governance considerations)

Key characteristics

Exhibit 2

Asset characteristics

Pool cut-off date as of 15th January 2021

Seller/Originator:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Servicer(s):	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Receivables:	Unsecured consumer loans granted to private individuals residing in Spain
Total Amount:	EUR 1.799bn
Length of Revolving Period in years:	1
Number of Borrowers	159,096
Number of Contracts	179,413
WA Remaining Term in years:	5.2
WA Seasoning in years:	1.5
WAL of Initial Portfolio in Years (excl. prepayments):	2.9
WA Portfolio Interest Rate:	7.2%
Delinquency Status:	At closing no loans in arrears
Cumulative Default Rate Observed:	Blended book cumulative average vintage value between Q1 2012 - Q2 2020: 4.84% (cumulative 90+ days delinquency proxy)
Recovery Rate Observed:	Blended book cumulative average vintage value between Q3 2012 - Q2 2020: 21.12% (cumulative 90+ days delinquency proxy)
Cumulative Default rate (modelled):	4.25%
Recovery rate (modelled):	15.00%
Portfolio Credit Enhancement (PCE):	17.00%

Source: Banco Santander S.A, Moody's Investors Service

Exhibit 3
Securitisation structure characteristics

Transaction Parties	At Closing
Issuer:	SANTANDER CONSUMO 4, FONDO DE TITULIZACIÓN
Back-up Servicer(s):	N/A
Back-up Servicer Facilitator(s):	Santander de Titulizacion S.G.F.T., S.A. (NR)
Cash Manager:	Santander de Titulizacion S.G.F.T., S.A. (NR)
Back-up Cash Manager:	N/A
Calculation Agent/Computational Agent:	Santander de Titulizacion S.G.F.T., S.A. (NR)
Back-up Calculation/Computational Agent:	N/A
Cap Counterparty:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Issuer Account Bank:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Collection Account Bank:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Paying Agent:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Note Trustee:	Santander de Titulizacion S.G.F.T., S.A.
Issuer Administrator/Corporate Servicer Provider:	Santander de Titulizacion S.G.F.T., S.A.
Arrangers:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Lead Manager(s):	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr)), Deutsche Bank AG (A3/P-2; A3 (cr)/P-2(cr)), and Unicredit Bank AG (A1/P-1; A1 (cr)/P-1(cr))
Senior Co-Manager:	N/A
Custodian:	N/A
Liabilities, Credit Enhancement and Liquidity	
Modelled Annualized Stressed Excess Spread at Closing:	Approx. 4.8% at closing (weighted average asset yield minus senior costs and coupons on Classes A-E notes)
Credit Enhancement/Reserves:	4.8% modelled average annualized stressed excess spread at closing Amortising cash reserve representing 2% of Class A- E notes total portfolio Subordination of the notes
Form of Liquidity:	Excess spread, cash reserve, principal to pay interest mechanism
Number of Interest Payments Covered by Liquidity:	4
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	18th calendar day in March, June, September, December First payment date: 18th June 2021
Hedging Arrangements:	Fixed-floating interest rate Cap

Source: Banco Santander S.A, Moody's Investors Service

Asset description

The figures presented in this report refer to the portfolio characteristics at the preliminary cut-off date, 15 January 2021, while the final pool transferred to the Issuer on the incorporation date amounted to c. € 1,500 million and does not include any loans in arrears at the time of the transfer.

Assets as of the cut-off date

Pool characteristics

The balance of the preliminary portfolio equals €1.8 billion, having 179,413 loans. The weighted average remaining maturity of the portfolio is approximately 5.2 years and weighted average seasoning is 1.5 years. As described in the prospectus, unsecured loans in this portfolio were used to finance mainly living expenses (24.2%), home improvements (11.2%) or the purchase of vehicles (10.1%). Approximately (53.5%) of the loans have no loan purpose information. This is mostly explained by the increasing pre-approved loans origination volume where the borrower does not have to indicate the purpose of the loan. Pre-approved loans are mainly extended to existing clients of the bank that have shown a strong credit history.

The loans are 100% fixed rate. All loans are annuity style amortising loans with no balloon; which is the market standard for Spanish consumer loans. All loans pay monthly via direct debit. The loans can be prepaid at no penalty. All the loans were originated at branches of Banco Santander S.A.

The securitised portfolio does not include restructured loans and only 0.6% of the pool is in arrears less than 30 days (however on the closing date no loans in arrears were assigned to the Issuer).

The exhibit below summarizes additional portfolio information of the securitised portfolio.

Exhibit 4

Additional information on asset characteristics

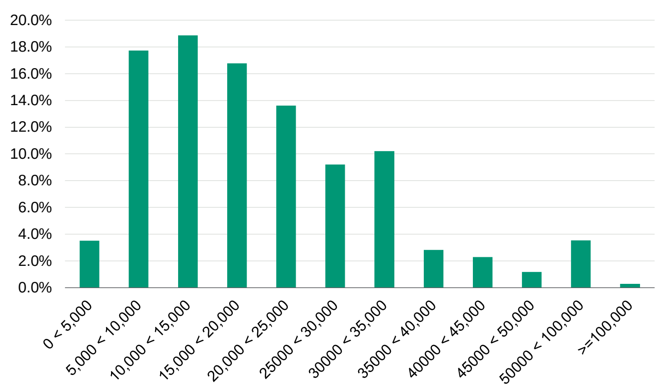
Average Principal Outstanding Balance:	€ 10,025.78
Origination Channel:	Branch originated loans
Geographic Concentration	
1st largest region:	Madrid (19.1%)
2nd largest region:	Andalucia (17.1%)
3rd largest region:	Cataluña (11.2%)
Obligor Concentration	
Single obligor (group) concentration:	0.01%
Top 5 obligor (group) concentration:	0.04%
Top 10 obligor (group) concentration:	0.07%
Top 20 obligor (group) concentration:	0.12%

Source: Banco Santander S.A

The exhibits below describe the distribution of the securitised portfolio's initial and outstanding balance.

Exhibit 5

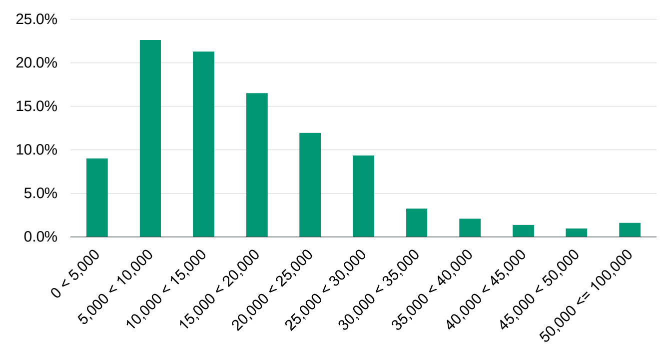
Portfolio breakdown by initial balance



Source: Banco Santander S.A.

Exhibit 6

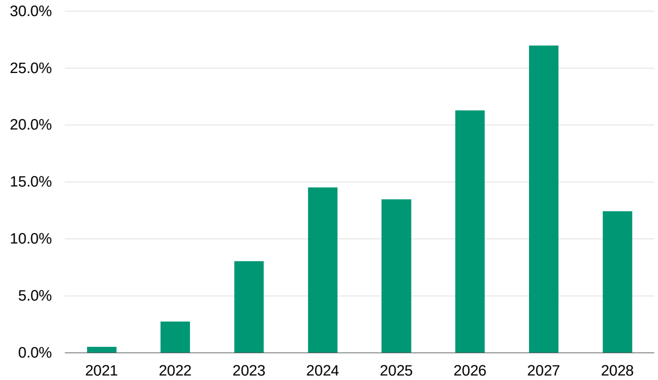
Portfolio breakdown by outstanding balance



Source: Source: Banco Santander S.A

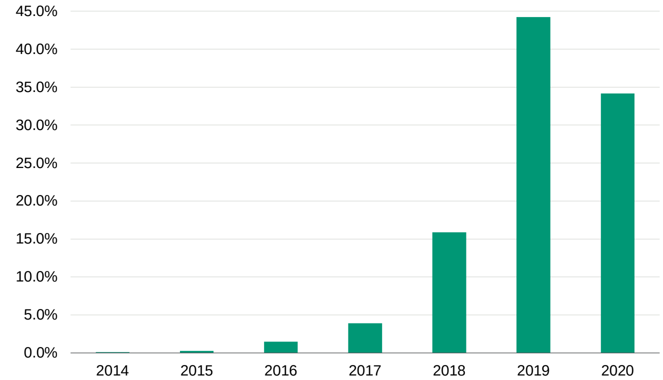
The exhibits below show the breakdown by maturity and origination year as a percentage of outstanding balance.

Exhibit 7
Portfolio breakdown by maturity year



Source: Banco Santander S.A.

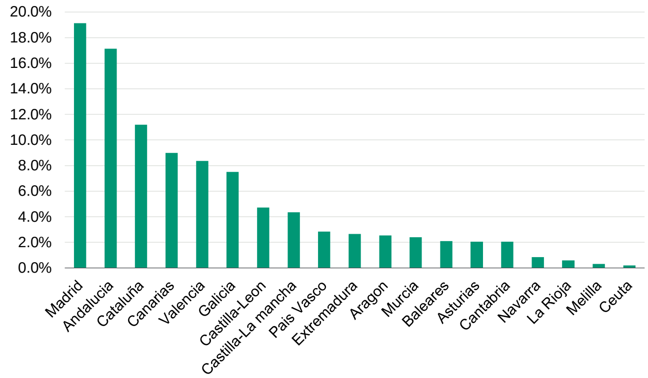
Exhibit 8
Portfolio breakdown by origination year



Source: Banco Santander S.A.

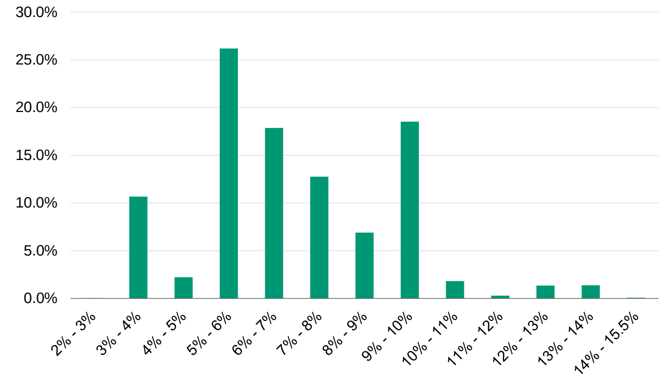
The exhibits below show the portfolio breakdown by regional concentration and interest rate as a percentage of outstanding balance.

Exhibit 9
Portfolio breakdown by regional concentration



Source: Banco Santander S.A.

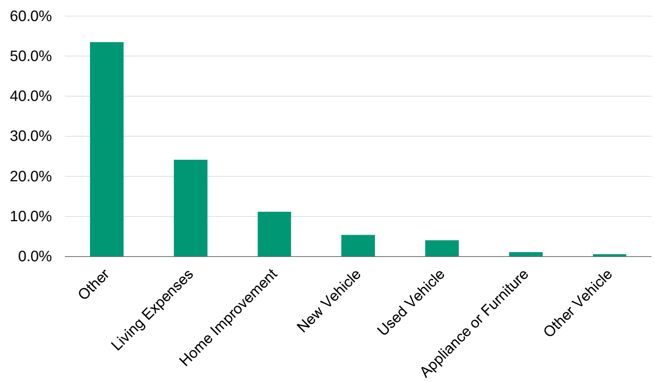
Exhibit 10
Portfolio breakdown by interest rate



Source: Banco Santander S.A.

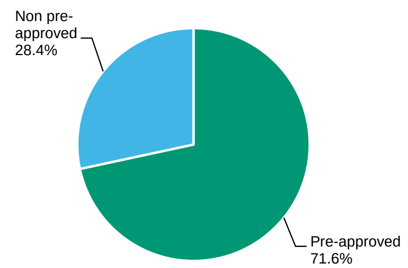
The exhibits below show the portfolio breakdown by loan purpose and loan type as a percentage of outstanding balance.

Exhibit 11
Portfolio breakdown by loan purpose



Source: Banco Santander S.A.

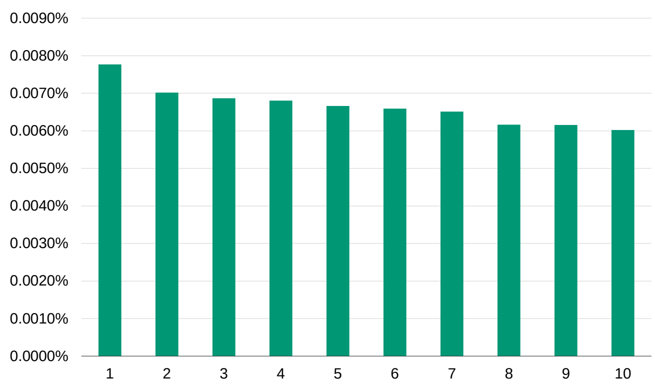
Exhibit 12
Portfolio breakdown by loan type



Source: Banco Santander S.A.

The exhibits below show the portfolio breakdown by debtor concentration and interest rate type as a percentage of outstanding balance.

Exhibit 13
Portfolio breakdown by debtor concentration



Source: Banco Santander S.A.

Eligibility criteria

The portfolio's main eligibility criteria are as follows:

- » Loans do not contain any clauses that prevent the assignment of the loans or that require any authorization or notice in order to assign the loans;
- » No loan in arrears greater than thirty (30) days will be assigned to the fund;
- » Each and every loan has been fully drawn by the corresponding borrower;
- » Each and every loan has a PD equal or less than 6%;
- » Santander is, without limitation, the sole owner of all of the receivables, which are free of any liens and encumbrances;
- » Each obligor under the loans is a natural person residing in Spain;
- » Each Loan is denominated and payable exclusively in euros;
- » No receivable derives from a restructured receivable;
- » None of the receivables is a balloon loan;
- » Each obligor has paid at least one installment;
- » No loan has or shall have an outstanding principal balance greater than EUR 100,000;
- » The remaining term to maturity of each and every loan is in no event greater than 9 years;
- » The maturity date of each Loan is in no event later than the Final Maturity Date;
- » None of the loans have clauses contemplating deferrals of interest payments after the assignment of receivables to the fund;
- » The loans are governed under by Spanish law;
- » None of the loans have been formalized as a financial lease agreement;
- » The loans are supported by personal guarantee by the borrower;
- » Payments are fulfilled by direct debit from a bank account that occur automatically;
- » No notice of total or partial prepayment of loan has been received by Santander;
- » The loan has not matured before or on the date of assignment to the fund;
- » No Covid-19 Moratoriums have been granted or requested.

Originator and servicer

Banco Santander S.A. ("Santander", A2/P-1; A3(cr)/P-2(cr)) acts as an originator and servicer in the FT Santander Consumo 4 transaction.

Santander has a full banking license under the Spanish regulatory framework. Santander's total consolidated assets are approximately EUR 1.57 trillion as of June 2020. Santander Group has 145 million active customers, 11,952 branches and 196,419 employees as of September 2019. Santander is Spain's largest financial group with market shares of 18% in loans and 19% in deposits as at September 2019. It has assets of approximately EUR 194.49bn and 29,713 employees.

The underlying assets in this transaction are branch originated unsecured consumer loans extended to natural individuals residing in Spain. From June 2015, Santander shifted its focus towards loan origination via its programme "1/2/3". The programme's goal is to target existing clients of the bank through pre-approved applications. Thus, new originated contracts have been mainly extended to existing clients with solid credit history. Thanks to the availability of borrower's behavioral banking data, the bank can better assess the risk profile of the clients, and, therefore, offer the product characteristics suitable to each borrower.

The underwriting process is mainly driven by an automated scoring system, which considers among other things (i) credit bureau information; (ii) a household budget computation; (iii) the customer's debt history; (iv) behavioral banking activity; and (iv) fraud information. The underwriting process is in line with the market standard.

Collection procedures rely on direct debit, which accounts for 100% of payments in this transaction. The collection process and early arrears management are highly automated. Collections are conducted at the branch level for delinquent account that are less than 150 days in arrears. Depending on the outstanding delinquent amount and risk profile of the client, external agencies may take part of the collection process. Before 150 days past due, the bank pursues no legal action against the client. Altamira and Aktua, external collection agencies, manage delinquent contracts that are 150+ days in arrears.

The exhibit below summarizes the main characteristics of the originator's background.

Exhibit 14

Originator profile, servicer profile and operating Risks

Originator Background	
Rating:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Financial Institution Group Outlook for Sector:	Negative
Ownership Structure:	N/A
Asset Size:	Total assets are EUR 1.6 trillion (as of June 2020)
% of Total Book Securitized:	12.31%
Transaction as % of Total Book:	1.03%
% of Transaction Retained:	100%
Servicer Background	
Rating:	Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr))
Regulated by:	Bank of Spain
Total number of Receivables Serviced:	N/A
Number of Staff:	29,713 (as of September 2019)
Receivables Administration	
Method of Payment of Borrowers in the Pool:	100% direct debit
% of Obligors with Account at Originator:	N/A
Distribution of Payment Dates:	Evenly throughout the month

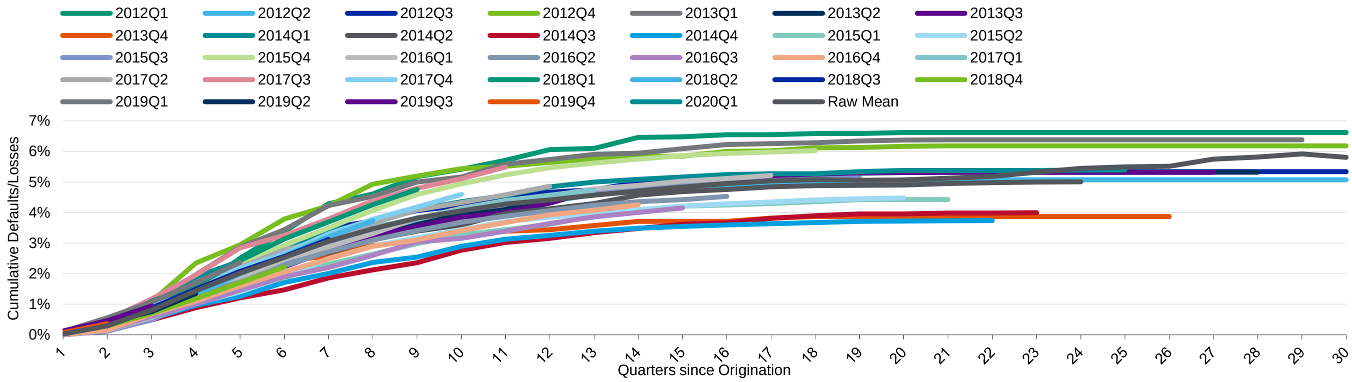
Source: Banco Santander S.A.

The originator provided us with historical data on its consumer loans book, split by pre-approved or non pre-approved loans with an internal PD of up to 6.0%. Static vintage data was provided on defaults for the period Q1-2012 to Q1-2020 and on recoveries for the periods Q3-2012 to Q2-2020. In our view, the quantity and quality of data received is comparable to transactions that have achieved high investment grade ratings in this sector in other European countries.

The exhibits below show static cumulative default and recovery rates for the blended portfolio based on 90+ days in arrears definition covering the period Q1-2012 to Q1 2020 and Q3-2012 to Q2-2020 respectively.

Exhibit 15

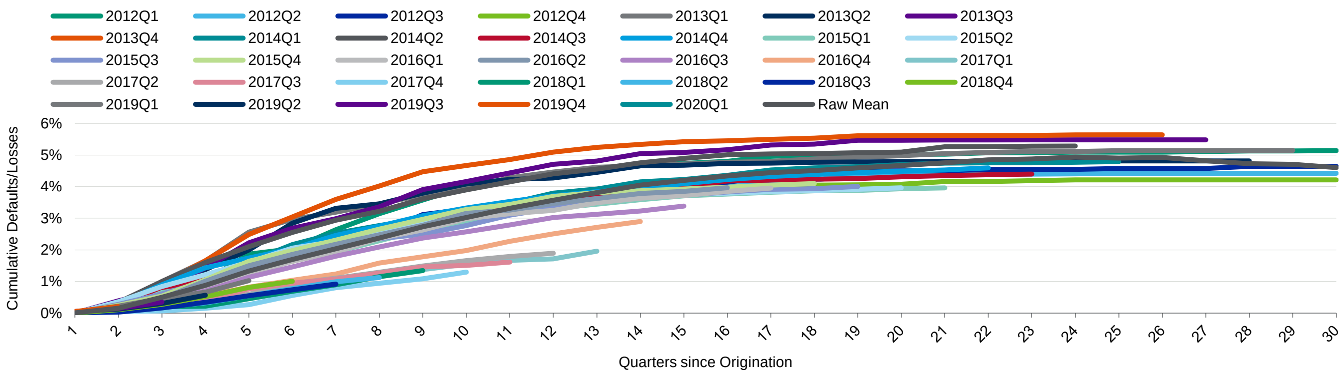
Vintage default data for pre-approved loans (90+ days in arrears)



Source: Banco Santander S.A.

Exhibit 16

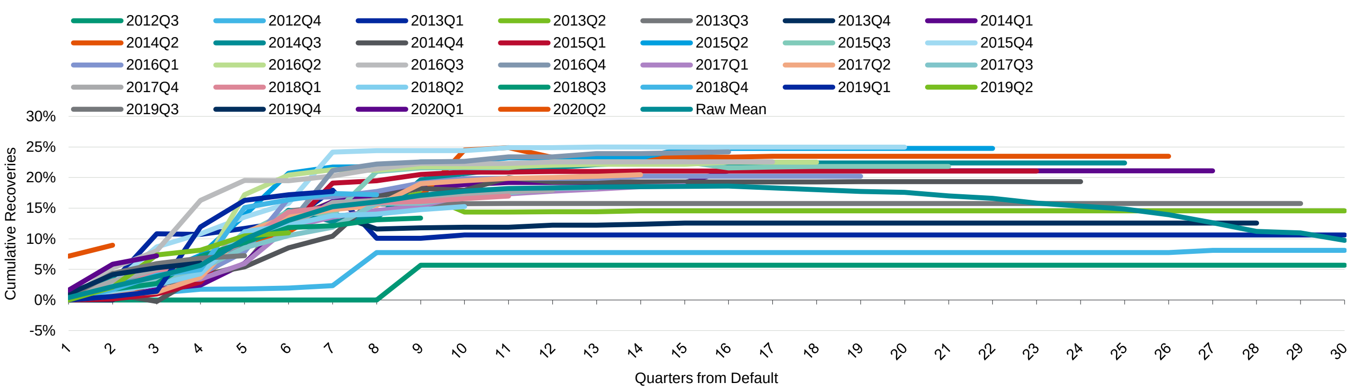
Vintage default data for non pre-approved loans (90+ days in arrears)



Source: Banco Santander S.A.

Exhibit 17

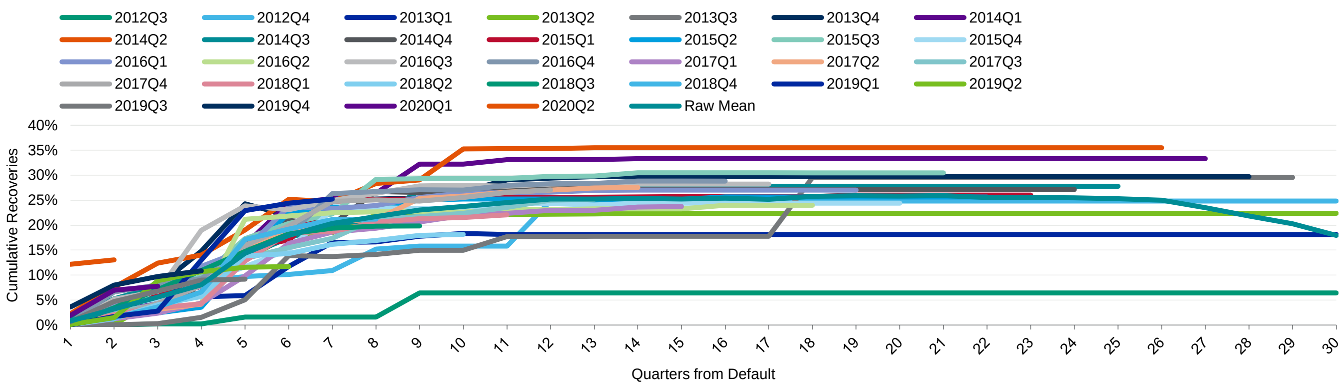
Vintage recovery data for pre-approved loans



Source: Banco Santander S.A.

Exhibit 18

Vintage recovery data for non pre-approved loans



Source: Banco Santander S.A.

Changes to the asset pool after issuance

Revolving period and replenishment criteria

The structure has a revolving period of one year (up to March 2022 included), during which the issuer will use principal redemptions from the consumer loans to purchase additional portfolios from the seller. The addition of loans can expose note-holders to additional credit risk.

In addition to the original eligibility criteria, the following replenishment criteria applies to the whole securitised portfolio of the issuer, and partly mitigate the additional credit risk of adding new loans to the portfolio:

» Single obligor concentration does not exceed 0.05%;

» Weighted average remaining maturity does not exceed 84 months;

» Maximum single regional concentration of 26.0%;

» Maximum three largest region concentration of 65.0%.

» Weighted average interest rate of the total portfolio is not lower than 6.8%;

» No more than 5.0% of loans with an outstanding balance greater than EUR 60,000.

» On the date of their assignment to the Fund, the Outstanding Balance of the Receivables is equal to the nominal amount (at par) at which the Receivables are assigned to the Fund.

Loan renegotiations

The Management Company authorises Banco Santander to renegotiate the interest rate and the term on the loans. Any such renegotiation must comply with the following requirements:

» To modify a floating rate to a fixed rate loan, the weighted average interest rate of the loan after renegotiations shall not be lower than 6.80%. The maximum outstanding balance that may be novated in this particular case over the life of the fund may not exceed 5.00% of the original balance.

» To modify the nominal interest rate of a fixed interest rate loan, the interest rate of the loan after renegotiations shall not be lower than 6.8%. The maximum outstanding balance that may be novated in this particular case over the life of the fund may not exceed of 5.00% of the original balance.

» The maturity term of a loan may be extended provided that the amount of the sum of capital or principal assigned to the fund from the loan whose maturity has been extended may not be more than 10% of the initial original balance. The new final maturity date or final repayment of the loan in question may be no later than the final maturity date.

Asset analysis

Primary asset analysis

Our analysis of the credit quality of the assets includes an examination of the loan default distribution of the securitised pool, based on our assumptions and historical data.

Loan default distribution

The first step in the analysis was to define a default distribution of the pool of loans to be securitised. Because of the large number of loans, we used a continuous distribution to approximate the default distribution: the lognormal distribution. The probability default distribution associates a probability with each potential future default scenario for the portfolio. This distribution has hence been applied to numerous default scenarios on the asset side to derive the level of losses on the notes.

Two main parameters determine the shape of the default distribution: the mean default and the portfolio credit enhancement (PCE). The expected default captures our expectations of performance considering the current economic outlook, while PCE captures the loss we expect the portfolio to suffer in the event of a severe recession scenario. We generally derive these parameters from the historical data; we may make adjustments based on further analytical elements such as performance trends, differences in portfolio composition or changes in servicing practices among others.

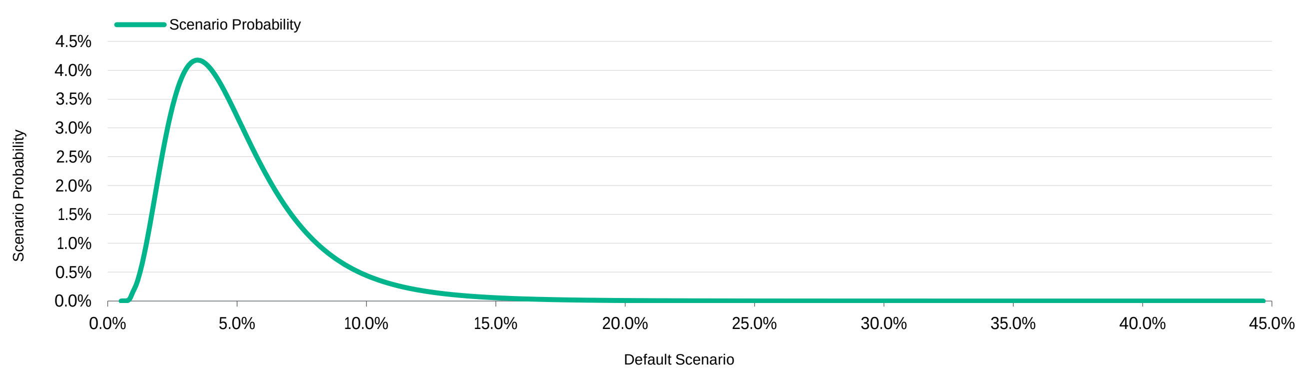
Incorporating sovereign risk into ABS transactions

Moody's maximum achievable rating in a given country (the Local Currency Country Risk Ceiling, or “LCC”) is incorporated in the default curve. The current Spanish LCC is Aa1, and is the maximum rating that Moody's will assign to notes issued by a domestic Spanish issuer including structured finance transactions backed by Spanish receivables.

The exhibit below shows the log normal default distribution of the portfolio.

Exhibit 19

Lognormal default probability distribution



Source: Moody's Investors Service

Derivation of loan default rate expectation

Portfolio expected defaults of 4.25% are lower than the Spanish Consumer Loan ABS average and are based on Moody's assessment of the lifetime expectation for the pool taking into account (i) historic performance of the loan book of the originator and the positive selection of consumer loans in this portfolio not being originated through brokers and excluding the highest internal PDs, (ii) the pool composition in terms of the exposure to certain products i.e. pre-approved loans where the borrower was offered an unsecured consumer loan up to a maximum amount without initiating an application process, (iii) exclusion of Covid-19 related payment holidays granted before the date the relevant loan is securitised, as per the eligibility criteria, (iv) benchmark transactions, and (v) other qualitative considerations.

Derivation of recovery rate assumption

Portfolio expected recoveries of 15.00% are in line with the Spanish consumer loan ABS average and are based on our assessment of the lifetime expectation for the pool taking into account (i) historic performance of the loan book of the originator, (ii) benchmark transactions, and (iii) other qualitative considerations.

Derivation of portfolio credit enhancement (PCE)

PCE of 17.00% is lower than the Spanish Consumer Loan ABS average and is based on Moody's assessment of the pool which is mainly driven by: (i) evaluation of the underlying portfolio, complemented by the historical performance information as provided by the originator, and (ii) the relative ranking to originator peers in the Spanish Consumer Loan ABS market.

The PCE of 17.00% results in an implied coefficient of variation (CoV) of 52.7%.

Commingling risk

Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr)) collects all payments under the loans in this pool into a collection account under its name. All payments are made via direct debit. In the event of a servicer bankruptcy, and until notification has been delivered to the borrowers, debtors would continue to pay into Banco Santander's account, and hence commingling losses could arise. There is no early notification trigger prior to Banco Santander's insolvency.

Set-off risk

We did not receive data on the exact exposure of obligors holding deposits with Santander. However, the risk from deposits set-off is limited in Spain because only unpaid instalments that are considered as fully due and payable prior to the declaration of insolvency of Banco Santander might be offset against deposits held by the borrower.

Comparables

Prior transactions

The precedent consumer loans ABS transactions by Banco Santander S.A. is Fondo de Titulizacion Santander Consumo 2 and Fondo de Titulizacion Santander Consumo 3 which closed on December 2016 and April 2020.

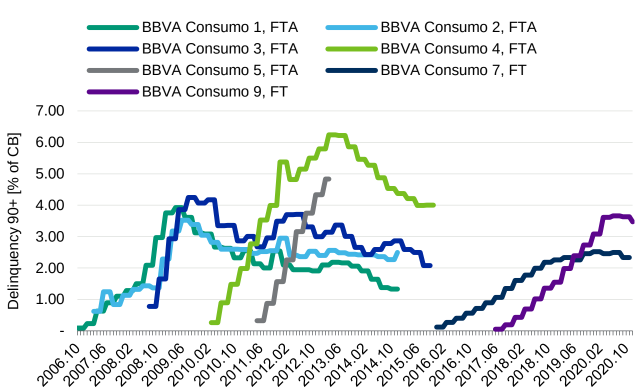
Transactions of other sellers/servicers

For benchmarking purposes the charts below include 90+ days in arrears dynamic delinquency data for Spanish consumer ABS that we rate. Please note however that the performances shown can be affected by several factors, such as the seasoning of the securitised loans, the age of the transaction, pool-specific characteristics as well as the length of the revolving period.

The exhibits below show the performance of comparable transactions among other originators in the Spanish ABS market.

Exhibit 20

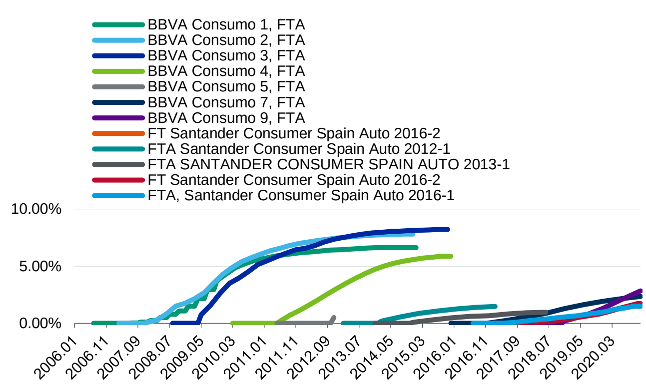
90+ days arrears for BBVA ABS transactions



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/ servicer reports

Exhibit 21

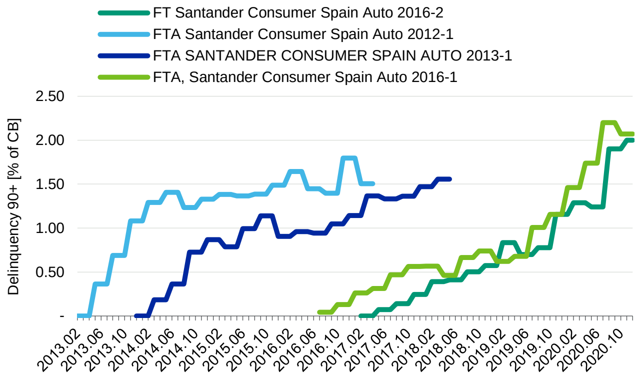
Cumulative write-offs for BBVA and Santander Consumer Spain Auto transactions



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/ servicer reports

Exhibit 22

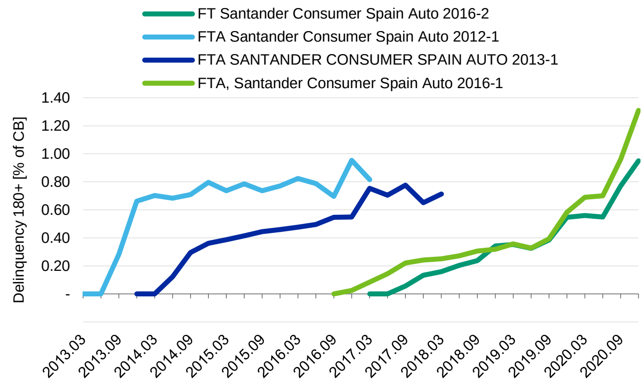
90+ days in arrears FTA Santander Consumer Spain 2012-1, 2013-1, 2016-1 and 2016-2



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Exhibit 23

180+ days in arrears FTA Santander Consumer Spain 2012-1, 2013-1, 2016-1 and 2016-2



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

The exhibit below shows a benchmark table including portfolio characteristics of comparable transactions in Spain.

Exhibit 24
Comparable transactions - Asset Characteristics

Deal Name	FT Santander Consumo 4	FT Santander Consumo 3	Sabadell Consumo 1, FT	Caixabank Consumo 4, FT	FT Santander Consumo 2
Country	Spain	Spain	Spain	Spain	Spain
Closing Date	23/02/2021	07/04/2020	26/09/2019	18/5/2018	12/09/2016
Currency of Rated Issuance	EUR	EUR	EUR	EUR	EUR
Rated Notes Volume (excluding NR and Equity)	1,500,000	2,000,000,000	970,000,000	1,700,000,000	1,015,000,000
Originator	Banco Santander S.A.	Banco Santander S.A.	Banco Sabadell S.A.	CaixaBank, S.A.	Banco Santander S.A.
Captive finance company?	No	No	No	No	No
Long-term Rating	A2	A2	Baa2	Baa2	A2
Short term Rating	P-1	P-1	P-2	P-2	P-1
Name of Servicer	Banco Santander S.A.	Banco Santander S.A.	Banco Sabadell S.A.	CaixaBank, S.A.	Banco Santander S.A.
Long-term Rating	A2	A2	Baa2	Baa2	A2
Short term Rating	P-1	P-1	P-2	P-2	P-1
Portion of (fully) amortising contracts %	100.0%	100.0%	100.0%	100.0%	100.0%
Direct Debit (minimum payment)	100.0%	100.0%	100.0%	100.0%	100.0%
Fixed rate contracts %	100.00%	98.48%	100.00%	93.30%	91.84%
WA initial yield (Total Pool)	7.2%	8.07%	7.50%	9.30%	9.56%
Minimum yield for additional portfolios p.a.	Min WA portfolio yield of 6.8%	Min WA portfolio yield of 7.0%	N/A	N/A	Min WA portfolio yield of 7.0%
WAL of Total Pool initially (in years)	2.9 without pre-payments	1.92	2.4	4.30	2.00
WA original term (in years)	6.70	2.80	6.10	5.0	5.90
WA seasoning (in years)	1.50	1.64	1.80	0.70	1.74
WA remaining term (in years)	5.20	5.06	4.30	4.30	4.16
No. of contracts	179,413	226,148	172,748	272,205	149,976
No. of obligors	159,096	198,077	158,426	247,905	138,988
Top single obligor (group) concentration %	0.01%	0.01%	0.01%	0.00%	0.02%
Top 10 obligor (group) concentration %	0.07%	0.04%	0.08%	0.01%	0.11%
Top 15 obligor (group) concentration %	0.10%	0.07%	0.12%	0.02%	0.18%
Top 20 obligor (group) concentration %	0.12%	0.12%	0.15%	0.03%	0.22%
Private obligors %	100.00%	100.00%	100.00%	100%	100%
Commercial obligors %	0.00%	0.00%	0.00%	0%	0%
Name of 1st largest region	Madrid	Madrid	Cataluña	Cataluña	Madrid
2nd largest region	Andalucia	Andalucia	Valencian Community	Andalucia	Andalucia
3rd largest region	Cataluña	Cataluña	Madrid	Madrid	Cataluña
Size (%) 1st largest region	19.12%	19.93%	36.90%	33.18%	20.05%
2nd largest region	17.14%	16.88%	20.30%	17.47%	17.65%
3rd largest region	11.20%	10.95%	7.80%	10.97%	11.50%

Source: Moody's Investors Service; Banco Santander S.A

Exhibit 25
Comparable transaction - Asset Assumptions

Deal Name	FT Santander Consumo 4	FT Santander Consumo 3	Sabadell Consumo 1, FT	Caixabank Consumo 4, FT	FT Santander Consumo 2
Gross default / Net loss definition in this deal	3 months	3 months	6 months	12 months	12 months
Default Definition captured by data?	Yes	Yes	No	No	No
Period Covered by Vintage data (in years)	8	7	12	10	8
Type of default / loss distribution	Lognormal	Lognormal	Lognormal	Lognormal	Lognormal
Model running on defaults/losses	Defaults	Defaults	Defaults	Defaults	Defaults
Mean gross default/net loss rate - initial pool	4.25%	4.25%	4.50%	6.50%	5.50%
Mean gross default/net loss rate - replenished pool	4.25%	4.25%	N/A	N/A	5.50%
Default timing curve	Sine (1-6-18)	Sine (1-5-15)	Sine(2-5-16)	Sine(4-6-17)	Initial pool: Sine (2-5-14)/Subsequent pools: Sine(2-6-17)
Mean recovery rate	15.00%	15.00%	15.00%	15.00%	25%
Recovery lag	5% 3 quarter, 15% 4 quarter, 20% 6 quarters, 20% 8 quarters, 20% 10 quarters and 20% 14 quarters	5% 3 quarter, 15% 4 quarter, 20% 6 quarters, 20% 8 quarters, 20% 10 quarters and 20% 14 quarters	Vector	5% 3 quarter, 15% 4 quarter, 20% 6 quarters, 20% 8 quarters, 20% 10 quarters and 20% 14 quarters	50%/25%/25% each year after default
PCE	17.00%	17.00%	17.50%	18.50%	18.00%
Prepayment Rate(s)	12.5% first 18 months; 17.5% thereafter	12.5% first 18 months; 17.5% thereafter	7.5% first 18 months; 12.5% thereafter	7.5% first 18 months, 12.5% thereafter	10% first 18 months; 15% thereafter
Stressed Fees modelled	1.00%	1.00%	1.00%	1.00%	1.00%
Assumed Portfolio Yield p.a. - initial pool	6.8%	8.05%	7.50%	9.46%	8.90%
Assumed Portfolio Yield p.a. - additional pool	6.20%	6.24%	N/A	N/A	7.72%
Index Rate assumed in 1st period	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Moody's Investors Service

Originator/servicer quality

The main strengths of the originator in this transaction are its several years of experience in the Spanish consumer market and its large market share meaning that it does not target niche consumer segments. It also has well established processes for underwriting loans. The bank's main focus in recent years has been to originate loans to existing clients with strong credit history. The underlying loans in this transaction have been solely originated at branches of Banco Santander S.A.

Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr)) also acts as servicer. No back up servicer is in place at closing. However, Banco Santander is investment grade, and the management company acts as a back up servicing facilitator, in that it will be charged to find a replacement servicer in case Banco Santander is unable to continue as servicer (see “Securitisation analysis - Additional analysis - Replacement of the servicer” for additional information).

ESG-Environmental considerations

The environmental risk for ABS backed by personal loans is low. Most personal loan pools can withstand severe weather events such as hurricanes and tornados because the obligors are spread over a large geographic footprint resulting in very low exposure to any one severe weather event.

ESG-Social considerations

Consumer loan ABS is impacted by the COVID-19 pandemic, as loan performance will weaken due to the increase in the unemployment rate that may limit the borrower’s income and their ability to service debt. Borrower assistance program to ease economic pressure due to the coronavirus outbreak, such as payment holidays and directives to modify loans to lower payments, may adversely impact scheduled cash flows to bondholders. Potential consumer protection legislation, which is more likely to be enacted during a recession, could make it more difficult to collect loan payments or realize recoveries on defaulted loans. (See Credit challenges) Additionally, demographic trends in demand for goods and services shift over time, but the industry diversity of the obligors in loan pools should help protect the transactions from the risk of any one industry downturn.

Securitization structure description

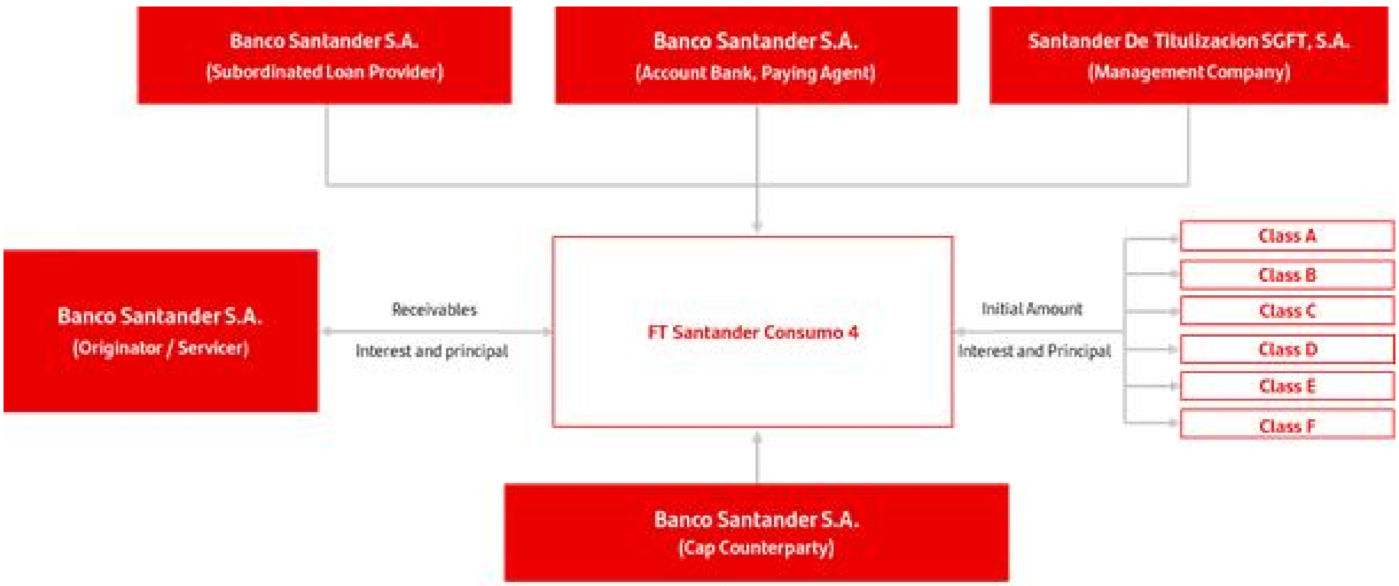
The issuer is a special purpose vehicle incorporated under the laws of Spain. Interest on the notes is paid quarterly.

Structural diagram

Below is a structural diagram for the transaction, illustrating the relationship between the issuer, FT Santander Consumo 4, and the other transaction parties.

Exhibit 26

Structural diagram for FT. Santander Consumo 4



Source: Banco Santander S.A.

Detailed description of the structure

Credit enhancement

Credit enhancement in the transaction includes excess spread, an amortising cash reserve, and subordination of the notes.

Allocation of payments/waterfall

On each payment date, the issuer's available funds - interest collections and recoveries received from defaulted loans, any amount to be drawn from the reserve fund on such payment date, and principal from the loans - will be applied in the simplified order of priority of the interest waterfall described below.

» Senior expenses;

» Cap payments in case of early termination if it is payable by the Issuer to the Interest Rate Cap Provider, the Interest Rate Cap Provider is not the defaulting party and there is no available collateral;

» Interest on Class A;

» Interest on Class B unless it has been deferred;

» Interest on Class C unless it has been deferred;

» Interest on Class D unless it has been deferred;

» Interest on Class E unless it has been deferred;

» Replenishment of the reserve fund up to the required amount;

» Interest on Class F unless it has been deferred;

» During the revolving period, principal proceeds will be applied sequentially in the following order

  – first, to acquire additional receivables,

  – second, to the provision to the Principal Account of up to a maximum amount equal to 5% of the Outstanding Balance of Classes A, B, C, D and E on the immediately preceding Determination Date, and

  – third, to amortise on a pro-rata basis the Class A, Class B, Class C, Class D and Class E notes.

» After the revolving period, to amortise pro-rata Class A, Class B, Class C, Class D and Class E, unless a subordination event or interest deferral trigger has occurred. Upon the occurrence of a subordination event or interest deferral trigger, to amortise Class A-E notes sequentially. Upon the occurrence of a Subordination Event, the Principal Target Redemption Amount will be applied in the first place to amortise the Class A Notes until their full redemption, in the second place to amortise the Class B Notes until their full redemption, in the third place to amortise the Class C Notes until their full redemption, in the fourth place to amortise the Class D Notes until their full redemption and in the fifth place to amortise the Class E Notes until their full redemption.

» Payment of interest in arrears and interest accrued on the Class B notes, if deferred;

» Payment of interest in arrears and interest accrued on the Class C notes, if deferred;

» Payment of interest in arrears and interest accrued on the Class D notes, if deferred;

» Payment of interest in arrears and interest accrued on the Class E notes, if deferred;

» Payment of interest in arrears and interest accrued on the Class F notes, if deferred;

» Cap payments in case of early termination if it is payable by the Issuer to the Interest Rate Cap Provider, the Interest Rate Cap Provider is the defaulting party and there is no available collateral;

» Payment of interest accrued and payable by virtue of the Start-up Expenses Loan Agreement.

» Payment of principal accrued and payable by virtue of the Start-up Expenses Loan Agreement.

» Payment of the Servicer's Fee assuming there is no replacement of Servicer.

» Class F Notes target amortisation amount, until Class F Notes are fully redeemed.

» Any financial intermediation margin to the Seller

Interest Deferral Trigger: means, on any payment date:

» Class F notes interest deferral: if the default ratio is higher than 3.25%;

» Class E notes interest deferral: if the default ratio is higher than 4.90%;

» Class D notes interest deferral: if the default ratio is higher than 7.75%;

» Class C notes interest deferral: if the default ratio is higher than 11.00%;

» Class B notes interest deferral: if the default ratio is higher than 17.50%.

Subordination Events:

» the Default Ratio exceeds on any Determination Date immediately preceding the following Payment Dates:

  – 18/06/2021: 0.30%;

  – 18/09/2021: 0.75%;

- 18/12/2021: 0.95%;
- 18/3/2022: 1.20%;
- 18/06/2022: 1.45%;
- 18/09/2022: 1.80%;
- 18/12/2022: 2.15%;
- 18/03/2023: 2.50%;
- 18/06/2023: 2.75%;
- 18/09/2023: 3.00%;
- 18/12/2023: 3.25%;
- As from 18/03/2024: 3.60%.

» the Outstanding Balance of the Receivable arising from Loans granted to the same Borrower, as at the immediately preceding Determination Date, is equal to, or greater than 0.10% of the Outstanding Balance of the Receivables;

» the Seller defaults in the performance or observance of any of its obligations under any of the Transaction Documents to which it is a party (unless such defaults is remedied within the earlier of thirty Business Days or the following Purchase Date); or

» An Event of Replacement of the Servicer has occurred;

» An Interest Rate Cap Provider Downgrade Event occurs and is not remedied;

» Exercise of Seller's Call Options;

» A Clean-Up Call Event occurs ("Clean-Up Call Event" means the event when, at any time, the aggregate Outstanding Balance of the Receivables falls below 10% of the aggregate Outstanding Balance thereof on the Date of Incorporation).

*Default ratio:*means the outstanding balance of the defaulted receivables divided by the sum of (i) outstanding balance of initial receivables at the date of incorporation and (ii) outstanding balance of additional receivables on the date of their respective assignment. For the purposes of this calculation, defaulted loans can be cured when they return to performing or arrears below 90 days and losses are not written off at any point of time, even if further recoveries are not expected.

Allocation of payments/PDL-like mechanism: The definition of the notes required amortisation amount ensures that excess spread and recoveries will be applied toward reducing defaults of the period and previous periods. The target principal amortisation amount after the replenishment period has ended is the difference between the Class A-E notes outstanding principal balance and the performing assets remaining in the portfolio.

Class F notes target amortisation amount means an amount equal to the minimum of: (i) (a) 10% of the initial balance of the Class F Notes plus (b) any unpaid amount under (i) on previous payment dates; and (ii) the available funds, following the fulfilment of the previous items in the waterfall

Cash reserve

The cash reserve will be funded on the closing date with the corresponding proceeds from the disbursement of Class F Notes. On the Closing Date, the cash reserve will be equal to 2.0% of the initial balance of Class A, B C, D and E on the Date of Incorporation and will remain constant during the revolving period.

After the revolving period, it may be reduced on each payment date and be at the higher of:

» 0.5% of the outstanding balance of Class A, B C, D and E at closing and;

» The lower of the following amounts:

– 2.0% of the outstanding balance of Class A, B C, D and E on the precedent determination date; and

– The initial cash reserve.

The cash reserve is available to cover interest shortfalls on the rated notes and its release could be used to provision losses as it is part of the available funds.

Performance triggers

The revolving period will stop and early amortisation of the notes will be triggered if any of the following conditions apply:

» A subordination event occurs;

» The reserve fund is not fully funded;

» On the payment date immediately preceding the determination date, the outstanding balance of the non-defaulted receivables is less than 75.00% of the principal amount outstanding of the notes; or

» Tax regulations are amended in such a way that the assignment of additional receivables proves to be excessively onerous to the Seller; or

» Insolvency of the servicer; or

» The Seller ceases to perform or is replaced as Servicer of the receivables, or it fails to comply with any of its obligations established by the Deed of Incorporation or under the Prospectus; or

» The audit reports on the Seller's annual accounts show qualifications, which in the opinion of the CNMV, could affect the Additional Receivables; or

» The credit granting policy is materially modified; or

» The principal amount outstanding of the Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes on the preceding determination date is higher than the sum of (i) the outstanding balance of the receivables on the determination date, (ii) acquisition amount of the additional receivables to be acquired on that payment date, and (iii) the remaining principal account balance on that payment date after payment of the additional receivables.

Originator/servicer related triggers

The appointment of the servicer will be terminated if any of the following events occur (always at the discretion of the management company):

» Any breach of its obligations under the Deed of Incorporation, in the reasonable opinion of the Management Company, and in particular, its obligation to transfer to the Fund the amounts received by the Borrowers within two business days as from receipt (except if the breach is due to a force majeure);

» Insolvency event.

Other counterparty rating triggers

The issuer account bank will be replaced if its long term bank deposit rating falls below A2.

Excess spread

All assigned loans will be purchased by the issuer at par. The weighted-average portfolio interest rate of the portfolio is 7.2% and the minimum weighted average portfolio interest rate after replenishment is 6.8%. Having deducted stressed senior fees, and stressed the yield further for prepayments and potential yield renegotiations, the issued notes benefit from an average modelled annual excess spread at closing of 4.8% after interest payments made to Class E.

Excess spread represents the first layer of credit enhancement as well as a limited liquidity cushion to the transaction. Such excess spread will however vary depending on actual costs, portfolio amortisation, prepayment rates and default levels as well as on a potential portfolio rate compression as the underlying auto loan contracts redeem/prepay.

The revolving period allows lower yielding assets to be substituted into the pool. Also, as the highest yielding assets could have a propensity to prepay, and yield renegotiations are possible, subject to an overall securitised portfolio weighted average floor of 6.8%, the excess spread could be compressed further.

Interest rate mismatch

The underlying loan contracts are 100% fixed rate while the Class A and B notes pay variable coupon denominated in Euro. As a result, the issuer would be subject to a fixed-floating interest rate mismatch (i.e., the risk that the interest rate on the floating rate notes will differ from the interest rate payable on this portion of the portfolio).

To mitigate the fixed-floating rate mismatch, the issuer has entered into an interest rate cap agreement for the Class A and B notes, with Banco Santander S.A. (A2/P-1; A3(cr)/P-2(cr)). Under the cap agreement: (i) the cap counterparty will pay to the Issuer the positive difference between Euribor 3 months and the strike rate of 0.75%, (ii) the notional will follow the amortization profile of the floating A and B notes in a 0% CPR/0% defaults scenario, (iii) the cap replacement and collateral posting triggers will be set at loss of Baa3 and Baa1 rating of the cap counterparty respectively, and (v) the cap framework is ISDA and it substantially complies with Moody's delinkage criteria with no material linkage to the swap counterparty.

Asset transfer/true sale/bankruptcy remoteness

The purchase of the asset portfolio is financed by the issuance of (i) Class A Notes (ii) Class B Notes (iii) Class C Notes (iv) Class D Notes and (v) Class E Notes. The purchase is a true sale of the loan receivables and ancillary receivables under Spanish law to the issuer for the benefit of the noteholders.

The Issuer is a special purpose vehicle incorporated under the laws of Spain as a *Sociedad Gestora de Fondos de Titulizacion*.

Cash manager

Santander de Titulizacion S.G.F.T. (NR) acts as cash manager in the transaction. The cash manager's main responsibilities are the preparation of the investor report, making payments according to the waterfall and drawing on the cash reserve and other sources of liquidity.

The cash manager will make cash flow calculations on each quarterly payment date falling on the 18th of March, June, September and December of each year or if any such date is not a business day, the business day immediately after. Events that could lead to termination of the cash manager include insolvency and a failure to perform that the cash manager does not remedy within the grace period.

There is no back-up cash manager appointed at closing.

Replacement of the servicer

Santander de Titulizacion S.G.F.T. (NR) is the back-up servicing facilitator in case Banco Santander S.A. can no longer act as servicer, as it will use reasonable commercial endeavours to find a back-up servicer in case of a servicer insolvency or another servicer termination event. In the event of servicer insolvency or another event, the transaction will have available the principal to pay interest, the cash reserve and excess spread.

Securitization Structure Analysis

Primary Analysis

We base our primary analysis of the transaction structure on the default distribution of the portfolio in order to derive our cash flow model.

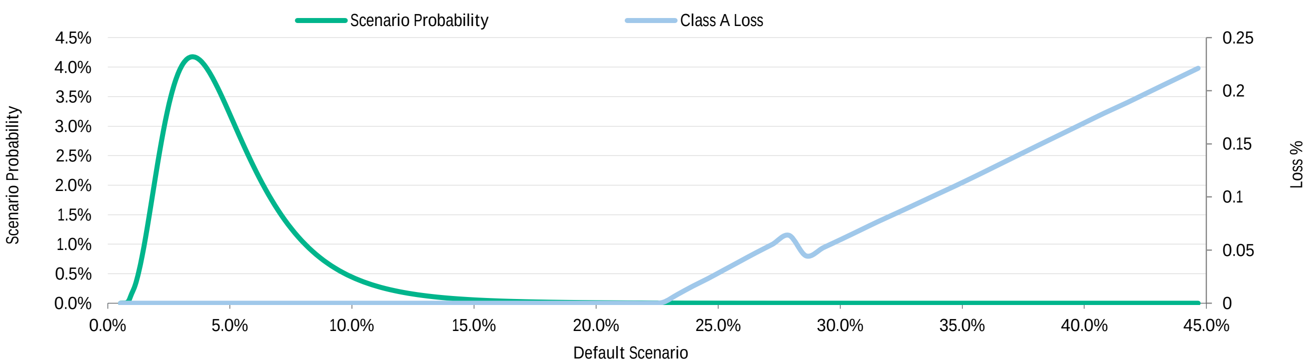
Tranching of the notes

We used a lognormal distribution to describe the default distribution of the portfolio. We used this distribution in the cash flow model to ultimately derive the level of losses on the notes under each default scenario.

The chart below represents the default distribution (green line) that we used in modelling loans defaults.

Exhibit 27

Lognormal loan default probability distribution including tranche A losses as % of Initial notes amount



Source: Moody's Investors Service

We considered the allocation to each of the parties within the transaction of the cash flows that the collateral generates, and the extent to which the structural features of the transaction might themselves provide additional credit protection to investors, or alternatively act as a further source of risk in addition to the intrinsic risk of the loan assets. For example, we analysed the strength of early amortisation triggers.

As a first step towards determining the theoretical rating of the notes, we used an expected- loss methodology that reflects the probability of default for the notes multiplied by the severity of the loss expected for the notes.

In order to allocate losses to the notes in accordance with their priority of payment and relative size, we used a cash-flow model that reproduces most of the deal-specific characteristics.

We have already described above the main input parameters of the model. The result of weighting each severity of loss output (the result of inputting each default scenario into the cash flow model) with the probability of occurrence, is both the expected loss for the notes as well as the expected average life.

We then compare both values to Moody's idealised expected loss table.

Timing of defaults

We have tested different timings for the default curve to assess the robustness of the ratings. In the base case scenario, the timing of defaults curve assumed is sinus. For the initial pool, we model first defaults occurring with a 3-month lag (according to 90+ days default definition), a peak in quarter 6 and last default in quarter 18.

Default definition

The definition of a defaulted loan receivable in this transaction is one (1) which is more than three months in arrears or (2) where the borrower has declared bankruptcy and the servicer had to terminate the receivable early as a consequence, or (3) the servicer has determined that the owed amount is uncollectable.

Exhibit 28

Comparable transactions - Structural Features

Deal Name	FT Santander Consumo 4	FT Santander Consumo 3	Sabadell Consumo 1, FT	Caixabank Consumo 4, FT	FT Santander Consumo 2
Revolving Period (in years)	1	1	Static	Static	2.33
Size of credit RF ongoing (as % of rated notes)	2.00%	1.50%	0.55%	4.00%	1.50%
RF amortisation floor (as % of initial total pool)	0.5% of Class A-E initial notes balance	0.5% of Class A-E initial notes balance	€1.25 million	No floor	0.75% of Class A-E initial notes balance
Set-off risk?	No	No	Yes	No	Yes
Set-off mitigant	N/A	N/A	N/A	N/A	N/A
Commingling Risk?	Yes	Yes	Yes	Yes	Yes
Commingling mitigant	Transfers made every two days	Transfers made every two days	Daily sweep	Daily sweep	Transfers made every two days
Back-up servicer appointed if servicer rated below	N/A	N/A	N/A	N/A	N/A
Back-up Servicer name	N/A	N/A	N/A	N/A	N/A
Back-up Servicer facilitator	Santander de Titulizacion S.G.F.T., S.A.	Santander de Titulizacion S.G.F.T., S.A.	Europea de Titulización, S.G.F.T.,	CaixaBank Titulización, S.G.F.T., S.A	Santander de Titulizacion S.G.F.T., S.A.
Swap in place?	Yes	Yes	Yes	No	N/A
Swap counterparty Long-term Rating	A3	A3	A3	N/A	N/A
Short-term Rating	P-1	P-1	P-2	N/A	N/A
Type of Swap	Cap	Fixed-floating	Fixed-floating	N/A	N/A
Size of Aaa rated class	N/A	N/A	N/A	N/A	N/A
Aa2 rated class	84.19%	N/A	N/A	N/A	86.50%
Aa3 rated class	N/A	87.50%	87.50%	92.00%	N/A
A rated class	7.00%	N/A	N/A	N/A	5.00%
Baa rated class	2.77%	N/A	N/A	N/A	5.00%
Ba rated class	3.19%	N/A	N/A	N/A	3.50%
B rated class	2.86%	N/A	N/A	8.00%	1.50%
NR class	2.00%	3.90%	3.90%	N/A	N/A
Reserve fund as % of inital total pool	2.00%	0.55%	0.55%	4.00%	1.50%
Annualised net excess spread as modelled	5.35%	6.00%	6.00%	1.47%	2.99%

Source: Banco Santander S.A., Moody's Investors Service

Additional Structure Analysis

Asset transfer, true sale and bankruptcy remoteness

We consider the purchase of the loan receivables to be an effective true sale under Spanish law and the Issuer which to be a bankruptcy remote entity. Our assessment is based on the analysis of the transaction documentation and takes into account the legal opinion provided by the transaction counsel.

Cash reserve

Due to the amortising cash reserve structure, where it is available for liquidity and also to amortise the notes at the end of the transaction, we consider the cash reserve in this transaction as being in line with other comparable consumer loan ABS transactions.

Commingling risk

Commingling risk is mitigated by payment transfer within two days to the issuer account in the name of the SPV and held at Banco Santander. In addition, obligors will be notified about the assignment and instructed to redirect payments to the issuer account by the BUS facilitator upon Banco Santander's insolvency.

According to our methodology, given that Banco Santander is rated above Baa2 and there are some mitigants in place, commingling risk is not modeled for this transaction.

Set-off risk

Moody's did not receive data on the exact exposure of obligors holding deposits with Santander. However, the risk from deposits set-off is limited in Spain because only unpaid instalments that are considered as fully due and payable prior to the declaration of insolvency of Banco Santander might be offset against deposits held by the borrower.

ESG-Governance considerations

This securitization's governance risk is low and is typical of other Consumer Loans ABS. Strong ABS governance relates to transaction features that promote the integrity of the operations of the transaction for the benefit of investors, as well as the data provided to investors. The following are some of the governance considerations related to the transaction:

» **Risk retention:** This transaction is subject to the European risk retention requirements, which require the sponsor to hold at least 5% of the transaction's credit risk.

» **Agreed upon procedures (AUPs):** An independent due diligence firm reviewed a sample of the portfolio and provided an agreed upon procedures (AUPs) report for data integrity matters. This will increase our confidence that the data that we and investors relied on is accurate.

» **Servicing oversight:** Banco Santander, S.A. (A2/P-1; A3(cr)/P-2(cr)) is a fully regulated bank under the supervision of the national bank regulator and has to adhere to certain standards in terms of independent control and audit functions as well as internal credit policies and servicing procedures in relation to the granting of consumer loans.

» **Bankruptcy remoteness:** We expect to receive legal opinions to the effect that in the event of a bankruptcy or insolvency proceeding with respect to key transaction parties, the securitized personal loans would not be treated as part of the estate of such party. Also, the SPV is a special purpose entity without legal personality and not subject to bankruptcy.

Monitoring

We will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Data Quality: The transaction will provide a finalised investor report and discuss it with a Moody's analyst. This report will include all necessary information for Moody's to monitor the transaction.

Data Availability: Santander de Titulizacion SGFT, SA will provide the investor report. Transaction documentation will set out a timeline for the investor report. Santander de Titulizacion SGFT, SA will publish the priority of payment section on the interest payment date and will publish the completed report on each quarterly payment date. The investor report will be published quarterly. The frequency of the interest payment date is quarterly during both the revolving period and during the amortisation period. Investor reports will be publicly available on Santander de Titulizacion SGFT, SA website.

Modelling assumptions

Sensitivity to variation in some of the modelling assumptions may have been considered in the analysis.

Exhibit 29

Modelling Assumptions

Expected Loss:	4.25%
PCE:	17.00%
Covariance (Cov):	52.69%
Timing of Defaults/Losses:	Sine (1-6-18)
Recovery rate:	15.00%
Recovery lag:	5% 3 quarters, 15% 4 quarters, 20% 6 quarters, 20% 8 quarters, 20% 10 quarters and 20% 14 quarters
Conditional Prepayment Rate (CPR):	12.5% first 18 months; 17.5% thereafter
Fees (as modelled):	1.0% annual; €100,000 minimum
PDL definition:	Defaults
Amortization Profile:	Scheduled amortisation of the assets
Country Ceiling:	Aa1
Margin Compression:	50% of CPR applied to highest yielding loans; Renegotiations' stress
Basis Risk Adjustment - Lender Variable Rate:	N/A
Basis Risk Adjustment - Other Basis Mismatch:	N/A
Interest on Cash:	0.00%
Commingling Risk Modelled?	No
Excess Spread (model output)*:	4.81%

* Annualized excess spread in a zero default scenario based upon the first payment period value using Moody's stressed asset yield and fees assumptions.
Source: Moody's Investors Service

Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions, please refer to the following reports:

Methodology Used:

- Moody's Approach to Rating Consumer Loan-Backed ABS, July 2020 (1230138)

Credit Opinion:

- Banco Santander S.A. (Spain): Update to credit analysis, October 2020 (1245839)

Special Report:

- Structured Finance - Europe: Structural features within deals help limit coronavirus induced cash flow disruptions, April 2020 (1220160)
- Structured Finance - EMEA: Heat map: SME ABS and NPLs are most vulnerable to coronavirus fallout, March 2020 (1219578)
- RMBS and Covered Bonds - Spain: Moratorium for coronavirus-affected mortgage borrowers is credit negative for RMBS, less so for covered bonds, March 2020 (1219700)
- Structured Finance – Global: Fast-growing technologies often improve underwriting and create efficiencies, but also heighten risk, February 2020 (1198838)
- SFG – Spain: Falling consumer confidence is credit negative for Spanish ABS, January 2020 (1209949)
- Structured Finance – Europe, 2021 Outlook (1256288)

Please note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Summary of Originator's Underwriting Policies and Procedures

Exhibit 30

Originator Ability	At Closing
Sales and Marketing Practices	Santander
Origination Channels:	100% branch
Origination Volumes:	0.12% top 10 dealers
Average Length of Relationship Between Dealer and Originator:	N/A
Underwriting Procedures	
% of Loans Automatically Underwritten:	N/A
% of Loans Manually Underwritten:	N/A
Ratio of Loans Underwritten per FTE* per Day:	N/A
Average Experience in Underwriting or Tenure with Company:	N/A
Approval Rate:	N/A
Percentage of Exceptions to Underwriting Policies:	N/A
Underwriting Policies	
Source of Credit History Checks:	Internal database, external database:
Methods Used to Assess Borrowers' Repayments Capabilities:	DTI: 35% maximum income multiples: not used affordability calculation: Not used expenses based on actual data
Income Taken into Account in Affordability Calculations:	Net income including 100% base salary
Other Borrower's Exposures (i.e. other debts) Taken in Account in Affordability Calculations:	all outstanding secured and/or unsecured debt/ unsecured debt
Method Used for Income Verification:	Internal check on current account
Maximum Loan Size:	EUR 100,000
Average Deposit Required:	N/A
Credit Risk Management	
Reporting Line of Chief Risk Officer:	To CEO
*FTE: Full Time Employee	N/A

Originator Stability:	At Closing
Quality Controls and Audits:	
Responsibility of Quality Assurance:	Independent team (include the number of staff)PLUS team leader
Number of Files per Underwriter per Month Being Monitored:	N/A
Management Strength and Staff Quality	
Average Turnover of Underwriters:	N/A
Training of New Hires and Existing Staff:	N/A
Technology	
Frequency of Disaster Recovery Plan Test:	Quarterly

Source: Banco Santander S.A.

Appendix 2: Summary of Servicer's Collection Procedures

Exhibit 31

Servicer Ability	At Closing
Loan Administration	SANTANDER
Entities Involved in Loan Administration:	SANTANDER (with its branches)
Early Stage Arrears Practices	early attempts contact, quality of contact and promise to pay 90 days delinquents
Entities involved in Early Stage Arrears:	outsourced to third parties; staff at branches, centralised at head office
Definition of Arrears	
Arrears Strategy for 1-29 Days Delinquent:	between 90 and 12 months
Arrears Strategy for 30 to 59 Days Delinquent:	no activity at this stage
Arrears Strategy for 60 to 89 Days Delinquent:	no activity at this stage
Data Enhancement in Case Borrower is Not Contactable:	N/A
Loss Mitigation and Asset Management Practices	
Transfer of a Loan to the Late Stage Arrears Team:	After 90 days in arrears
Entities Involved in Late Stage Arrears:	N/A
Ratio of Loans per Collector (FTE):	N/A
Time from First Default to Litigation /Sale:	N/A
Average Recovery Rate (on Vehicle):	N/A
Channel Used to Sell Repossessed Vehicles:	N/A
Average Total Recovery Rate (after vehicle sale):	N/A

Servicer Stability	At Closing
Management and Staff	
Average Experience in Servicing or Tenure with Company:	N/A
Training of New Hires Specific to the Servicing Function (i.e. excluding the company induction training):	N/A
Quality Control and Audit	
Responsibility of Quality Assurance:	Independent team (include the number of staff) plus team leader, combination of both
IT and Reporting	
Frequency of Disaster Recovery Plan Test:	N/A

Source: Banco Santander S.A.

REPORT NUMBER 1265726

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