Santander Consumo 5, F.T.

Capital Structure

Class	Rating	Outlook	Amount (EURm)	CE (%)	Interest rate (%)	Legal final maturity
A	AA+sf	Stable	640.0	22.0%	3m Euribor + 0.85%	March 2036
B	A+sf	Stable	43.2	16.6%	3m Euribor + 1.60%	March 2036
C	BBB+sf	Stable	35.6	12.1%	3m Euribor + 2.40%	March 2036
D	BBsf	Stable	30.8	8.3%	3m Euribor + 5.50%	March 2036
E	NRsf		50.4	2.0%	3m Euribor + 10.50%	March 2036
F	NRsf		16.0	0.0%	3m Euribor + 1.65%	March 2036
Total			**816.0**			

Notes: Credit enhancement (CE) consists of structural subordination and an amortising reserve fund. The structure has an initial gross excess spread of around 1.5% a year.

Santander Consumo 5, F.T. is a securitisation of a revolving portfolio of fully amortising general-purpose consumer loans originated by Banco Santander S.A. (Santander, A-/Stable/F2) to Spanish residents. Around 80% of the portfolio balance is linked to pre-approved loans underwritten to existing Santander customers.

Key Rating Drivers

Asset Assumptions Reflect Pool Profile: Fitch Ratings calibrated a base-case lifetime default and recovery rate of 3.75% and 20.0%, respectively, for the portfolio, reflecting the historical data provided by Santander, Spain's economic outlook and the originator's underwriting and servicing strategies. For a 'AA+' scenario commensurate with the class A notes' rating, the lifetime default and recovery rates are 16.25% and 11.33%, respectively.

Short Revolving Period: The transaction has a five-month revolving period during which new receivables can be purchased by the special-purpose vehicle (SPV). Fitch considers any credit risk linked to the revolving period as sufficiently captured by the default multiples. Fitch has not assumed a stressed portfolio in relation to the limits permitted by the transaction covenants given the short duration of the revolving period, which implies only a small share of the pool balance, estimated at 8%, is expected to be replenished.

Pro Rata Amortisation: After the revolving period, the class A to E notes will be repaid pro rata unless a sequential amortisation event occurs, primarily linked to cumulative defaults exceeding certain thresholds or a principal deficiency greater than EUR12 million. Fitch views these triggers as sufficiently robust to prevent the pro-rata mechanism from continuing on early signs of performance deterioration.

The tail risk posed by the pro-rata pay-down is mitigated by the mandatory switch to sequential amortisation when the outstanding collateral balance (inclusive of defaults) falls below 10% of the initial balance.

Counterparty Arrangements Cap Ratings: The maximum achievable rating for the transaction is 'AA+sf' in line with Fitch's counterparty criteria. This is due to the minimum eligibility rating thresholds defined for the transaction account bank and the hedge provider of 'A-' or 'F1', which are insufficient to support 'AAAsf' ratings.

Inside This Report

Closing occurred on 21 July 2023. The transfer of the portfolio to the issuer occurred on 17 July 2023. The ratings assigned above are based on the portfolio information as of 19 April 2023 and updated as of [date], provided by the originator.

Ratings are not a recommendation to buy, sell or hold any security. The prospectus and other material should be reviewed prior to any purchase.

Representations, Warranties and Enforcement Mechanisms Appendix

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Interest Rate Hedge: An interest rate balance guaranteed swap hedges the risk arising from 100% of the portfolio paying a fixed interest rate for life and the floating-rate securitisation notes. The interest rate swap notional is the outstanding balance of the non-defaulted receivables (i.e. performing loans and in arrears up to 90 days).

Interpreting Model Results (Criteria Variation): The 'BBsf' class D notes rating is three notches higher than the model implied rating (MIR), as obtained from Fitch's Multi-Asset Cash Flow Model. This is a variation from the agency's *Consumer ABS Rating Criteria* which allow for a one notch deviation from the MIR, substantiated by the very specific set of modelling assumptions that produced a 'B' MIR in one out of the 18 different scenarios configured.

This particular scenario is not Fitch's immediate expectation, particularly with respect to the decreasing interest rates, and we deem class D to be sufficiently protected by CE to be able to absorb the credit and cash flow stresses commensurate with the assigned rating. The three-notch deviation from MIR for class D is also limited to only one rating scenario (at rating scenario B+), while the highest achievable rating outside of this deviation is 'BB+'.

Key Rating Driver
(Negative/Positive/Neutral)

Rating Impact	Key Rating Driver
Neutral	Asset Assumptions Reflect Pool Profile
Neutral	Short Revolving Period
Neutral	Pro-Rata Amortisation
Negative	Counterparty Arrangements Cap Ratings
Positive	Interest Rate Hedge

Source: Fitch Ratings

Highlights

Highlights

Effect	Highlight
Neutral	**High Share of Pre-Approved Loans:** Around 80% of the loans in the portfolio are pre-approved by Santander, underwritten to existing customers mainly based on the borrower's credit profile and transaction record with the lender. Based on data presented by Santander, Fitch deems the characteristics and risk profiles of the pre-approved loans to be broadly similar to standard loans. Fitch deems the underwriting controls and the timely data management of the lender to materially influence the credit profile and the performance of the pre-approved loans.
+	**Junior Interest Deferrals:** Senior tranches are protected by the irreversible interest deferral of the class E and F notes, to be activated if the balance of gross cumulative defaults relative to the initial portfolio balance (including revolving period purchases) is higher than 3.5%. This protection is especially relevant for the class D notes considering the high margins payable on the junior most tranches.
-	**Limited Excess Spread:** The transaction benefits from a limited excess spread of about 1.5% a year under Fitch's base-case scenario. This is considering the weighted average (WA) fixed interest rate on the pool of 6.6% compared with senior transaction fees, swap costs of 3.24% and the WA note margins of 1.7% at the closing date.

Source: Fitch Ratings

Applicable Criteria

Global Structured Finance Rating Criteria (March 2023)

Consumer ABS Rating Criteria (August 2022)

Structured Finance and Covered Bonds Counterparty Rating Criteria (March 2023)

Structured Finance and Covered Bonds Counterparty Rating Criteria – Derivative Addendum (August 2022)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (December 2022)

Structured Finance and Covered Bonds Country Risk Rating Criteria (July 2023)

Key Transaction Parties

Key Transaction Parties

Role	Name	Fitch Issuer Default Rating (IDR) unless otherwise stated
Issuer	Santander Consumo 5, F.T.	Not rated
Originator/servicer/collection account bank (CAB), transaction account bank (TAB), hedge provider	Banco Santander, S.A.	A-/Stable/F2 Deposit rating (DR): A/F1 Derivative Counterparty Rating (DCR): A(dcr)
Trustee/management company	Santander de Titulización, S.G.F.T, S.A	Not rated

Source: Fitch Ratings, transaction documents

Transaction Comparisons

The most significant features of Santander Consumo 5, FT compared with other Iberian consumer loan securitisations, are the low seasoning of its portfolio and the high share of pre-approved loans. All information in the table below refers to the analysis at the closing date of each transaction.

Transaction Comparison

	Santander Consumo 5	BBVA Consumer 12	Sabadell Consumo 2	NORIA SPAIN 2020	Santander Consumo 4[a]	Santander Consumo 3[a]
Closing	Jul 23	Mar 23	Jul 22	Dec 20	Feb 21	Apr 20
Country of assets			Spain			
Originator	Santander	BBVA	Sabadell	Cetelem	Santander	Santander
Issuance (EURm)	800	3,000	750	850	1,530	2,030
Portfolio summary (as of closing date of each transaction) [b]						
Revolving period (months)	5	No, static	No, static	24	12	12
Pro-rata note amortisation	Yes	No	Yes	No	Yes	Yes
Portfolio balance (EURm)	800	3,000	750	600	1,500	2,000
Number of loans	134,011	316,147	130,638	169,470	179,413	245,721
Average balance (EUR)	9,201	10,456	7,187	5,016	10,026	9,476
Asset type			Unsecured consumer loans			
WA remaining term (months)	62	67	61	57	62	64
WA seasoning (months)	14	16	17	24	17	17
WA interest rate (%)	6.6	5.8	7.2	6.8	7.2	7.9
Pre-approved (%)	80.6	82	61	0	71.6	64.3
Non pre-approved (%)	19.4	18	39	100	28.3	35.7
Base-case asset assumptions (%)						
Lifetime default rate	3.75	5.5	4.5	15.7	n.a.	n.a.
Recovery rate	20.0	30	17	14.6	n.a.	n.a.
Prepayment rate	7.0	12.5	10	14	n.a.	n.a.

[a] Deals not rated by Fitch.
[b] Santander Consumo 5 , F.T preliminary pool as of 19 April 2023.
WA figures are weighted by outstanding portfolio balance.
Source: Fitch Ratings, transaction documents

Sector Risks: Additional Perspective

Key Sector Risks

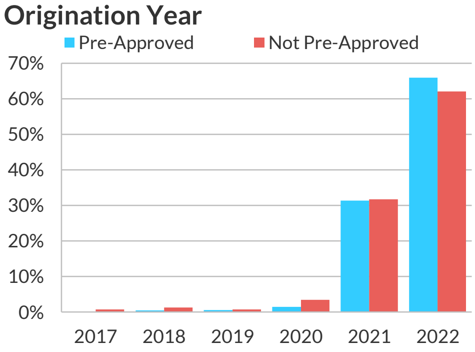
Asset Performance Outlook	Deteriorating. Rising interest rates and high inflation are squeezing borrower affordability and may lead to greater defaults in this sector (see European ABS and RMBS Asset Performance Outlooks Are 'Deteriorating').
Sector Outlook	Stable. Fitch believes that most rated Spanish ABS transactions are protected by sufficient rating headroom to withstand the most immediate consequences affecting asset performance.
Macro Risks	Fitch estimates Spain GDP will grow at 1.9% and 1.6% in 2023 and 2024. The unemployment rate is projected to remain at around 12.7% in 2023 and 2024 (see Global Economic Outlook – June 2023).

Source: Fitch Ratings

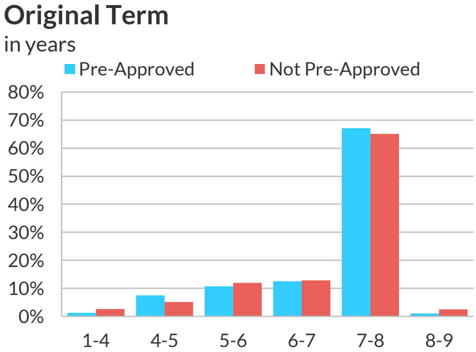
Asset Analysis

Key Portfolio Characteristics

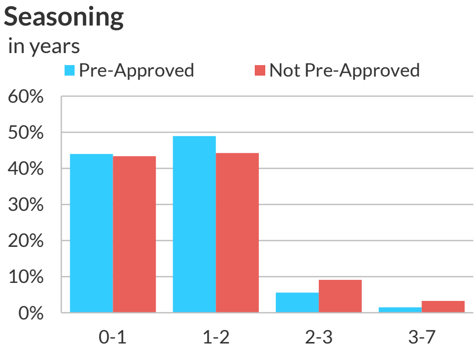
The portfolio consists of unsecured consumer loans originated by Santander to individuals residing in Spain. All borrowers pay monthly instalments, the loans amortise by the "French" method and are linked to a fixed interest rate.



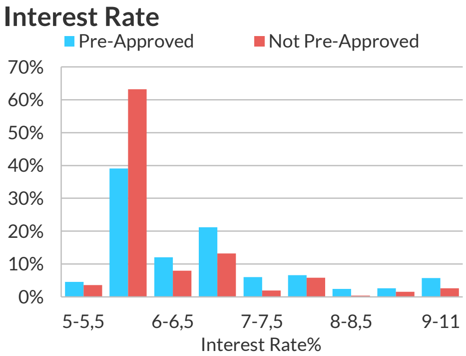
Source: Fitch Ratings, Santander



Source: Fitch Ratings, Santander



Source: Fitch Ratings, Santander



Source: Fitch Ratings, Santander

Key Asset Eligibility Criteria

For the asset purchases to be made by the SPV, as of closing date and during the revolving period, the following key eligibility criteria apply:

- The loans are granted for consumption purposes to Spanish residents and not employed by Santander, with a regulatory probability of default not higher than 6%;
- The loans are not restructured due to reasons of distress, and are not in arrears;
- The loans are fully amortising with monthly instalments paid by direct debit. None of the loans has an outstanding principal balance greater than EUR100,000; and
- The remaining term to maturity is nine years as the longest maturity date should not be later than January 2034.

Revolving Period

The SPV will purchase new eligible loans until December 2023 (inclusive) subject to the eligibility criteria and the portfolio covenants. The revolving period will be terminated earlier if any of the following key early amortisation events occur:

1. The balance of gross cumulative defaults (GCD) relative to initial pool balance plus asset purchases is higher than 1.3% as of December 2023;
2. The switch to sequential amortisation is activated (see Pro Rata Amortisation below);
3. The reserve fund is not fully funded;
4. The non-defaulted pool balance is less than 75% of the classes A to E notes' outstanding balance; and
5. The seller´s insolvency, seller ceases to perform or breaches its obligations.

During the revolving period any available excess spread will be used to amortise class F notes but not to clear any debit entries to the principal deficiency ledger (PDL).

The portfolio migration risk during the revolving period is contained by limits to the total portfolio including new purchases as described below. Assuming no prepayments and zero defaults, we expect around 8% of the portfolio to be replenished during the revolving period.

Feature	Revolving period limit	Preliminary pool
Top obligor (%)	< 0.05	0.01
WA remaining term to maturity	< 84 months	62 months
Top region (%)	< 26.0	19.6
Top three regions (%)	< 65.0	47.8
WA interest rate (%)	>7.05	6.55
Loans greater than EUR60,000 (%)	< 5.0	0.5

Source: Fitch Ratings

Portfolio Credit Analysis

Fitch derived base-case default and recovery assumptions considering the data provided by Santander, Spain economic outlook and the originator and servicer capabilities. These assumptions have been calibrated for the whole portfolio considering the similar loan characteristics and performance expectations of pre-approved and not pre-approved loans.

Default Rates

The base case and 'AA+' default rates calibrated for the portfolio are displayed below. The 'AA+sf' default multiples consider the short duration of the revolving period and its permitted covenants, and the medium level of economic stress already incorporated within the base-case assumptions among other factors. The chart below shows the cumulative balance of defaults (defined as arrears over 90 days) relative to the portfolio balance originated by vintages.

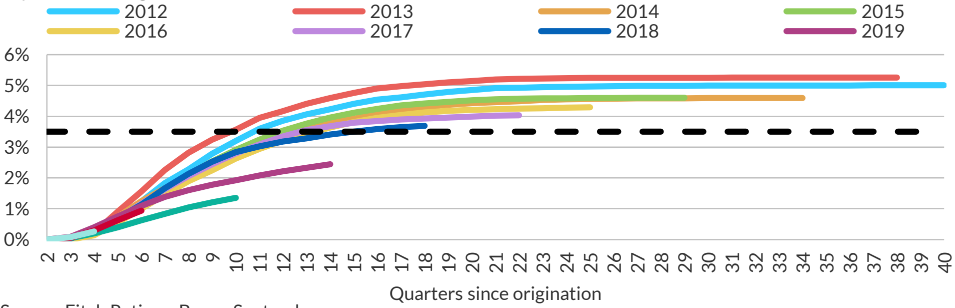
Default Rate Assumptions (Base Cases and Multiples)

Product type	Base-case default rate (%)	AA+ multiple (x)	AA+ default rate (%)
Unsecured consumer loans	3.75	4.33	16.25

Source: Fitch Ratings

Default Rate - Total Loan Book

(By Year of Origination)



Source: Fitch Ratings, Banco Santander

Recovery Rates

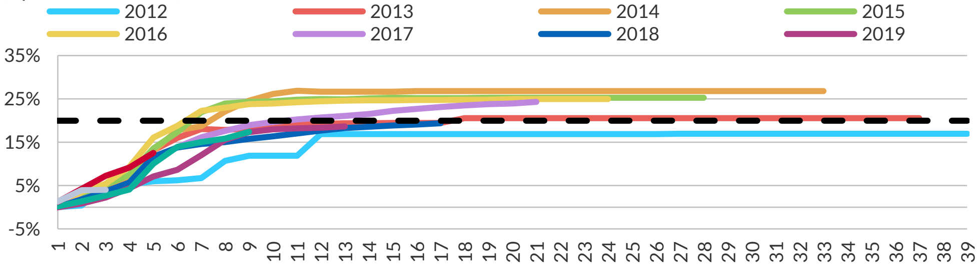
To calibrate recoveries in stress scenarios, we have applied median haircuts to the base case in line with our *Consumer ABS Rating Criteria*.

Recovery Rate Assumptions (Base Cases and Haircuts)

Product type	Base-case recovery rate (%)	AA+ haircut (%)	AA+ recovery rate (%)
Unsecured consumer loans	20.0	43.33	11.33

Source: Fitch Ratings

Recovery Rate - Total Loan Book
(By Year of Default)



Source: Fitch Ratings, Banco Santander

Prepayments

Fitch calibrated a base-case prepayment assumption of 7% for the total pool based on comparable ABS data and considering the macroeconomic outlook linked to higher interest rates. Low and high prepayment stresses are in line with Fitch's criteria.

Financial Structure and Cash Flow Analysis

The default and recovery rates for this portfolio, together with different timing of defaults and recoveries, levels of prepayment and interest rate stresses, were tested in Fitch's proprietary cash flow model to determine if there would be sufficient cash flows to pay interest and principal according to the terms of the notes. The default timing assumption was based on a weighted average life of the portfolio of about 27 months, and the recovery timing was derived based on historical observations. The analysis shows that the credit enhancement levels provided for the securitisation notes are sufficient to withstand the relevant stresses determined by Fitch for the assigned ratings. The rating analysis addresses timely interest payment on the class A notes and the ultimate interest payments on the class B to D notes, and the ultimate repayment of principal for all the notes in accordance with the transaction terms.

Priority of Payments

The transaction operates a combined priority of payments with an implicit PDL mechanism that governs how the issuer's available funds are allocated on each quarterly interest payment date (IPD). Excess spread will be available to provision for defaults.

Available Funds (Simplified)
1. Interest and principal collections from the loans
2. Recoveries from defaulted assets and any additional amounts collected from the loans
3. Reserve fund
4. Yield from cash deposited in the TAB
5. Net swap amounts (excluding collateral)

Source: Fitch Ratings, transaction documents

The notes target amortisation amount is defined as the difference between the collateralised notes (class A to E notes) and the non-defaulted portfolio balance. Interest payments on the class E and F notes can be deferred to a junior position within the priority of payments if the GCD ratio exceeds 3.5%.

Combined Priority of Payments (Simplified)

Pre-enforcement		Post-enforcement (if any of the mandatory early liquidation events occur)	
1	Senior fees and expenses	1	Senior fees and expenses
2	Net swap payments (if any) and termination payments (if the SPV is the defaulting party)	2	Net swap payments (if any) and termination payments (if the SPV is the defaulting party)
3	Class A interest	3	Class A interest
4	Class B interest	4	Class A principal

Combined Priority of Payments (Simplified)

Pre-enforcement		Post-enforcement (if any of the mandatory early liquidation events occur)	
5	Class C interest	5	Class B interest
6	Class D interest	6	Class B principal
8	Class E interest (if not deferred)	7	Class C interest
7	Reserve fund top up	8	Class C principal
9	Class F interest (if not deferred)	9	Class D interest
10	Class A to E principal up to its target amount	10	Class D principal
11	Class E interest (if deferred)	11	Class E interest
12	Class F interest (if deferred)	12	Class E principal
13	Subordinated amounts including class F principal	13	Subordinated amounts including class F interest and principal

Source: Fitch Ratings, transaction documents

Pro-Rata Amortisation

After the revolving period, the classes A to E notes will amortise pro rata until any of the below key sequential amortisation events occur:

- The GCD ratio exceeds the levels shown in the *GCD Ratio Trigger* table;
- The uncleared PDL is greater than EUR12 million;
- The swap counterparty trigger is breached and remedial actions are not implemented;
- Single borrower concentration greater than 0.1% of current pool balance;
- A breach of any of the seller's obligations under any transaction document is un-remedied within 30 business days; a servicer replacement event; or
- The exercise of any seller's call options.

Interest Rate Swap

The issuer entered into a balance guaranteed swap agreement to hedge against the fixed-floating interest rate mismatch, considering the 100% fixed-rate loans and floating-rate liabilities. Under the swap agreement, the issuer will pay a fixed coupon of 3.24% and receive three-month Euribor, on a notional amount equal to the outstanding balance of the non-defaulted receivables.

Reserve Fund

The reserve fund has been funded at the closing date with the class F notes issuance proceeds, for an amount equivalent to 2% of the class A to E notes' initial balances. The reserve fund can amortise from the first IPD after revolving period maintaining the above-mentioned proportion subject to a floor of 0.5% of the classes A to E initial balance. It cannot amortise if it was not at target on the prior IPD or if a sequential amortisation event has occurred.

The reserve fund is available to cover senior expenses, net swap payments and interest on the class A to E notes. Moreover, any amounts in excess of its required balance will be released through the combined waterfall and so it can be used to repay the notes if there is any principal shortfall (i.e. it provides credit enhancement protection). The reserve is fully released once classes A to E are fully redeemed, at final legal maturity, or when the performing portfolio balance is zero.

Call Options

The seller has the option to repurchase all outstanding loans if the collateral balance (including outstanding defaulted loans) is equal to or less than 10% of the initial portfolio balance. This is provided the available funds are enough to fully redeem the class A to E notes.

On the occurrence of a regulatory call event the seller will have the option to redeem classes A to E via a loan provided by the seller (seller loan) to the SPV, subject to the availability of funds

GCD Ratio Trigger

IPD after closing	Trigger (%)
December2023	1.3
March 2024	1.6
June 2024	1.9
September 2024	2.3
December 2024	2.6
March 2025	3.0
June 2025	3.3
September 2025	3.6
December 2025	3.9
March 2026	4.2
June 2026	4.5
September 2026	4.8
December 2026	5.1
From March 2027	5.5

Source: Fitch Ratings, transaction documents ensuring the full redemption of class A to E notes. Regulatory events are defined as any change in any applicable law or its interpretation by any competent authority with a material adverse change reducing the benefit for the seller from the transaction.

In the event of exercising a tax change call option, the repurchase value to be paid by the seller to the SPV may be less than the purchase price of the receivables paid by the SPV to the seller. However, the tax change call option can only be exercised by the seller to the extent that the repurchase value, together with the rest of available funds, is sufficient to fully redeem the classes A to E notes and pay all accrued interest.

Rating Sensitivity

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade Include:

- For the senior notes rated 'AA+sf', modified TAB and derivative provider minimum eligibility rating thresholds compatible with 'AAAsf' ratings under the agency's *Structured Finance and Covered Bonds Counterparty Rating Criteria*.
- Increasing CE ratios, as the transaction deleverages to fully compensate for the credit losses and cash flow stresses commensurate with higher rating scenarios, may lead to upgrades.

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade Include:

- A long-term asset performance deterioration such as increased delinquencies or reduced portfolio yield, which could be driven by changes in portfolio characteristics, macroeconomic conditions, business practices or the legislative landscape.
- For the class D notes, the combination of a back-loaded timing of defaults and a late activation of junior interest deferrals would erode cash flow and in turn could produce a rating downgrade.

Rating Sensitivity

	Class A	Class B	Class C	Class D
Original rating	AA+	A+	BBB+	BB
Increase default by 10%	AA+	A+	BBB+	B-
Increase default by 25%	AA	A	BBB	BB
Increase default by 50%	A+	A-	BBB-	B
Reduce recoveries by 10%	AA+	A+	BBB+	B
Reduce recoveries by 25%	AA+	A+	BBB+	B+
Reduce recoveries by 50%	AA+	A+	BBB	CCC
Increase defaults and reduce recoveries by 10% each	AA+	A+	BBB	B+
Increase defaults and reduce recoveries by 25% each	AA-	A	BBB-	B+
Increase defaults and reduce recoveries by 50% each	A	BBB+	BB	NR

Source: Fitch Ratings

The *Rating Sensitivity* section provides insight into the model-implied sensitivities the transaction faces when one assumption is stressed, while holding others equal. The modelling process uses the estimation and stress of these variables to reflect asset performance in a stressed environment. The results below should only be considered as one potential outcome, as the transaction is exposed to multiple dynamic risk factors. It should not be used as an indicator of possible future performance.

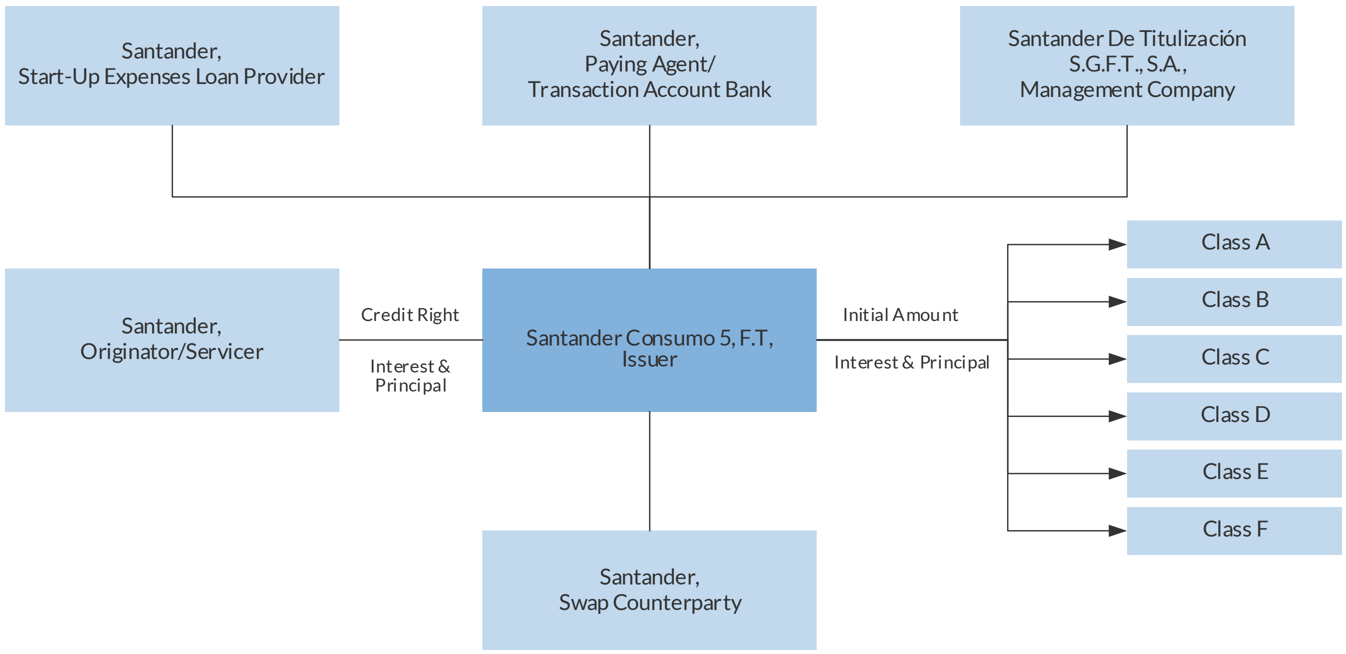
No change or positive change
Negative change within same category
-1 category change
-2 category change
-3 or larger category change

Best- and Worst-Case Rating Scenarios

International scale credit ratings of structured finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historic performance.

Transaction Structure

Structure Diagram



Source: Fitch Ratings, transaction documents

Issuer and True Sale

The notes are issued by Santander Consumo 5, F.T., incorporated under the laws of Spain, the sole purpose of which is to acquire consumer loans from Santander as collateral for the issuance of quarterly paying notes. The trustee, which is supervised by the Spanish capital markets regulator, is responsible for cash reconciliation and waterfall calculations and reporting, including the monitoring of applicable triggers. It is also responsible for taking any action in the interests of noteholders, such as the replacement of ineligible counterparties if needed.

Loan Permitted Variations

Santander as the servicer will be allowed to renegotiate and modify the loans without the prior consent of the trustee, and within the following limits:

- The interest rate on a loan must not be lower than 6.2%, and no loans may be novated from a fixed rate to a floating rate. The maximum novation in this case maybe up to 5% of the initial portfolio balance;
- The amount of the loan balance cannot be increased and the frequency of interest payments and repayment of principal payment cannot be decreased;
- Up to 10% of the initial portfolio balance can be subjected to maturity extensions; the longest maturity must be two years prior the transaction legal maturity date.

Fitch considers these loan modifications as not rating material, given the restrictions and limits on permitted variations which adequately prevent material alterations in the credit and cash flow profile of the portfolio.

Substitutions

If any of the loans do not comply with the representations and warranties (R&Ws) the seller will have to remedy, replace or redeem such asset. Within 15 business days from the date the party detected the non-conforming receivable, the originator, with the management company´s consent, agrees to remedy the breach, and if that is not possible, substitute the receivable. Any substitution shall be made up to the outstanding principal plus interest accrued and not paid and any amount owing to the SPV until that date on which the receivable is substituted by another receivable comparable in nature and characteristics.

Representations and Warranties

The seller provided the issuer with specific R&Ws concerning the seller's organization and the asset characteristics. The related appendix to this report includes the main R&Ws that are available to investors. The R&Ws are substantially comparable to those typically contained in other EMEA consumer loans ABS transactions, as described in Fitch's Representations, Warranties and Enforcement Mechanisms in Global Structured Finance Transactions. Fitch made no adjustments to its analysis in relation to the R&Ws.

Euribor Fall-Back Provisions (Simplified)

The transaction has fall-back provisions in place in the event of the discontinuation of Euribor as summarised below. Although the procedure does not fully guarantee that any alternative base rate on the notes and the swap remain identical at all times, Fitch considers the approach sufficiently robust.

Assets	Rated notes	Swap
None	The rate determination agent will determine the replacement rate. The new rate will be endorsed or approved by the relevant regulator or any stock exchange, utilised in a publicly listed new issue of euro-denominated asset-backed floating-rate notes where the originator of the relevant assets is Santander or an affiliate of the group. The change will not take place if the trustee deems it prejudicial for noteholders. All costs incurred for the base rate modification should be borne by the seller, and the trustee should notify the rating agencies and make reasonable efforts to ensure it does not negatively affect the ratings. Any change to the reference rate of the floating-rate notes shall apply to the interest rate swap unless the swap counterparty decides not to accept the alternative base rate.	Standard fall-back provisions apply, which are aligned to the ISDA Benchmark Supplement. The new rate applicable to the derivative can result in a different rate than the one applicable on the notes. Both the SPV and the swap counterparty have the right to terminate the swap contract if not in agreement with the alternative rate. Nonetheless, both parties must use all reasonable efforts to agree on the actions to avoid the termination event.

Source: Fitch Ratings, transaction documents

Disclaimer

Fitch relies in its credit analysis on legal and/or tax opinions provided by transaction counsel for the avoidance of doubt. Fitch has always made clear that it does not provide legal and/or tax advice or confirm that the legal and/or tax opinions, or any other transaction documents, or any transaction structures, are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Counterparty Risk

Fitch assesses the counterparty risk under its *Structured Finance and Covered Bonds Counterparty Rating Criteria* to be in line with the ratings assigned based on the documentation provisions and analytical adjustments described in the following table.

Counterparty Risk Exposures

Counterparty type	Counterparty name	Minimum ratings under criteria	Minimum ratings and remedial actions under documents	Analytical adjustments
TAB	Santander	A- or F1 DR if assigned and applicable, otherwise IDR.	Minimum DR (or IDR if not available) of A- or F1. Replacement or guarantee within 60 calendar days.	No adjustment. Minimum ratings and remedial actions in line with criteria up to AA+sf ratings.
Hedge provider	Santander	A- or F1 DCR if assigned and applicable, otherwise IDR. BBB- or F3 if collateral is posted.	Minimum DCR (or IDR if not available) of A- or F1. Collateral within 14 calendar days. Replacement or guarantee within 60 calendar days.	No adjustment. Minimum ratings and remedial actions in line with criteria up to AA+sf ratings.
Originator/servicer/ CAB	Santander	n.a.	n.a.	Servicing disruption risk is mitigated by structural arrangements including the reserve fund. Collections are swept from the CAB into the TAB within two business days.
Paying agent	Santander	n.a.	n.a.	The counterparty exposure is characterised by operational risk. The paying agent provider has ample operational capabilities.

Source: Fitch Ratings, transaction documents

Portfolio Servicer

The issuer has appointed Santander to act as its servicer in accordance with the terms of the servicing agreement. Fitch has conducted an operational review with Santander to assess, among other things, its business strategy, underwriting practices and servicing capabilities.

Payment Interruption and Commingling Risk

We view payment interruption risk as sufficiently mitigated. If a servicer event leads to a collection disruption, the reserve fund is available to cover an estimated period of at least three months of senior costs, net swap payments (if any) and interest on the class A to E notes, a period we consider sufficient to implement alternative arrangements.

Fitch views commingling risk as immaterial for this transaction due to the transfer of direct debit collections from the CAB to the TAB within two business days, and an adequate borrower notification process upon a servicer termination event.

Transaction Account Bank

Santander acts as TAB provider, holding the reserve fund and the collections from the assets. Fitch classifies this exposure as a primary credit risk under its counterparty criteria. Fitch considers the structure to adequately address TAB counterparty risk by incorporating rating eligibility thresholds that would trigger remedial actions within 60 calendar days if the TAB provider's deposit rating (or IDR if not available) is downgraded below 'A-' and 'F1'. The remedial actions upon loss of eligibility include replacement or guarantee from an eligible entity. Costs related to the replacement will be borne by the counterparty.

Hedge Provider

Santander acts as the interest rate swap provider. Fitch classifies this exposure as a primary credit risk under its counterparty criteria. Fitch believes the structure adequately addresses hedge provider counterparty risk by incorporating rating eligibility thresholds that would trigger remedial actions if the hedge provider's derivative counterparty rating (or IDR if not available) is downgraded below 'A-' and 'F1'.

Remedial actions include collateralisation (within 14 calendar days), replacement with an eligible counterparty, or eligible guarantor (within 60 calendar days).

Set-Off Risk

Santander is a deposit-taking institution in Spain. However, Fitch views deposit set-off risk as non-ratings material based on the high level of political support for protecting such deposits, and the very remote conditions needed to apply under the Spanish legal framework (e.g. set-off not possible after assignment notification and after insolvency declaration, and only possible against due and unpaid loan amounts). Moreover, this risk is also protected by the Deposit Guarantee Scheme in Spain, which protects deposits of up to EUR100,000.

We consider insurance set-off risk as immaterial since the insurance premia (if any) on the loans is not securitised.

Criteria Application, Model and Data Adequacy

Criteria Application

See page 2 for the list of Applicable Criteria.

Fitch applies the *Consumer ABS Rating Criteria* as its sector-specific criteria under the overarching framework provided by the *Global Structured Finance Rating Criteria*, the master criteria report for the sector. The *Structured Finance Covered Bonds Country Risk Rating Criteria* report outlines Fitch's approach to assigning and maintaining structured finance and covered bond ratings, where the relevant sovereign's Local-Currency Issuer Default Rating is below 'AAA'. The remaining criteria listed under Applicable Criteria are cross-sector, outlining Fitch's approach to counterparty risk and interest rate change vulnerability relevant for the ratings.

The models below were used in the analysis. Click on the link for the model (if published) or for the criteria for a description of the model.

Consumer ABS Asset Model

Multi-Asset Cash Flow Model

Data Adequacy

Fitch was provided with the following data, which were used in the analysis. The list below is not exhaustive but includes a summarised representation of what was provided.

- Default and recovery vintages on a quarterly basis, and origination volumes from 2012 to 2022;
- Loan-by-loan portfolio data as of April 2023; and
- Pool stratifications and amortisation profiles as of April 2023.

Fitch performed a file review as part of the originator review process with satisfactory results, and an agreed-upon procedures report has been made available to Fitch without findings.

Surveillance

Fitch will monitor the transaction regularly and as warranted by events, with a review conducted at least yearly. Performance reports will be provided by the trustee on a monthly basis. Fitch's quantitative analysis will focus on monitoring the key performance parameters (delinquencies, defaults, recoveries and prepayments) against the base case assumptions. Fitch's structured finance performance analytics team will ensure that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk. Details of the transaction's performance will be available to subscribers at www.fitchratings.com.

Appendix 1: Origination and Servicing

Santander is one of the largest retail banks in Spain and supervised by the ECB. Santander originates consumer loans mainly through web, applications or branches. Between 2017 and 2022 the volumes of consumer loans increased well above the market rate in Spain. This increase has not caused a deterioration in performance of the loan book as during the pandemic Santander tightened their origination standards. There has been an observable shift in product mix towards preapproved loans since 2015.

Fitch conducted an operational review meeting with Santander management in April 2023, upon which it concluded that its origination and servicing capabilities are robust and generally aligned with standard market practices.

Underwriting

The underwriting workflow is mainly driven by an automated decision process, which relies on behavioral and scoring model outcomes. Scoring models vary depending on the characteristic of the borrower, mainly depending on whether it is to assign pre-approved limits or sanctioning not pre-approved loans.

Loan applications are processed and scored automatically by Santander´s systems that might result in an automatic rejection, automatic approval or in limited cases are directed for manual analysis. Loan applications, independent of the origination channel, are processed through the same system.

Underwriting standards, like the affordability test and acceptance criteria, have slightly tightened in light of the new macroeconomic situation in Spain.

Servicing

Santander´s servicing practices for unsecured consumer loans are in line with market standards. There has been a recent change in the recovery model with focus on enhanced digital capabilities, analytics to increase personalisation, and industrial solutions to serve high volumes of customer difficulties.

The arrears management process begins from the first unpaid instalment. During all the phases of the recovery both internal and external teams co-manage the process. Santander's teams are more focused on the early stages of the process (arrears up to 90 days) while external agencies are focused on distressed loans in arrears over 90 days.

Appendix 2: ESG Relevance Score

FitchRatings **Santander Consumo 5, F.T**

SF ESG Navigator
Consumer ABS - Unsecured

Credit-Relevant ESG Derivation

Santander Consumo 5, F.T has 5 ESG potential rating drivers

- Santander Consumo 5, F.T has exposure to macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			Overall ESG Scale
key driver	0	issues	5
driver	0	issues	4
potential driver	5	issues	3
not a rating driver	5	issues	2
	4	issues	1

Environmental (E)

General Issues	E Score	Sector-Specific Issues	Reference	E Scale
GHG Emissions & Air Quality	2	n.a.	n.a.	5
Energy Management	2	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Asset, operations and/or cash flow exposure to extreme weather events and other catastrophe risks, including but not limited to flooding, hurricanes, tornadoes, and earthquakes	Surveillance	1

Social (S)

General Issues	S Score	Sector-Specific Issues	Reference	S Scale
Human Rights, Community Relations, Access & Affordability	1	Risk-based pricing/repricing, social programs, services geared to underbanked/underserved communities and impact on accessibility and affordability	Surveillance	5
Customer Welfare - Fair Messaging, Privacy & Data Security	2	Compliance with consumer protection related regulatory requirements, such as fair/transparent lending, data security, and safety standards	Surveillance	4
Labor Relations & Practices	2	n.a.	n.a.	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Macroeconomic factors and sustained structural shifts in secular preferences affecting consumer behavior	Asset Quality; Pool Composition; Surveillance	1

Governance (G)

General Issues	G Score	Sector-Specific Issues	Reference	G Scale
Rule of Law, Institutional and Regulatory Quality	3	Jurisdictional legal risks; regulatory effectiveness; supervisory oversight; foreclosure laws; government support and intervention	Asset Isolation and Legal Structure; Asset Quality; Rating Caps; Surveillance	5
Transaction & Collateral Structure	3	Asset isolation; resolution/insolvency remoteness; legal structure; structural risk mitigants; complex structures	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Rating Caps; Surveillance	4
Transaction Parties & Operational Risk	3	Counterparty risk; origination, underwriting and/or aggregator standards; borrower/lessee/sponsor risk; originator/servicer/manager/operational risk	Asset Quality; Financial Structure; Operational Risk; Rating Caps; Surveillance	3
Data Transparency & Privacy	3	Transaction data and periodic reporting	Asset Isolation and Legal Structure; Asset Quality; Financial Structure; Surveillance	2
				1

How to Read This Page
ESG scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the individual components of the scale. The right-hand box shows the aggregate E, S, or G score. General Issues are relevant across all markets with Sector-Specific Issues unique to a particular asset class. Scores are assigned to each sector-specific issue. These scores signify the credit-relevance of the sector-specific issues to the transaction's or program's overall credit rating. The Reference box highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis.

The Credit-Relevant ESG Derivation table shows the overall ESG score. This score signifies the credit relevance of combined E, S and G issues to the transaction's or program's credit rating. The three columns to the left of the overall ESG score summarize the transaction's or program's sub-component ESG scores. The box on the far left identifies some of the main ESG issues that are drivers or potential drivers of the transaction's or program's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the score.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the Sustainability Accounting Standards Board (SASB).

CREDIT-RELEVANT ESG SCALE - DEFINITIONS

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant; a key transaction or program rating driver that has a significant impact on an individual basis.
4	Relevant to transaction or program ratings; not a key rating driver but has an impact on the ratings in combination with other factors.
3	Minimally relevant to ratings; either very low impact or actively mitigated in a way that results in no impact on the transaction or program ratings.
2	Irrelevant to the transaction or program ratings; relevant to the sector.
1	Irrelevant to the transaction or program ratings; irrelevant to the sector.

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent Rating Action Commentary for the relevant issuer, available on the Fitch Ratings website.