



Insight beyond the rating.

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DBRS Assigns Final Ratings to F.T.A. PYMES SANTANDER 4

Bloomberg: DBRS Assigns Final Ratings to FTA PYMES SANTANDER 4

Industry Group: Structured Credit

Sub-Industry: Collateralised Debt Obligations

DBRS Ratings Limited (“DBRS”) has today assigned final ratings to the Notes issued by F.T.A. PYMES SANTANDER 4 (“the Issuer”), as follows:

- EUR 2,252.5 million Series A Notes: A (high) (sf)
- EUR 397.5 million Series B Notes: BB (sf)
- EUR 530 million Series C Notes: C (sf)

The transaction is a cash flow securitisation collateralised primarily by a portfolio of bank loans originated by Banco Santander, S.A. to self-employed individuals and small-and medium-sized enterprises (“SMEs”) based in Spain. As of 13 November 2012, the transaction’s final portfolio included 27,298 loans to 24328 obligors totaling EUR 2,650 million.

The portfolio exhibits low obligor concentration although the exposure to the top obligor has increased from the provisional pool due to drawings made on credit lines. The top obligor and the largest 10 obligor groups represent 1.5% and 4.5% of the outstanding balance, respectively. The portfolio is well diversified across industry sectors and regions. The top three industries by NACE group are “wholesale and retail trade (27.0%)”, “Manufacturing” (23.0%) and “Construction” (8.2%). The combined exposure to the construction and real estate sectors of 14.5% is below the average seen in previous Spanish SME transactions. The top three regions are Madrid, Catalonia and Andalucía, representing about 20.0% 19.0% and 12.0% of the provisional pool balance, respectively.

These ratings are based upon DBRS’s review of the following analytical considerations:

- Transaction structure, the form and sufficiency of available credit enhancement.
 - At closing, the Series A Notes benefit from a total credit enhancement of 35% which DBRS considers to be sufficient to support the A(high)(sf) rating. The Series B benefits from a credit enhancement of 20% which DBRS considers to be sufficient to support the BB(sf)

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rating. Credit enhancement is provided by subordination and the Reserve Fund. In addition, the notes also benefit from available excess spread. *Insight beyond the rating.*

-- The Series C Notes have been issued for the purpose of funding the Cash Reserve Fund.
-- The Reserve Fund can start to amortise after the first two years if certain conditions – relating to the performance of the portfolio and deleveraging of the transaction – are met. The Reserve Fund cannot amortise below EUR 265 million.

- As of 13 November 2012, credit lines represented 36.6% of the portfolio's outstanding balance. This exposure to the credit lines could increase by an additional EUR 420 million if the clients use the credit lines to their maximum limits. Any future drawing on the credit lines would be funded firstly through the principal proceeds available on the Fund's accounts. If the principal proceeds are insufficient the fund can draw on a liquidity line provided by Banco Santander, S.A. The repayment of the liquidity line is senior to the payment of the Series A and Series B principal on the Priority of Payments. Future drawing on the credit lines may lead to an increase of the portfolio balance and result in the dilution of the credit enhancement available. This risk is partly mitigated by the short weighted average life of the credit lines and was taken into consideration in the DBRS analysis.

- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the approved terms. For this transaction, the provisional rating of the Series A Notes addresses the timely payments of interest, as defined in the transaction documents, and the timely payments of principal on each Payment Date during the transaction, and, in any case, at their Legal Final Maturities on 16 February 2036. The provisional rating of the Series B Notes addresses the ultimate payment of interest, as defined in the transaction documents, and the ultimate payment of principal on each Payment Date during the transaction, and, in any case, at their Legal Final Maturities on 16 February 2036. Interest and principal payments on the Notes will be made quarterly, generally on the 16th day of February, May, August and November, with the First Payment Date on 18 February 2013.

- The transaction parties' financial strength and capabilities to perform their respective duties, and the quality of origination, underwriting and servicing practices.

- Soundness of the legal structure and presence of legal opinions which address the true sale of the assets to the trust and the non-consolidation of the special purpose vehicle, as well as the consistency with the DBRS Legal Criteria for European Structured Finance Transactions.

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Insight beyond the rating.

- The rating of the Series C Notes is based upon DBRS's review of the following considerations:
 - The Series C Notes are in the first loss position and, as such, are highly likely to default.
 - Given the characteristics of the Series C notes as defined in the transaction documents, the default most likely would only be recognised at the maturity or early termination of the transaction.

DBRS determined key inputs used in our analysis based on historical performance data provided for the originator and servicer as well as analysis of the current economic environment. Further information on DBRS's analysis of this transaction will be available in a rating report on <http://www.dbrs.com>, or by contacting us at info@dbrs.com.

The principal methodology is Master European Granular Corporate Securitisations (SME CLOs), which can be found on www.dbrs.com.

The sources of information used for this rating include F.T.A. PYMES SANTANDER 4, Santander de Titulización, S.G.F.T., S.A. and Banco Santander, S.A. DBRS considers the information available to it for the purposes of providing this rating was of satisfactory quality.

For additional information on DBRS European SME CLO(s), please see European Disclosure Requirements, located at <http://www.dbrs.com/research/235269>.

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

Lead Analyst: Carlos Silva
Rating Committee Chair: Jerry van Koolbergen
Initial Rating Date: 13 November 2012

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Notes:

All figures are in Euro unless otherwise noted.

<u>Issuer</u>	<u>Debt Rated</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Trend Notes</u>
F.T.A. PYMES SANTANDER 4	Series A	Provisional Rating - Finalized	A(high) (sf)	--
F.T.A. PYMES SANTANDER 4	Series B	Provisional Rating - Finalized	BB (sf)	--
F.T.A. PYMES SANTANDER 4	Series C	Provisional Rating - Finalized	C (sf)	--

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