Presale Report
Santander Consumer Spain Auto 2021-1 FT

DBRS Morningstar
September 2021

Contents

Maria López
Senior Vice President
European Structured Credit
+34 919 036504
maria.lopez@dbrsmorningstar.com

Álvaro Astarloa
Assistant Vice President
European RMBS
+44 020 7855 6681
alvaro.astarloa@dbrsmorningstar.com

Anna Christy
Vice President
European Operational Risk
+44 020 3356 1568
anna.christy@dbrsmorningstar.com]

Paolo Conti
Senior Vice President
Head of European ABS
+44 020 7855 6627
paolo.conti@dbrsmorningstar.com

Christian Aufsatz
Managing Director
Head of European Structured Finance
+44 (0)20 7855 6664
christian.aufsatz@dbrsmorningstar.com

Ratings, Issuer's Assets, and Liabilities

Debt	Amount (EUR)[1]	Size/Subordination[2]	Coupon (%)	Rating	Rating Action	Rating Action Date
Series A Notes ES0305599005	507,300,000	87.4%/12.7%	Three-month Euribor + [ ]%	AA (low) (sf)	New Rating – Provisional	2 September 2021
Series B Notes ES0305599013	33,300,000	5.7%/6.9%	Three-month Euribor + [ ]%	A (sf)	New Rating – Provisional	2 September 2021
Series C Notes ES0305599021	23,000,000	4.0%/3.0%	Three-month Euribor + [ ]%	BBB (sf)	New Rating – Provisional	2 September 2021
Series D Notes ES0305599039	5,700,000	1.0%/2.0%	[ ]%	BBB (low) (sf)	New Rating – Provisional	2 September 2021
Series E Notes ES0305599047	5,700,000	1.0%/1.0%	[ ]%	BB (sf)	New Rating – Provisional	2 September 2021
Series F Notes ES0305599054	5,800,000	1.0%/--	[ ]%	Not Rated	N/A	N/A

1. As at the issue date.
2. The size of the tranche is scaled to the total issuance.
3. The cash reserve will be funded through the issuance of the Series F Notes.

Summary of Assets	Amount (EUR)
Receivable Portfolio[1]	575,000,000
Receivable Provisional Portfolio[2]	634,717,843
Cash Reserve[3]	5,800,000

1. As at the issue date.
2. Asset provisional portfolio principal outstanding as at 25 August 2021.
3. The cash reserve is fully funded through the issuance of the Series F Notes.

DBRS Ratings GmbH (DBRS Morningstar) assigned provisional ratings to the notes to be issued by Santander Consumer Spain Auto 2021-1 FT (the Issuer) as listed above.

Rating Considerations

- The notes are backed by EUR 575 million of financial receivables related to auto loan contracts originated by Santander Consumer Finance S.A. (SCF; the originator and servicer), granted to individuals and corporates residing in Spain for the purchase of new or used vehicles through SCF's car dealer network.
- All the receivables pay a fixed interest whereas the Series A, Series B, and Series C Notes pay three-month Euribor plus a margin. The Series D, Series E, and Series F Notes pay a fixed rate.
- An interest rate cap agreement with notional amounts corresponding to the Series A, Series B, and Series C Notes' balance is in place to mitigate interest rate risk arising from the mismatch between the asset portfolio and the Issuer's liabilities.

- The transaction benefits from a 15-month revolving period during which the Series A to Series E Notes (the Rated Notes) will not amortise (unless certain conditions are reached) and the Issuer will use the quarterly principal collections to purchase additional receivables that the originator may offer subject to eligibility criteria.
- The amortisation of the notes will start at the scheduled maturity of the revolving period in March 2023 or may start earlier if an early revolving period termination event occurs.
- During amortisation, the repayment of the notes will be pro rata among the Series A to Series E Notes until a subordination event occurs, at which point the amortisation of the notes will be fully sequential in strict order of subordination.
- The Series F Notes do not follow pro rata amortisation rules and they amortise on each payment date according to the Series F Notes Target Amortisation Amount.
- The Rated Notes benefit from a fully funded amortising cash reserve, which the Issuer can use to pay senior expenses and interest of these series of notes.

Strengths

- The originator, SCF, is an active and experienced originator and servicer in the Spanish consumer auto finance business.
- The transaction benefits from a EUR 5.8 million cash reserve, which provides credit support to the Rated Notes. At transaction closing, the cash reserve will be fully funded with proceeds from the subscription of the Series F Notes. The cash reserve is released with the amortisation of the notes based on some rules, with a floor at EUR 1.4 million. The cash reserve will be reduced to zero on the payment date when the Rated Notes can be fully redeemed.
- The EUR 634.7 million provisional portfolio (from which the EUR 575.0 million initial portfolio will be selected on or about the issue date) is about 18 months seasoned and very granular with 54,458 loans and 54,194 borrowers.
- Geographically, the portfolio is well diversified across Spain with the highest concentration in Andalusia representing 24.5% of the provisional portfolio by loan balance, followed by Catalonia at 12.0% and the Valencian Community at 10.6%.
- The portfolio yield is considerably higher than the transaction's senior expenses and the average yield on the notes, allowing the excess interest collections to flow through the priority of payments where they may be applied to offset credit losses.
- The transaction benefits from an effective hedging structure, which protects the Issuer from an increase in interest rates at a fixed cost, and the linkage to the eligible counterparty's financial strength is mitigated by downgrade provisions specified in the transaction documents.

Challenges and Mitigating Factors

- The assignment of additional receivables during the 15-month revolving period may alter the portfolio composition.
  Mitigants: Eligibility criteria and concentration limits restrict the assignment of additional receivables. Furthermore, performance triggers and other restrictions provided in the transaction documents may interrupt the revolving period before its scheduled maturity in case portfolio performance deteriorates or adverse events affect the Issuer, the structure, or the originator and servicer.
- The servicer manages the Issuer’s collections, which may be commingled within its own estate in case of insolvency.

Mitigants: The servicer is a financially strong banking institution and sweeps collections to the Issuer's accounts within a maximum of two business days from receipt. Furthermore, the fully funded reserve ensures that funds are available to pay senior expenses and interests on time. DBRS Morningstar considers the impact and likelihood of a commingling loss in accordance with its criteria and deems the risk to be commensurate with the ratings assigned.

- The transaction is expected to amortise pro rata until a sequential amortisation event occurs. As a result of the pro rata amortisation, the structure will not deleverage and the notes' ability to repay could be adversely affected in scenarios where defaults are backloaded or the sequential amortisation otherwise continues for longer than expected.
  Mitigants: The transaction benefits from certain mechanisms that will switch the amortisation to sequential, such as the loss ratio triggers being above a certain percentage of the initial portfolio amount. DBRS Morningstar considered these triggers in its analysis.
- The servicer retains the ability to modify some of the original terms of the loan agreements within specified limits, which could increase the risk profile and weighted-average (WA) life of the portfolio.
  Mitigants: The servicer's flexibility is common in balance sheet securitisations. Loan modifications to the portfolio of receivables are limited by the permitted variations in the transaction documentation. DBRS Morningstar stressed its cash flow assumptions to account for these permitted variations.

Key Transaction Parties

Roles[1]	**Entity**	**Ratings**[2]
Issuer	Santander Consumer Spain Auto 2021-1 FT	Not Rated
Originator and Seller	Santander Consumer Finance S.A.	DBRS Morningstar Private Rating
Servicer	Santander Consumer Finance S.A.	DBRS Morningstar Private Rating
Account Bank	Santander Consumer Finance S.A.	DBRS Morningstar Private Rating
Paying Agent	Banco Santander SA	A (high)/R-1 (middle)/Stable
Hedging Counterparty	Banco Santander SA	A (high)/R-1 (middle)/Stable
Management Company	Santander de Titulización S.G.F.T., S.A.	Not Rated
Arranger	Banco Santander SA	A (high)/R-1 (middle)/Stable

1. The list of counterparties may not be exhaustive. For a complete list, please refer to the transaction documents or the offering material.
2. Ratings represent Issuer Ratings or Senior Unsecured Debt Ratings (Long Term/Short Term) unless otherwise specified.

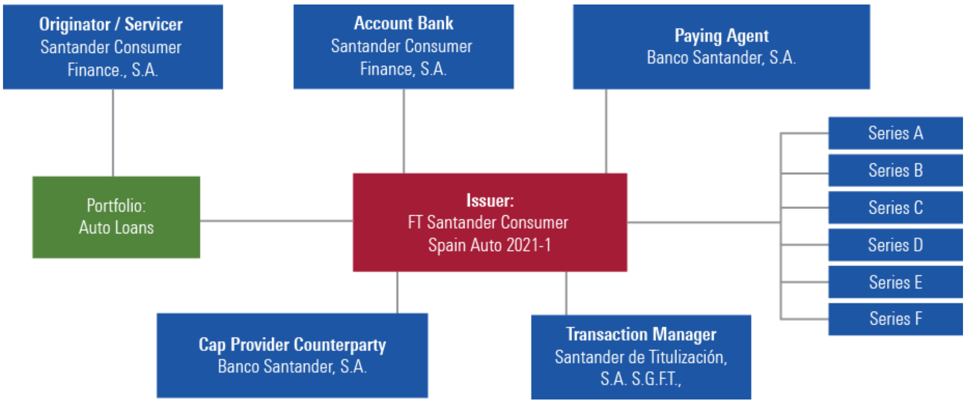
Relevant Dates and Periods

Issue Date	[30] September 2021
Initial Portfolio Cut-Off Date	[27] September 2021
First Payment Date	22 December 2021
Payment Dates/Periodicity	22th calendar day of March, June, September, and December.
Interest Period	Quarterly
Collection Period	Second business day after the payment date
Scheduled Revolving Period Expiry Date	22 December 2022
Legal Maturity Date	22 June 2035

Transaction Summary

Relevant Jurisdictions	The Issuer is incorporated under the laws of the Kingdom of Spain. Transaction documents are regulated by Spanish law, except the hedging agreement regulated by laws of England and Wales.
Assets	The notes will be backed by a pool of EUR 575 million of fixed-rate receivables regulated by Spanish law.
Currencies	Assets and liabilities are denominated in euros.
Hedging	The interest rate risk is mitigated by an interest rate cap agreement based on the notional of Series A, Series B, and Series C Notes balance.
Priority of Payments	The transaction features a single waterfall with commingled interest and principal funds and a target for repayment broadly corresponding to the positive difference between the notes and the portfolio plus the cash reserve.
Cash Reserve	The EUR 5.8 million reserve provides liquidity support over the life of the deal to cover any shortfall on the senior expenses and interest on the Series A to Series E Notes. Once the Series E Notes have fully amortised, the cash reserve will be reduced to zero.

Transaction Structure



Source: DBRS Morningstar.

This transaction represents the issuance of notes backed by a pool of receivables related to auto loans granted by SCF and subsequently assigned to the Issuer. SCF services the receivables on a mandate of the Issuer.

Available Funds and Their Use

The Issuer must apply the available collections made under the assets and other available funds towards the satisfaction of its creditors, including the noteholders, in a specific order or priority outlined in the terms and conditions of the notes and other transaction documents.

The Issuer's principal source of funds are the collections made under the portfolio, including other ancillary amounts payable in connection with the portfolio by the originator or by other parties. Available collections include:

- Payment of principal and interest by borrowers or guarantors under the receivables.
- The purchase price of receivables, which the Issuer or the servicer may have sold (when permitted by the transaction documents) or the originator may have repurchased.
- Indemnities paid or payable to SCF by insurance companies in connection with policies related to the receivables and validly assigned to the Issuer by SCF, if any.

- Recoveries made under defaulted receivables (including sale or repurchase of defaulted receivables).
- Indemnities payable by SCF as the portfolio originator, including indemnification for breach of representations and warranties not cured or curable with the repurchase of the receivables.

Other funds available to the Issuer include amounts such as:

- The cash reserve.
- Payments received by the cap provider, if any.
- Any interest earned on the Issuer's accounts or revenue from eligible investments, if any.

Prior to liquidation, the Issuer pays the transaction parties and the noteholders on set dates according to the following priority of payments:

Priority of Payments

1. Taxes and senior expenses;
2. Replacement cap premium, if necessary;
3. Payment to the cap provider counterparty, if the interest rate cap provider is not a defaulting party;
4. Interest on the Series A Notes;
5. Interest on the Series B Notes;
6. Interest on the Series C Notes;
7. Interest on the Series D Notes;
8. Interest on the Series E Notes;
9. Replenishment of the cash reserve up to its target amount;
10. Interest on the Series F Notes;
11. Payment of the principal target redemption amount (A) During the revolving period: purchase of additional receivables and any excess of it will be deposited into the Issuer's accounts up to 5% of the outstanding amount of the Rated Notes (any excess is released under item B) and (B) After the revolving period: Pro rata amortisation of the Rated Notes unless a subordination event happens, in which case amortisation of the notes will be fully sequential, a subordination event cannot be cured, and sequential amortisation will remain sequential along the life of the transaction;
12. Payment of interest on the subordinated loan:
13. Payment of principal of the subordinated loan;
14. Series F Notes target amortisation amount, until the Series F Notes are fully redeemed;
15. Payment to the cap provider counterparty, if the interest rate cap provider is a defaulting party; and
16. Any financial intermediation margin to the seller.

The **principal target redemption amount** means the minimum of:

1. The difference between:
    a. The principal amount outstanding of the Series A to Series E Notes,
    b. The aggregate of the outstanding balance of the nondefaulted receivables, and
2. The available funds, following the priority of payments.

Amortisation of the Rated Notes occurs on a pro rata basis unless a subordination event occurs. Amortisation of the Series F Notes is subordinated to the Rated Notes' amortisation.

Considering the amortisation amount, each series of Rated Notes (Series A to Series E) will amortise according to its current weight in the structure, then for each series of Rated Notes, the pro rata target amortisation amount is the amount equal to the principal target redemption amount multiplied by the pro rata redemption ratio of each series of Rated Notes.

The Series F Notes amortise according the Series F Notes target amortisation amount, which is an amount equal to the minimum of:

1. 10% of the initial balance of the Series F Notes and
2. The available funds, following the priority of payments.

After the occurrence of a subordination event, the amortisation of the notes becomes fully sequential and the principal redemption amount will be used to first amortise the Series A Notes in full and then the Series B Notes. The process will then be repeated for the remaining series of Rated Notes.

The subordination events are summarised below:

1. An insolvency event occurs in respect of the originator; or
2. The cumulative loss ratio is higher than:
    a. 0.45% on 22 December 2021;
    b. 0.75% on 22 March 2022;
    c. 1.05% on 22 June 2022;
    d. 1.35% on 22 September 2022;
    e. 1.55% on 22 December 2022;
    f. 1.95% from 22 March 2023;
    g. 2.15% from 22 June 2023;
    h. 2.35% from 22 September 2023;
    i. 2.55% from 22December 2023 to June 2025;
    j. 2.85% from 22 September 2025; or
3. The cumulative defaulted receivables are equal to or higher than 100% of the sum of the outstanding principal amount of the Series D Notes, Series E Notes, and Series F Notes on the closing date; or
4. The outstanding balance of one borrower represents more than 2.0% of the outstanding balance of the portfolio; or
5. The seller breaches any of its obligations under any transaction document (unless such default is remedied within five business days); or
6. The servicer is replaced; or
7. An interest rate cap provider downgrade event occurs and none of the remedies provided for in the interest rate cap agreement are put in place on time;
8. A cleanup call event occurs; or
9. A seller's call option occurs.

Cumulative loss ratio means the ratio between:

1. The sum of the outstanding balance of all the defaulted receivables from the closing date, reduced by the amount of principal recoveries with respect to the defaulted receivables, and
2. The initial and additional portfolio balance.

Defaulted receivable means any receivable that is more than 90 days overdue or the servicer considers the relevant borrower is unlikely to pay the instalments under the loans as they fall due.

Cash Reserve	
Initial Amount	EUR 5,800,000 Corresponding to 1.0% of the collateralised notes
Current Status	Fully funded
Funding Mechanism	Proceeds of subscription of the Series F Notes
Application	To the priority of payments to cover items (1) to (8) listed above
Target Amount	At closing date, equal to EUR 5,800,000 On each payment date the higher of: 1. 0.25% of the initial balance of the Series A to Series E Notes or 2. 1.00% of the outstanding balance of Series A to Series E Notes. The cash reserve will not amortise if (1) on the previous payment date the cash reserve has not been funded up to the cash reserve target level, or (2) a subordination event occurs. Reduces to zero on the payment date when the Rated Notes can be repaid in full
Released Amount Paid to	Priority of payment
Type of Support	Liquidity support during the life of the transaction

Hedging Structure	
Hedging Instrument	Interest Cap Agreement
Counterparty	Banco Santander SA
Notional	Outstanding balance of the Series A, Series B, and Series C Notes
Strike Rate	0.5%
Upfront payment	The issuer will pay a premium at closing to the interest rate cap provider

Revolving Period

During the initial 15 months, the notes do not amortise and the Issuer will use part of its funds (limited to the principal redemption amount) to purchase additional receivables that the originator may offer subject to eligibility criteria, concentration limits, and performance triggers.

If the principal redemption amount, entirely or in part, is not applied to purchase receivables, the Issuer must retain the remainder in the principal account up to an amount equal to 5.0% of the Rated Notes. If there is an excess of that amount, then it will be used to amortise the Rated Notes on a pro rata basis.

The additional receivables must meet certain eligibility criteria and concentration limits (see below). Furthermore, revolving may stop earlier than scheduled if the following events occur:

- The occurrence of a subordination event (see above);
- The outstanding balance of the nondefaulted receivables is less than 75.0% of the principal amount outstanding of the notes;
- There are changes in tax regulations such that the assignment of additional receivables becomes excessively onerous to SCF;

- The audit reports on the seller's annual accounts show qualifications which, in the opinion of the Spanish regulator, Comisión Nacional del Mercado de Valores, could affect the additional receivables.

Excess Spread Usage

As at the provisional portfolio cut-off date, excess spread is available to the transaction due to the difference between the WA interest rate of the portfolio being equal to 6.2% and the initial liability costs of the transaction. DBRS Morningstar estimates that this would initially equal approximately 5.3%. According to the pre-enforcement priority of payments, surplus revenue collections are allocated to cure principal deficiencies applicable to the collateralised notes and to replenish the reserve account before being made available to pay principal on the Class F Notes.

Liquidation of the Issuer

Upon the occurrence of certain events under the transaction documents, a trigger notice is delivered to the Issuer. Upon delivery of such notice, the Issuer's available funds are distributed in accordance with a modified priority of payment, as summarised below, and the Issuer is liquidated.

Following an early liquidation event or in case of optional redemption of the notes or redemption for taxation of the notes, the priority of payments will change as follows:

Priority of Payments

1. Taxes and senior expenses;
2. Payment of the replacement cap premium, if applicable;
3. Payment to the cap provider if the cap provider is not a defaulting party;
4. Interest on the Series A Notes;
5. Principal on the Series A Notes;
6. Interest on the Series B Notes;
7. Principal on the Series B Notes;
8. Interest on the Series C Notes;
9. Principal on the Series C Notes;
10. Interest on the Series D Notes;
11. Principal on the Series D Notes;
12. Interest on the Series E Notes;
13. Principal on the Series E Notes;
14. Interest on the Series F Notes;
15. Principal on the Series F Notes;
16. Payment of interest on the subordinated loan;
17. Payment of principal of the subordinated loan;
18. Payment to the cap provider if the cap provider is a defaulting party; and
19. Any financial intermediation margin to the seller.

Optional Redemption

Starting from the date in the portfolio when the outstanding principal is equal to or lower than 10% of the residual amount of the initial portfolio, the seller has the option to repurchase all the assigned receivables provided that the proceeds of such purchase together with the other available funds are sufficient to fully redeem the Rated Notes and pay any expenses and interests thereon.

The seller will also have the option to request the management company to redeem Series B to Series F if a change in law, or regulation, or communication made by a regulatory or supervisory authority could affect to the return on the capital of the Fund or increase considerably the cost (regulatory call event).

Lastly, the seller could ask the management company to redeem the notes if due to changes in taxation law or accounting provisions, the Issuer could be materially affected.

The Asset Portfolio

Assets backing the notes comprise financial receivables related to loans for the acquisition of new or used vehicles granted by SCF to individuals and companies resident in Spain.

Asset Portfolios	
Contract Type	Auto loans
Borrower Type	Individuals and companies resident in Spain
Security Type	Unsecured
Interest Rate	The total portfolio is fixed interest rate loans

DBRS Morningstar analysed the EUR 637.7 million provisional portfolio selected by SCF as at 25 August 2021 and from which the EUR 575 million initial portfolio will be assigned to the Issuer on the issue date. The characteristics of the provisional portfolio are as follows:

Portfolio Type	Provisional Portfolio
Total Principal Amount (EUR)	334,717,843
Number of Contracts	54,458
Number of Borrowers	54,194
Average Principal Amount by Contract (EUR)	11,712
Average Principal Amount by Borrower (EUR)	11,655
Weighted-Average (WA) Term (months)	66
WA Seasoning (months)	18
WA Coupon (%)	6.2%
WA Internal Probability of Default (%)	1.6%
New/Used Cars (%)	29.6%/70.4%
Borrower; Companies (%)	2.0%
Largest Region (%)	24.5%
Top 3 Regions (%)	49.1%

The initial portfolio will be assigned on or about the issue date that the originator selected from the receivables comprising the provisional portfolio. DBRS Morningstar deems the provisional portfolio representative of the initial portfolio and figures included in this report refer to the provisional pool, unless otherwise specified.

Eligibility Criteria and Concentration Limits

During the revolving period, the portfolio composition can change subject to the eligibility criteria and concentration limits set out in the transaction documents as summarised below.

Individual Requirements

- The obligors are natural or legal residing in Spain and are not employees, officers, or directors of the originator.
- Loans have been granted for the purpose of financing the acquisition of new or used vehicles.
- The principal amount of the loan does not exceed the purchase value of the financed vehicle plus, where appropriate, the financing of formalisation or insurance costs related to the transactions.
- None of the loans is derived from debt refinancings.
- The loans are denominated in euros.
- Payments under the loans are made by direct debit.
- The loan principal has already been fully drawn down.
- At the transfer date, borrowers have paid at least one instalment.
- All loans accrue interest at a fixed interest rate, which is not lower than 3.95% annually.
- All loans pay constant amortisation on a monthly basis.
- There are no loans in arrears.
- No loans were granted (origination date) to unemployed borrowers.
- The regulatory probability of default (PD) is not higher than 4%.
- No loans are under Coronavirus Disease (COVID-19) moratoriums.

Concentration Limits

- Loans granted for the acquisition of used vehicles is a maximum of 80.0% of the portfolio balance.
- The outstanding balance of the receivables corresponding to the same borrower does not exceed 0.05% of the portfolio.
- Loans granted to companies could represent up to 8.0% of the portfolio balance.
- The maximum WA remaining term is 72 months.
- Loans with a term longer than 96 months could represent up to 18.5% of the portfolio balance.
- Maximum concentration in the Top 1 Autonomous Community is 30.0%.
- Maximum concentration in the Top 3 Autonomous Communities is 60.0%
- Loans with an outstanding balance of more than EUR 50,000 do not exceed 1.5%.
- The WA interest rate of the portfolio will be at least 5.8%.
- Loans granted to self-employed borrowers could represent up to 18.0% of the portfolio balance.

Originator and Servicer Review

DBRS Morningstar conducted an operational review of Santander Consumer Finance, S.A.'s (SCF or the bank) Spanish auto loan operations in Madrid, Spain, via telephone in June 2020. DBRS Morningstar considers SCF's origination and servicing practices to be consistent with those observed among other Spanish lenders.

SCF is headquartered in Madrid and is a subsidiary of Banco Santander SA. SCF was established in 1963 as Banco de Fomento, SA and was later officially renamed to SC EFC. On 30 July 2020, SC EFC and SCF announced a proposal whereby SCF was to absorb SC EFC and all its assets and liabilities. The absorption proposal was subject to authorisation by the Spanish Ministry of Economic Affairs and Digital Transformation and the Bank of Portugal´s nonobjection to the change in the chain of control of Banco Santander Consumer Portugal SA because of the acquisition by SCF, and other approvals relevant to continuation of SCF's activities in Greece. The approvals were obtained in December 2020.

SCF is a leading global finance company operating in 15 European countries. As at the end of March 2020, it had more than 15,000 employees and provided consumer finance products and services to more than 20 million customers and 130,000 point of sale partners. SCF is led by an experienced senior management team.

Santander is a leading retail and commercial bank, founded in 1857 and headquartered in Spain. It has a meaningful market share in 10 core markets in Europe and the Americas and is the largest bank in the Euro zone by market capitalisation. At the end of March 2020, Santander had EUR 935 billion in customer funds (deposits and mutual funds), 146 million customers, 11,902 branches, and 194,000 employees.

DBRS Morningstar does not publicly rate SCF, although Banco Santander is publicly rated by DBRS Morningstar at A (high). For more information on Banco Santander, please see www.dbrsmorningstar.com.

Origination and Underwriting

Origination and Sourcing

SCF offers vehicle financing facilities to individuals, and small and medium-size enterprises (SMEs) for new and used cars, motorbikes and commercial vehicles, in addition to providing financing for durables and revolving cards.

SCF has agreements with most of the main dealers in Spain to finance new and used cars, both private and commercial. SCF also has arrangements several car manufacturers and collaborates with them to increase their brand's sales and its own penetration rates. SCF has developed products to support customer loyalty such as private rental contracts and trade cycle management.

SCF also has the largest dealer network in Spain comprising 6000 dealerships managed by a commercial team of 400 people across 56 branches and 57 agencies. In recent years there has been more focus on financing used vehicles although most of the portfolio is finance for new vehicles

Underwriting Process

The dealer acts as the finance agent for SCF and enters into a general broker agreement. Dealers submit applications to SCF through FICRES, a proprietary platform which is used to process applications and communicate between dealers and SCF. Applications are reviewed through a decision engine which applies policy rules and scoring. The process considers internal data, credit bureau records and fraud checks and in 91.69% of cases decisions for new cars – Individuals – on whether to grant credit are made automatically. For used cars, the automated approval rates reduce to 86.28%, while self-employed borrowers have an average approval rate of 74.58% for both new and used cars. Finally, the automated approval rate for SMEs is approximately 31.55%.

For the purposes of credit scoring, SCF uses models which consider different variables such as marital status, profession, age, historical experience with SCF amongst others. Different scorecards are in place for each product. Models are updated annually and approved for regulatory capital requirements by the Bank of Spain and the European Central Bank.

During the credit scoring process the applicant receives points per variable according to the SCF policy. All results are computed, and the output gives SCF a prediction of the risk of granting a loan to the applicant.

Cases which are not decided automatically are referred to the centralised Operation Decision Unit (ODU) for manual review by a team of experienced analysts. The ODU are required to undertake reviews within time frames agreed upon in service level agreements, on average applications from individuals are reviewed in 12 minutes while those from SMEs are reviewed in 1.5 hours. If an application is approved the Documentation Review Unit will undertake data verification and document checks.

The outcomes of applications are communicated to the originating dealer which then advise the applicants. If the application is approved and the data and document checks are successful, the dealer arranges the signing of the contract and submits it to SCF for the finance to be paid out.

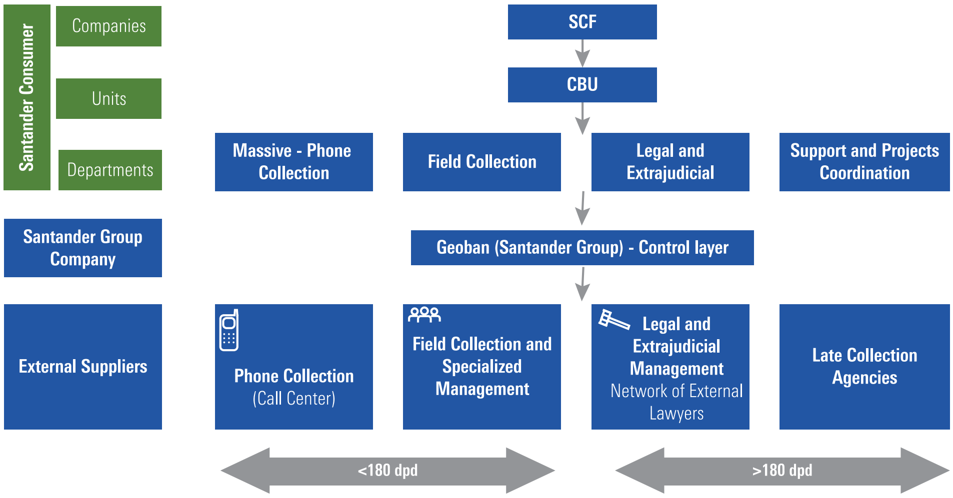
Strengths

- Major Spanish primarily noncaptive auto loan lender.
- Experienced senior management and underwriting teams in place.
- Good use of technology to automate and standardise decision making.
- Good risk management framework employing the three-lines-of-defence model.

Servicing

Servicing is centralised in Madrid including all general administrative activities and customer service, customer service is heavily automated due to the standardised nature of the product. On receipt of a signed contract SCF will arrange for the loan to be paid out. Nearly all payments are made by direct debit, consistent with the wider Spanish market. Payments are also processed by the back office, together with the registration and processing of after-sales insurance. The bank also uses a robust workflow and document management systems to administer performing loans.

If an account falls into arrears, the Commercial Business Unit (CBU) is responsible for designing collections and recoveries strategies. The accounts are managed by a Santander group company – SGO (Santander Group) Control Layer, which outsources collections activities to external suppliers where necessary.



Source: DBRS Morningstar.

The Phone collection team defines, develops and implements control of strategies during the early recovery phase. Defines objectives to external suppliers at each stage of the process and monitors the economic results.

Field Collection and Specialised Management – coordinates and monitors the recovery management of the network of field collectors. Defines the objective of campaigns and by stages and monitors activity.

Pre-Legal, Legal, and Extrajudicial Management – coordinates and monitors the recovery management for accounts over 180 days past due (DPD). Controls and monitors Legal Collection Agencies and defines campaigns.

Recovery activities are carried out by a panel of debt collection agencies which are managed by SGO using the Tallyman system. When an account first falls into arrears it is identified by Tallyman and automatically sent to an external agent to start calling the customer with the aim of making an arrangement for clearance of the arrears. If this is unsuccessful, then at specific stages of the process Tallyman will assign the account to field collectors or specialised management who will look for a solution to the outstanding debt employing measures such as discounted payoffs (DPO), recovery of the vehicle or restructuring of the agreement.

If the account is not resolved it goes through a termination process whilst collection efforts continue. At 180 DPD an account is classified as delinquent and Tallyman will transfer it to a judicial workflow or an external recovery company depending on the outstanding balance. SCF engages a panel of external lawyers to manage the judicial process, but its strategy is to continue to try to settle out of court, so the lawyers are encouraged to facilitate this.

SCF's main objective throughout the recovery process is to work with customers to find the best possible solution for both parties without recourse to judicial action. SCF demonstrates strong control over the third parties engaged during the process through constant monitoring of performance and regular audits.

Strengths

- Majority of payments made via direct debit.
- Good oversight of third parties engaged in the recovery process.
- Good use of technology to manage allocation of accounts and monitor performance.

Rating Analysis

Historical Performance Data and Portfolio Information

DBRS Morningstar was provided with historical static data for loans originated by SCF as follows:

- Quarterly static default data from Q1 2013 to Q2 2021 for SCF total auto pool, split between loans granted to finance new and used vehicles. Information was provided based on the 90+-day default definition, according the default definition of the transaction receivables.
- Quarterly static default data from Q1 2013 to Q2 2021 for SCF auto pool with an internal regulatory PD up to 4.0%, split between loans granted to finance new and used vehicles. Information was provided based on the +90-day default definition, according the default definition of the transaction receivables.
- Quarterly static recovery data from Q1 2013 to Q2 2021 for SCF's total auto pool, split between loans granted to finance new and used vehicles. Information was provided based on 90+-day default definition according the default definition of the transaction receivables.

The collateral portfolio information provided to DBRS Morningstar includes:

- Detailed stratification tables related to the asset portfolio selected by SCF as at 25 August 2021 and
- Loan-by-loan portfolio selected by SC EFC as at 25 August 2021.

Counterparty Review

Issuer Name	Santander Consumer Spain Auto 2021-1 FT
Incorporation	A special-purpose vehicle (SPV), incorporated and registered in the Kingdom of Spain as a securitisation fund (Fondo de Titulización) through a public deed (Escritura de Constitución). It will be executed on [*] September 2021.
Isolation Framework	Law 15/2015 is the main framework for securitisation regulation in Spain.
Bankruptcy remoteness	The SPV was established with the exclusive purpose to enter into securitisation transactions. Within the scope of its role, it is permitted to purchase receivables, issue securitisation notes, enter into relevant transaction documents, and carry out activities related to securitisation transactions.

The Issuer has no subsidiaries or employees and has not conducted any business or activities other than those incidental to its incorporation, authorisation, and other activities incidental to the exercise of its rights and compliance with its obligations under the transaction. The Issuer does not directly conduct any activity and thus has no employees of its own; however, it appointed the transaction parties to conduct all activities necessary to its existence and the management of this securitisation transaction.

Pursuant to the terms of the transaction documents, the management company (Sociedad Gestora), Santander de Titulización, S.G.F.T., S.A., will provide direction and other corporate and administration services to the Issuer in exchange for an annual fee that the Issuer paid. Likewise, the Issuer has mandated the other transaction parties to conduct all the activities necessary to enable the continuation of this transaction.

Account Bank

SCF has been appointed as the Issuer's account bank for the transaction. DBRS Morningstar privately rates SCF and has concluded that it meets DBRS Morningstar's minimum criteria to act in its capacity as the account bank.

The transaction contains downgrade provisions relating to the account bank consistent with DBRS Morningstar's criteria as at the date of this report. The downgrade provisions require that SCF is replaced as the account bank upon a breach of certain rating provisions. If the account bank's applicable DBRS Morningstar rating is downgraded below BBB (high), then within 60 days, the management company on behalf of the fund would need to find a replacement with a minimum DBRS Morningstar account bank rating of BBB (high).

The account bank holds the Issuer's accounts where the Issuer deposits all its funds, particularly its main account, the treasury account, which holds (1) principal collections), (2) interest collections, (3) any other revenue directly or indirectly derived from the assigned receivables, and (4) the cash reserve and the funds required to pay the Issuer's setup expenses that SCF provided on the settlement date through the subordinated loan.

The principal account will hold the principal target redemption amount available funds that are not used to purchase Additional Receivables throughout the revolving period, up to an amount representing 5.0% of the outstanding balance of the Rated Notes.

The interest rate cap collateral account holds any cash collateral to be posted by the interest rate cap collateral provider under the interest rate cap collateral agreement.

The management company has entered into a paying agency agreement with Santander on behalf of the Issuer. The paying agent executes the payment instructions from the management company, required to make Issuer payments. The paying agent calculates the amount due and payable.

Hedging Counterparty

Santander is the appointed transaction hedging counterparty. DBRS Morningstar publicly rates Santander (see ratings in the table below) and has concluded that Santander meets its minimum requirements to act in this role. The transaction documents contain downgrade provisions with respect to the hedging counterparty consistent with DBRS Morningstar's criteria to date.

Banco Santander SA

Debt	Long-Term Rating	Trend	Short-Term Rating	Trend
Issuer Rating	A (high)	Stable	R-1 (middle)	Stable
Senior Debt	A (high)	Stable	R-1 (middle)	Stable
Non-Preferred Debt	A	Stable	R-1 (middle)	Stable
Subordinated Debt	A (low)	Stable	R-1 (middle)	Stable
Deposits	A (high)	Stable	R-1 (middle)	Stable
Critical Obligations	AA (low)	Stable	R-1 (middle)	Stable
Review Date	1 October 2020			

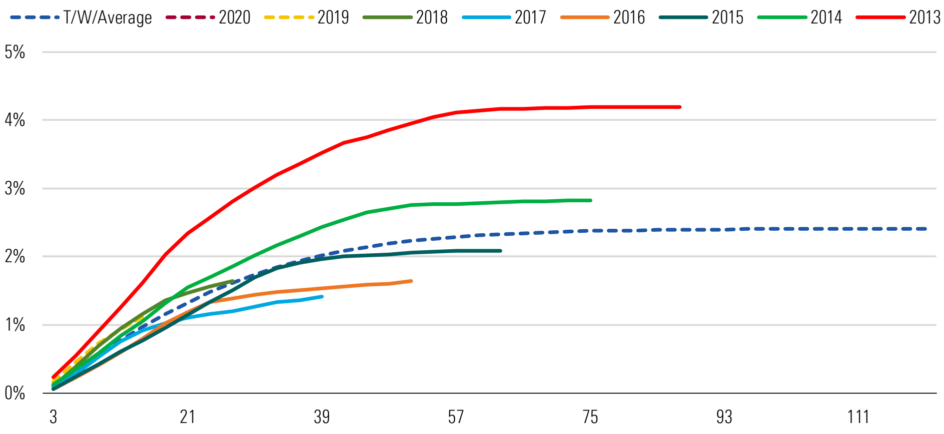
Default and Recovery Analysis

DBRS Morningstar analysed all sets of information and concluded that the historical data from loans with an internal PD up to 4.0% behaved better. DBRS Morningstar then considered the seller's positive selection of the portfolio. DBRS Morningstar decided to give credit to this data, but will give only a 50.0% credit in respect of the consumer loan portfolio data. As per transaction documents, the default definition is based on 90+ days what match with historical data provided by SCF.

Default Information for New Auto Loans with Internal PD Lower than 4.0% (90+ Days)

After considering the quality and trend of the data, DBRS Morningstar assumed a base case lifetime default for loans granted for new vehicle acquisition with a positive selection of 3.94%.

Exhibit 1 New Auto Loans Defaults

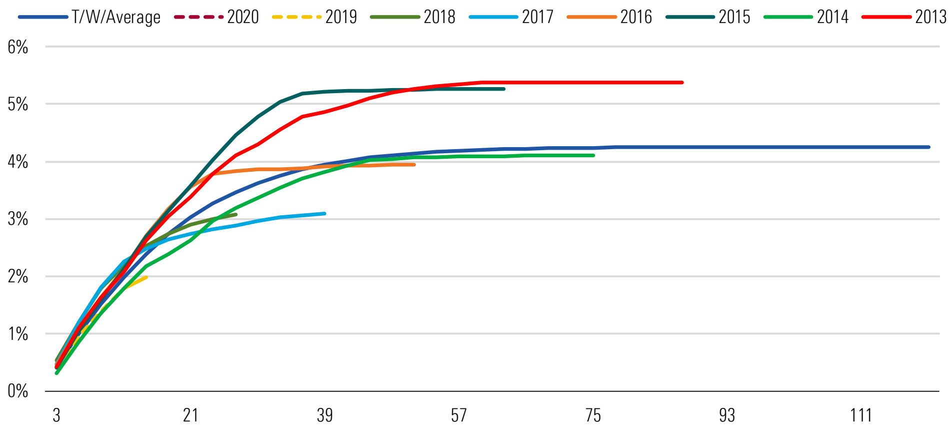


Source: DBRS Morningstar.

Default Information for Used Auto Loans with Internal PD Lower than 4.0% (90+ Days)

After considering the quality and trend of the data, DBRS Morningstar assumed a base case lifetime default for loans granted for used vehicle acquisition with a positive selection of 6.70%.

Exhibit 2 Used Auto Loans Defaults

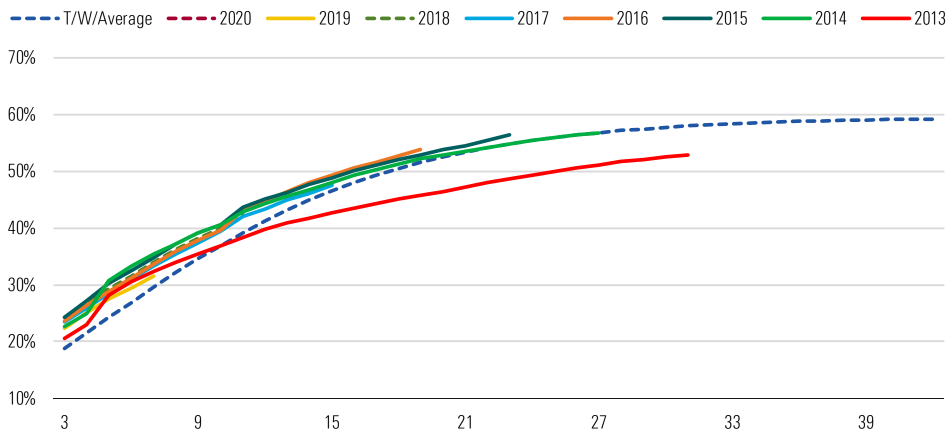


Source: DBRS Morningstar.

Recoveries Information for New Auto Loans (90+ Days)

After considering the quality and trend of the data, DBRS Morningstar assumed a base case lifetime recovery rate for loans granted for new vehicle acquisition with a positive selection of 59.00%.

Exhibit 3 New Auto Loan Recoveries

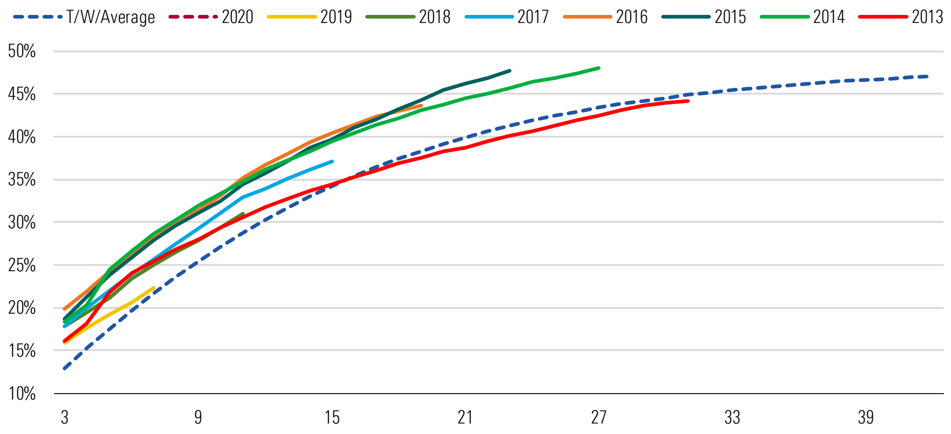


Source: DBRS Morningstar.

Recoveries Information for Used Auto Loans (90+ Days)

After considering the quality and trend of the data, DBRS Morningstar assumed a base case lifetime recovery rate for loans granted for used auto acquisition with a positive selection of 48.50%.

Exhibit 4 Used Auto Loan Recoveries



Source: DBRS Morningstar.

DBRS Morningstar made the following assumptions:

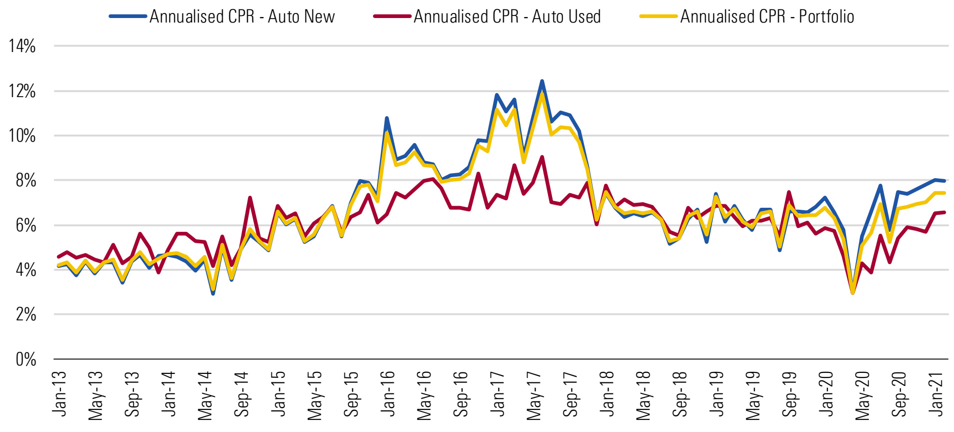
- The worst-case portfolio distribution according to the eligibility criteria:
  - 20.0% new vehicle loans; 80.0% used vehicle loans.
- DBRS Morningstar applied a 5.0% haircut on the base case recovery rate considering that used vehicles will suffer a drop on the sale price.
- To give credit of 50.0% to the positive selection of the portfolio PD up to 4.0%.
- The gross loss and base case recovery rate DBRS Morningstar used in its analysis are 6.14% and 48.07%, respectively.

Rating	Cumulative Default Rate (%)	Recovery Rate (%)
[AA (low) (sf)]	19.85%	32.69%
[A (sf)]	15.35%	35.25%
[BBB (sf)]	10.75%	39.10%
[BBB (low) (sf)]	9.93%	40.38%
[BB (sf)]	8.29%	42.94%

Prepayment Analysis

SCF provided the prepayment data for its auto loan portfolio and the information was split between new vehicles, used vehicles, and total portfolio. The behaviour of new and used vehicles looks very uniform and similar, except for the period between Q4 2015 and Q4 2017 where prepayments for new cars declined drastically.

Exhibit 5 Prepayments



Source: DBRS Morningstar.

DBRS Morningstar has stressed prepayment rates from 0% to 20%, in line with the assumptions made for similar transactions in the Spanish consumer loan market.

Other Risks

Permitted Variations in Securitised Loans

Per the servicing agreement, the servicer is allowed to modify loan contracts within the portfolio aside from the good servicing practices defined by the Bank of Spain. These modifications can be made without the management company's consent and are subject to the following limitations:

- Interest Rate Renegotiations:
    - The interest rate on a loan shall not decrease if the WA interest rate of the overall portfolio is below 5.80%;
    - The minimum interest rate per loan will be 3.95%.
- Maturity Extensions:
    - The maturity of the loan can be extended up to 2 June 2032;
    - Frequency of payment and amortisation method must remain the same or higher.

The maximum amount that may be modified regarding interest rate or maturity extension will represent 10.0% of the initial portfolio balance.

DBRS Morningstar considers these changes in the cash flow model to stress the worst-case portfolio. DBRS Morningstar applies a yield compression on the portfolio´s interest rate per rating level, taking into consideration the stressed default and base constant prepayment rates.

Cash Flow Analysis

DBRS Morningstar's cash flow assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds, and interest rates. Based on a combination of these assumptions, DBRS Morningstar applied a total of 18 cash flow scenarios to test the performance of the Rated Notes.

Scenario	Prepayments	Default Timing	Interest Rate
1	Low	Front	Upward
2	Low	Middle	Upward
3	Low	Back	Upward
4	Base	Front	Upward
5	Base	Middle	Upward
6	Base	Back	Upward
7	High	Front	Upward
8	High	Middle	Upward
9	High	Back	Upward
10	Low	Front	Downward
11	Low	Middle	Downward
12	Low	Back	Downward
13	Base	Front	Downward
14	Base	Middle	Downward
15	Base	Back	Downward
16	High	Front	Downward
17	High	Middle	Downward
18	High	Back	Downward

Timing of Defaults

DBRS Morningstar estimated the default timing patterns and created front-, middle-, and back-loaded default curves. The WA life of the collateral portfolio is expected to be about three years and the front-, middle-, and back-loaded default distributions are listed below.

Period	Front-Loaded Losses	Middle-Loaded Losses	Back-Loaded Losses
1	50.00%	25.00%	20.00%
2	30.00%	50.00%	30.00%
3	20.00%	25.00%	50.00%

Interest Rate Stresses

DBRS Morningstar applied its standard interest rate stresses as detailed in its *Interest Rate Stresses for European Structured Finance Transactions* methodology (28 September 2020).

Risk Sensitivity

DBRS Morningstar expects that lifetime base case PD may cause stresses to base case assumptions and therefore have a negative effect on the credit ratings. The tables below illustrate the sensitivity of the ratings to various changes in the base case default rates and loss-severity assumptions relative to the base case assumptions that DBRS Morningstar used to assign the ratings.

Series A Notes

		Increase in Default Rate (%)		
		0	**25h**	**50**
Increase in Loss Given Default (%)	**0**	AA (low) (sf)	A (sf)	A (low) (sf)
	25	A (sf)	A (low) (sf)	BBB (sf)
	50	BBB (high) (sf)	BBB (sf)	BB (high) (sf)

Series B Notes

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in Loss Given Default (%)	**0**	A (sf)	BBB (high) (sf)	BBB (sf)
	25	BBB (sf)	BB (high) (sf)	BB (low) (sf)
	50	BB (sf)	BB (low) (sf)	B (sf)

Series C Notes

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in Loss Given Default (%)	**0**	BBB (sf)	BB (sf)	BB (low) (sf)
	25	BB (sf)	B (sf)	NR
	50	B (sf)	NR	NR

Series D Notes

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in Loss Given Default (%)	**0**	BBB (low) (sf)	BB (low) (sf)	B (sf)
	25	BB (low) (sf)	B (low) (sf)	NR
	50	B (low) (sf)	NR	NR

Series E Notes

		Increase in Default Rate (%)		
		0	**25**	**50**
Increase in Loss Given Default (%)	**0**	BB (sf)	B (sf)	B (low) (sf)
	25	B (sf)	NR	NR
	50	NR	NR	NR

Methodologies Applied

The principal methodology applicable to assign ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (3 September 2020). https://www.dbrsmorningstar.com/research/366294/rating-european-consumer-and-commercial-asset-backed-securitisations.

Other methodologies referenced in this transaction are listed below:

- *Rating European Structured Finance Transactions Methodology* (30 July 2021), https://www.dbrsmorningstar.com/research/382486/rating-european-structured-finance-transactions-methodology.
- *Legal Criteria for European Structured Finance Transactions* (29 July 2021), https://www.dbrsmorningstar.com/research/382171/legal-criteria-for-european-structured-finance-transactions.
- *Operational Risk Assessment for European Structured Finance Servicers* (19 November 2020), https://www.dbrsmorningstar.com/research/370270/operational-risk-assessment-for-european-structured-finance-servicers.
- *Operational Risk Assessment for European Structured Finance Originators* (30 September 2020). https://www.dbrsmorningstar.com/research/367603/operational-risk-assessment-for-european-structured-finance-originators.
- *Derivative Criteria for European Structured Finance Transactions* (24 September 2020), https://www.dbrsmorningstar.com/research/367092/derivative-criteria-for-european-structured-finance-transactions.
- *DBRS Morningstar Criteria: Approach to Environmental, Social and Governance Risk Factors in Credit Ratings* (3 February 2021). https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.
- *Interest Rate Stresses for European Structured Finance Transactions* (28 September 2020), https://www.dbrsmorningstar.com/research/367292/interest-rate-stresses-for-european-structured-finance-transactions.

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

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to Appendix C of The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings of the *Global Methodology for Rating Sovereign Governments* (9 July 2021) at: https://www.dbrsmorningstar.com/research/381451/global-methodology-for-rating-sovereign-governments.

Surveillance

DBRS Morningstar monitors the transaction in accordance with its *Master European Structured Finance Surveillance Methodology* (8 February 2021), which is available at www.dbrsmorningstar.com under Methodologies. Alternatively, please contact info@dbrsmorningstar.com.

About DBRS Morningstar
DBRS Morningstar is a full-service global credit ratings business with approximately 700 employees around the world. We're a market leader in Canada, and in multiple asset classes across the U.S. and Europe.

We rate more than 3,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

DBRS Morningstar is empowering investor success as the go-to source for independent credit ratings. And we are bringing transparency, responsiveness, and leading-edge technology to the industry.

That's why DBRS Morningstar is the next generation of credit ratings.

Learn more at dbrsmorningstar.com.

The DBRS Morningstar group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(EU CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(UK CRA, NRSRO affiliate, DRO affiliate). For more information on regulatory registrations, recognitions and approvals of the DBRS Morningstar group of companies, please see: https://www.dbrsmorningstar.com/research/225752/highlights.pdf.

The DBRS Morningstar group of companies are wholly-owned subsidiaries of Morningstar, Inc.