MOODY'S
INVESTORS SERVICE

Rating Action: Moody's Investors Service has assigned provisional ratings to three classes of Spanish RMBS notes to be issued by RMBS Santander 5

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Approximately EUR 1.34 billion of rated debt securities affected

Madrid, December 09, 2015 -- Moody's Investors Service has today assigned provisional ratings to three classes of notes to be issued by RMBS Santander 5:

....EUR 1,013.6M Serie A Notes, Assigned (P)A2 (sf)

....EUR 261.4M Serie B Notes, Assigned (P)Caa1 (sf)

....EUR 63.7M Serie C Notes, Assigned (P)Ca (sf)

The transaction is a securitisation of Spanish prime mortgage loans originated by Banco Santander S.A. (Spain) (A3 / P-2), Banco Español de Crédito, S.A. (Banesto) and Banco Banif, S.A.U (Banif) to obligors located in Spain. The portfolio consists of high Loan To Value ("LTV") mortgage loans secured by residential properties including a high percentage of renegotiated loans (29.5%).

The rating addresses the expected loss posed to investors by the legal final maturity of the notes. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal for the Serie A notes and the ultimate payment of principal for the Serie B and C notes by the legal final maturity. Moody's ratings only address the credit risk associated with the transaction. Other non credit risks have not been addressed, but may have a significant effect on yield to investors.

Moody's issues provisional ratings in advance of the final sale of securities, but these ratings only represent Moody's preliminary credit opinion. Upon a conclusive review of the transaction and associated documentation, Moody's will endeavour to assign definitive ratings to the Notes. A definitive rating may differ from a provisional rating. Moody's will disseminate the assignment of any definitive ratings through its Client Service Desk. Moody's will monitor this transaction on an ongoing basis. For updated monitoring information, please contact monitor.rmbs@moodys.com.

RATINGS RATIONALE

RMBS Santander 5 is a securitization of loans granted by Banco Santander S.A. (Spain) (A3 / P-2), Banesto and Banif to Spanish individuals. Banco Santander S.A. (Spain)is acting as Servicer of the loans while Santander de Titulización S.G.F.T., S.A. is the Management Company ("Gestora").

The ratings of the notes take into account the credit quality of the underlying mortgage loan pool, from which Moody's determined the MILAN Credit Enhancement and the portfolio expected loss.

The key drivers for the portfolio expected loss of 10.5% are (i) benchmarking with comparable transactions in the Spanish market via analysis of book data provided by the seller, (ii) the very high proportion of renegotiated loans in the pool (29.5%), and (iii) Moody's outlook on Spanish RMBS in combination with historic recovery data of foreclosures received from the seller.

The key drivers for the 27% MILAN Credit Enhancement number, which is higher than other Spanish HLTV RMBS transactions, are (i) renegotiated loans represent 29.5% of the portfolio and 11.2% of the pool corresponds to loans in principal grace periods; (ii) the proportion of HLTV loans in the pool (33% with current LTV > 80% based on original valuations) with Current Weighted Average LTV of 105.4% (based on revaluations as from 2013); (iii) approximately 12.6% of the portfolio correspond to self-employed debtors; (iv) 53% of the loans have been in arrears at least once since the loans was granted (v) weighted average seasoning of 6.28 years and (vi) the geographical concentration in Madrid (24.4%) and Andalusia (19.0%).

According to Moody's, the deal has the following credit strengths: (i) sequential amortization of the notes (ii) a reserve fund fully funded upfront equal to 5% of the Serie A and B notes to cover potential shortfall in interest and principal. The reserve fund may amortise if certain conditions are met.

The portfolio mainly contains floating-rate loans linked to 12-month EURIBOR, and most of them reset annually; whereas the notes are linked to three-month EURIBOR and reset quarterly. There is no interest rate swap in place to cover this interest rate risk. Moody's takes into account the potential interest rate exposure as part of its cash flow analysis when determining the ratings of the notes.

Stress Scenarios:

Moody's Parameter Sensitivities provide a quantitative/model-indicated calculation of the number of rating notches that a Moody's structured finance security may vary if certain input parameters used in the initial rating process differed.

The analysis assumes that the deal has not aged and is not intended to measure how the rating of the security might migrate over time, but rather how the initial rating of the security might have differed if key rating input parameters were varied. Parameter Sensitivities for the typical EMEA RMBS transaction are calculated by stressing key variable inputs in Moody's primary rating model.

At the time the rating was assigned, the model output indicated that the Serie A notes would have achieved an A2 even if the expected loss was as high as 13.1% and the MILAN CE was 27% and all other factors were constant.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in January 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

The analysis undertaken by Moody's at the initial assignment of ratings for RMBS securities may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see Moody's Approach to Rating RMBS Using the MILAN Framework for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors that may lead to an upgrade of the ratings include a significantly better than expected performance of the pool, together with an increase in credit enhancement for the notes.

Factors that may cause a downgrade of the ratings include significantly different loss assumptions compared with our expectations at close due to either a change in economic conditions from our central scenario forecast or idiosyncratic performance factors would lead to rating actions. Finally, a change in Spain's sovereign risk may also result in subsequent upgrade or downgrade of the notes.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's describes the stress scenarios it has considered for this rating action in the section "Ratings Rationale" of this press release.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this rating action, and whose ratings may change as a result of this rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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