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Presale:

Fondo de Titulizacion, RMBS Santander 4

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Presale:

Fondo de Titulizacion, RMBS Santander 4

€3.097 Billion Residential Mortgage-Backed Floating-Rate Notes

This presale report is based on information as of June 19, 2015. The ratings shown are preliminary. This report does not constitute a recommendation to buy, hold, or sell securities. Subsequent information may result in the assignment of final ratings that differ from the preliminary ratings.

Class	Prelim. rating*	Prelim. amount (mil. €)	Available credit enhancement (%)§	Interest	Legal final maturity
A	A+ (sf)	2,360	25.0	Three-month EURIBOR plus a margin	September 2063
B	CCC (sf)	590	5.0	Three-month EURIBOR plus a margin	September 2063
C	CC (sf)	147.5	0.0	Three-month EURIBOR plus a margin	September 2063

*Standard & Poor's preliminary ratings address timely interest and ultimate principal payment. §Credit enhancement includes the reserve fund amount. EURIBOR--Euro Interbank Offered Rate.

Transaction Participants

Issuer	Fondo de Titulizacion, RMBS Santander 4
Originators	Banco Santander S.A. and Banco Espanol de Credito S.A.
Seller	Banco Santander S.A.
Servicer	Banco Santander S.A.
Arrangers	Banco Santander S.A.
Trustee (Gestora)	Santander de Titulización, S.G.F.T. S.A.
GIC provider and paying agent	Banco Santander S.A.

Supporting Ratings

Institution/role	Ratings
Banco Santander S.A. as the GIC account provider	BBB+/Stable/A-2

Transaction Key Features (As Of May 29, 2015)

Expected closing date	June 26, 2015
Collateral as of May 29, 2015 (mil. €)	3,011
Expected collateral as of closing (mil. €)	2,295
Number of loans	20,255
Description	Residential mortgage loans that Banco Santander S.A. and Banco Espanol de Credito S.A. originated and granted to acquire Spanish residential properties
Country of origination	Spain
Synthetic/cash	Cash
Revolving/static	Static

Transaction Key Features (As Of May 29, 2015) (cont.)	
Concentration (percentage of principal balance; %)	Andalucia (19.88), Madrid (18.94), and Catalonia (15.13)
Average loan size by current balance (€)	148,658.23
Weighted-average asset seasoning (months)	84.61
Weighted-average asset remaining term (months)	310.73
Interest basis (%)	99.88 floating-rate loans, 0.22 fixed-rate loans
Weighted-average current loan-to-value ratio (%)	69.53
Weighted-average current loan-to-value ratio indexed (%)	90.00 (and 102.90 according to revaluations provided by Banco Santander S.A.)
Loans granted for second homes (%)	2.03
Broker/agent originated loans (%)	1.03
Borrower concentration (%)	Top 20: 0.60
Restructured loans (%)	20.64
Delinquency status (%)	33.81 of loans have been in arrears at least once during the past 12 months
Arrears greater than 30 days	0.00
Cash reserve (%)*	5.00

*The class C notes' proceeds will be used to fund the reserve fund.

Rationale

Standard & Poor's Ratings Services today assigned its preliminary credit ratings to Fondo de Titulizacion, RMBS Santander 4's (RMBS Santander 4) class A, B, and C mortgage-backed floating-rate notes.

At closing, the issuer will use the class A and B notes' issuance proceeds to purchase a portfolio of approximately 84 months seasoned prime first-lien Spanish residential mortgage loans, which Banco Santander S.A. and Banco Español de Credito S.A (Banesto) originated. The pool will comprise mortgage loans granted solely for the acquisition of residential properties, and will consist of high loan-to-value (LTV) ratio mortgage loans (103%, according to the seller). It will also include a high percentage of loans, the initial terms of which have been modified since they were granted (20.64% of the closing pool balance), and loans that have been in arrears at some point in the last 12 months (33.81%). We have considered these factors in our analysis. The class C notes' issuance proceeds will be used to fund the reserve fund, which will represent 5% of the outstanding balance of the class A and B notes at closing.

Our preliminary ratings reflect the application of our Spanish residential mortgage-backed securities (RMBS) criteria, and our assessment of the transaction's credit features, payment structure, cash flow mechanics, and the results of our cash flow analysis to assess whether the notes would be repaid under stress test scenarios (see "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014). Subordination and the reserve fund will provide credit enhancement to the rated notes, which rank senior to the junior notes. As with other Spanish transactions, interest and principal (and the reserve fund) are combined into a single priority of payments. The notes will amortize sequentially, with no trigger for pro rata amortization. Under the transaction documents, interest payments on the class B notes can rank junior in the waterfall priority of payments, based on cumulative default thresholds. Under the transaction documents, such a change in the waterfall priority of payments would not constitute an event of default.

Our preliminary ratings also reflect the application of our criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria) and current counterparty criteria (see "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Following the application of our RAS criteria, our Spanish RMBS criteria, and our current counterparty criteria, we have determined that our assigned preliminary rating on the class A notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating that the class of notes can attain under our Spanish RMBS criteria, and (iii) the maximum supported rating under our current counterparty criteria. In this transaction, our current counterparty criteria constrain our preliminary rating on the class A notes at 'A+ (sf)'.

The transaction is exposed to counterparty risk in respect of Banco Santander, as guaranteed investment contract (GIC) account provider, we classify such role as "direct limited" under our current counterparty criteria. The documented minimum required rating and remedial actions mitigate the counterparty risk exposure in the transaction and the maximum potential rating is 'A+ (sf)', in accordance with our current counterparty criteria.

Taking these factors into account, we consider the available credit enhancement for the rated notes to be commensurate with the assigned preliminary ratings. The class C notes do not constitute an asset-backed security. The class C notes' issuance proceeds will be used to fund the reserve fund and their interest payments will be subordinated to the topping up of the reserve fund in the waterfall priority of payments.

Our preliminary ratings on the notes in this transaction address the timely payment of interest and the ultimate payment of principal.

Strengths, Concerns, And Mitigating Factors

Strengths

- The preliminary capital structure provides 25% of available credit enhancement for the class A notes through subordination, an amortizing cash reserve, and potential excess spread. The class B notes will benefit from potential excess spread and the protection of the cash reserve (5%).
- A combination of excess spread (if any), the amortizing reserve fund, and the usage of principal to make interest payments provides a form of liquidity to the transaction.
- The notes will always amortize sequentially. The issuer will not amortize the class B notes, until the class A notes have been fully repaid.
- The notes are secured on first-ranking Spanish residential mortgage loans.
- We consider the pool to be well-seasoned, with a weighted-average seasoning of 84 months. In our view, more seasoned performing loans exhibit lower risk profiles than less seasoned loans.
- Banco Santander is experienced as a servicer. It has issued nine RMBS transactions, as well as a number of commercial mortgage-backed securities, collateralized debt obligations, and asset-backed securities. It has also participated in plain vanilla covered bond transactions. Under our operational risk criteria, we consider this key participant to have low severity and portability risk (see "Global Framework For Assessing Operational Risk In Structured Finance Transactions," published on Oct. 9, 2014).

Concerns and mitigating factors

- In our credit analysis, we considered the preliminary pool's loan characteristics. In particular, a significant proportion of loans, whose initial terms have been modified since they were granted (20.64%) and loans that have been previously in arrears (33.81%) at least once during the last 12 months. In addition, the high weighted-average current LTV ratio (based on revaluations provided by Banco Santander is 102.9%). The LTV ratio is the main factor that we consider in our loss severity analysis. Finally, we considered borrower employment status and nationality.
- The historical level of arrears among the borrowers has been high compared with the Spanish market in general. We have forecast arrears in our credit analysis to account for potentially increasing arrears in the pool.
- The loans in the pool yield different rates of interest. In our cash flow analysis, we have considered the risk of the high-yielding loans defaulting or prepaying and applied spread compression to the assets.
- Borrowers with a margin above 1% can request from the servicer a renegotiation of the applicable margin. We have addressed this risk by considering 1% the maximum margin of the loans in the pool.
- Borrowers for up to 10% of the collateral balance can also request from the servicer a renegotiation of the maturity term. We have addressed this by applying and expanded tenor to 10% of the collateral balance up the maximum permitted date.
- Additionally, borrowers for up to 5% of the collateral balance can also request from the servicer a renegotiation of the interest rate to fixed from floating. We have addressed this by assuming that 5% of the collateral balance pays a fixed interest rate.
- There are no swap agreements in place to mitigate basis risk in this transaction. We have addressed this risk by applying stresses to the assets in our cash flow analysis.
- The reserve fund can start amortizing after three years. Subject to a floor (minimum level) of half of its initial value, the transaction would need to meet certain conditions to amortize the reserve fund, under the transaction documents (see "Cash reserve").

Transaction Structure

At closing, Santander de Titulización S.G.F.T. S.A (the trustee) on behalf of RMBS Santander 4 (issuer), will use the class A and B notes' issuance proceeds to purchase the transmission certificates of the mortgage loans from Banco Santander. The originators granted these loans to individuals to finance residential properties in Spain between 2004 and 2015. Each transmission certificate will represent, in equal amount and rate, the securitized mortgage loan. The mortgage participations will entitle RMBS Santander 4 to any right and proceeds due under the mortgage loans.

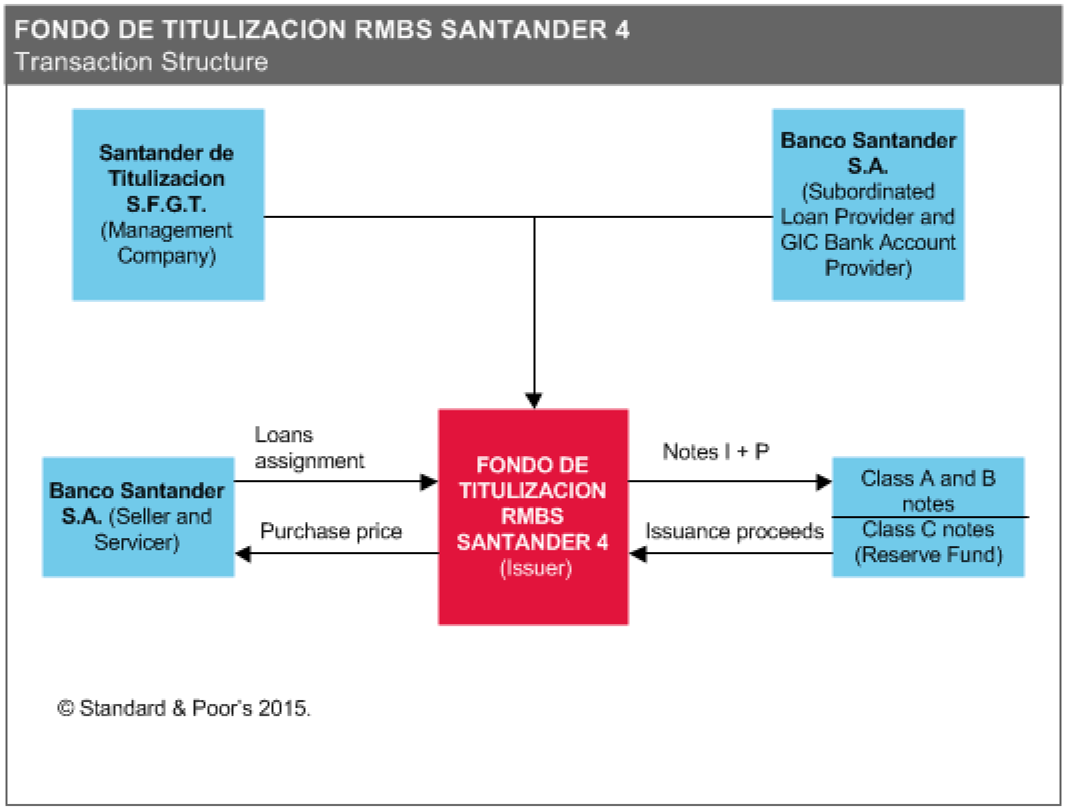
Following our analysis, we consider that the assets will be transferred in accordance with the Spanish law provisions and the true sale of the mortgages would remain valid if the seller were to become insolvent.

Spanish mortgage securitization law requires the notes to be issued by a "fondo". The transaction's manager is Santander de Titulización, S.G.F.T., S.A., an independent management company authorized by the Ministry of Economy and Treasury. The fund manager represents and defends the noteholders' interests and enters into various contracts for the issuer.

RMBS Santander 4's only functions are to buy the mortgage participations and credit rights, issue the notes, and conduct related activities. As servicer, Banco Santander is responsible for the day-to-day administration and ongoing servicing of the underlying loan portfolio. Santander de Titulización, S.G.F.T., is responsible for producing all reports and accounts for the fund in connection with the performance of the mortgages.

The collateral will be serviced by Banco Santander. Borrowers pay into the collection account, which is held with the seller. The collection account provider transfers any funds from the collection account to the bank account in the fund's name every 48 hours, which is held with Banco Santander.

Chart 1



Representations And Warranties

The seller provides representations and warranties in the transaction documents, which we consider to be standard for a Spanish RMBS transaction.

If there is a breach in the representations and warranties, then the seller must remedy it within 10 days of notification. If the seller cannot remedy the breach, then Banco Santander will repurchase the loan from the pool.

Payment Structure And Cash Flow Analysis

Notes terms and conditions

RMBS Santander 4 will pay interest quarterly on the interest payment date (IPD) in March, June, September and December of each year, beginning in September 2015. The class A, B, and C notes pay interest equal to three-month Euro Interbank Offered Rated (EURIBOR), plus a class-specific margin. The class C notes will also receive a variable component. All of the notes will reach legal final maturity in September 2063.

The issuer will make interest payments according to the priority of payments. For these payments, the issuer has as available funds the interest received under the mortgage loans, the proceeds of interest earned on the GIC account, the reserve fund, and, if necessary, principal received under the mortgage loans and any other proceeds received in connection with the mortgage loans.

Redemption of the notes

Unless redeemed earlier, the notes will be redeemed at their legal final maturity in September 2063, which is 50 months after the maturity of the longest-term mortgage loan in the pool.

On any payment date, the amount of principal due under the notes (the amortization amount) will be calculated as the difference between the outstanding balance of the class A and B notes and the outstanding balance of the assets (excluding the loans that are more than 18 months past due [defaults]). The class A and B notes will amortize sequentially (the class A notes then the class B notes).

There is no principal deficiency ledger in place. Nevertheless, implicitly, the amortization definitions ensure that any loss will be cured at each interest payment.

The class C notes will be fully subordinated to the reserve fund in the priority of payments. This class of notes will amortize by an amount equal to the positive difference between the outstanding balance of the class C notes and the required reserve fund on that payment date. For the class C notes to begin to be redeemed before the class B notes, certain conditions should be met (see "Reserve fund").

In this structure, all interest and principal received can be combined to pay principal and interest due under the notes. As a result, a trigger will be implemented so that in stressful economic conditions, the class A notes will amortize before the payment of the interest on the class B notes. The interest on the class B notes will be junior in the waterfall priority of payments if cumulative defaults exceed 10% over the original balance of assets (see "Priority of payments").

Our preliminary ratings on the notes address the timely payment of interest and the ultimate payment of principal on the notes.

Priority of payments

Provided that an enforcement notice has not occurred, the issuer distributes the available funds in the following order:

- Taxes (if any), senior fees, and expenses;
- The servicer's fee, if Banco Santander is replaced as the servicer;
- The class A notes' interest;
- The class B notes' interest, if the deferral trigger is not breached and interest on the class A notes is outstanding;
- The class A and B notes' principal (first class A then class B)
- The class B notes' interest, if the deferral trigger is breached and interest on the class A notes is outstanding;
- The cash reserve's replenishment to its required balance under the transaction documents;
- The class C notes' interest;
- The class C notes' principal;
- The subordinated loans interest;
- The subordinated loan's principal;
- The servicer's fee; and

- The class C notes' extraordinary interest component.

In a post-enforcement scenario, the priority of payments would be such that principal and interest would be paid respecting the seniority of each class of notes with no deferral triggers (turbo).

Liquidity support

There is no liquidity facility. Nevertheless, this risk is addressed in respect of the senior rated notes by the provision of liquidity from alternative sources, including the use of amounts credited to the reserve fund and the combined waterfall. These sources use principal and interest proceeds to pay any interest shortfalls.

Reserve fund

A cash reserve will be funded from the proceeds of the class C notes at closing for an amount of €145.5 million (5% of the class A and B notes). The reserve fund will be fixed for the first three years of the transaction and then subsequently amortize according to the transaction's performance.

The reserve fund will be the higher of:

- 10% of the current balance of the class A and B notes; and
- 2.5% of the closing balance of the class A and B notes.

The reserve fund will not amortize if the 90+ days arrears ratio is greater than 1%, or if the reserve fund was not at its required level on the previous IPD.

The reserve fund will be used to pay interest and principal on the notes.

Collateral Description

The pool will comprise Spanish residential mortgage loans, which Banco Santander and Banesto granted to Spanish residents to purchase mainly first residential properties in Spain. The assets' main representations are as follows:

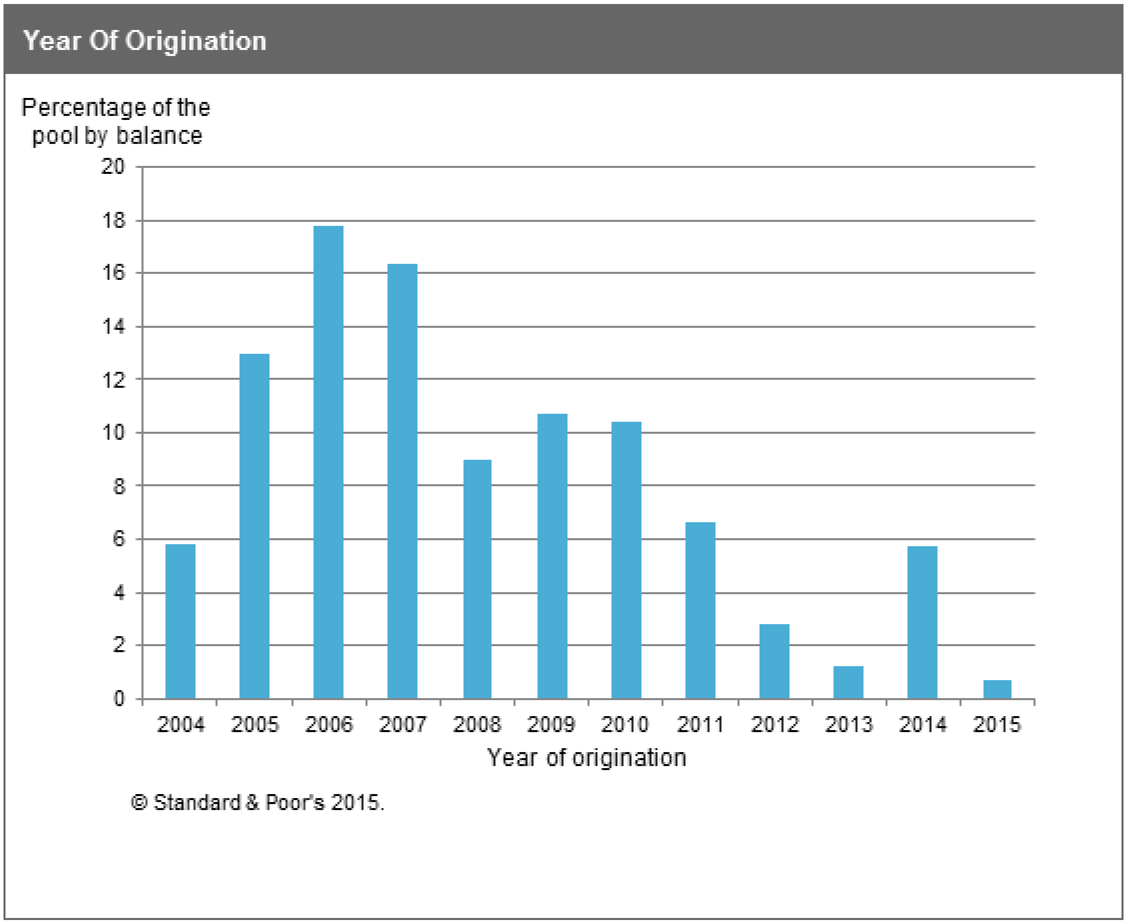
- Banco Santander has serviced all of the assets in accordance with its procedures.
- Banco Santander and Banesto granted the loans to individuals, whether clients or employees residing in Spain, to finance the acquisition, construction, or renovation of housing in Spain. All of the debtors are individuals.
- The loans in the portfolio are not derived from transactions that involve involving refinancing or renegotiations of loans in default.
- All of the loans have a maturity date before Aug. 1, 2059.
- Borrowers make payments through direct bank debit generated automatically.
- None of the loans is in arrears for more than 30 days.
- None of the debtors have a credit right to set-off against Banco Santander, that may adversely affect the assets.
- Each of the loans is secured by a first lien mortgage.
- At closing, at least one interest installment will be due on each loan.
- None of the loans include self-certified mortgage loans or equity release mortgage loans.

As of the pool cut-off date on May 29, 2015, the collateral amounted to €3,011,072,507.65, with 20,255 loans.

Of the initial pool, a high percentage of loans' initial terms have been modified since they were granted (20.64%) and have been in arrears at least during the last 12 months (33.81%). We have considered these factors in our analysis.

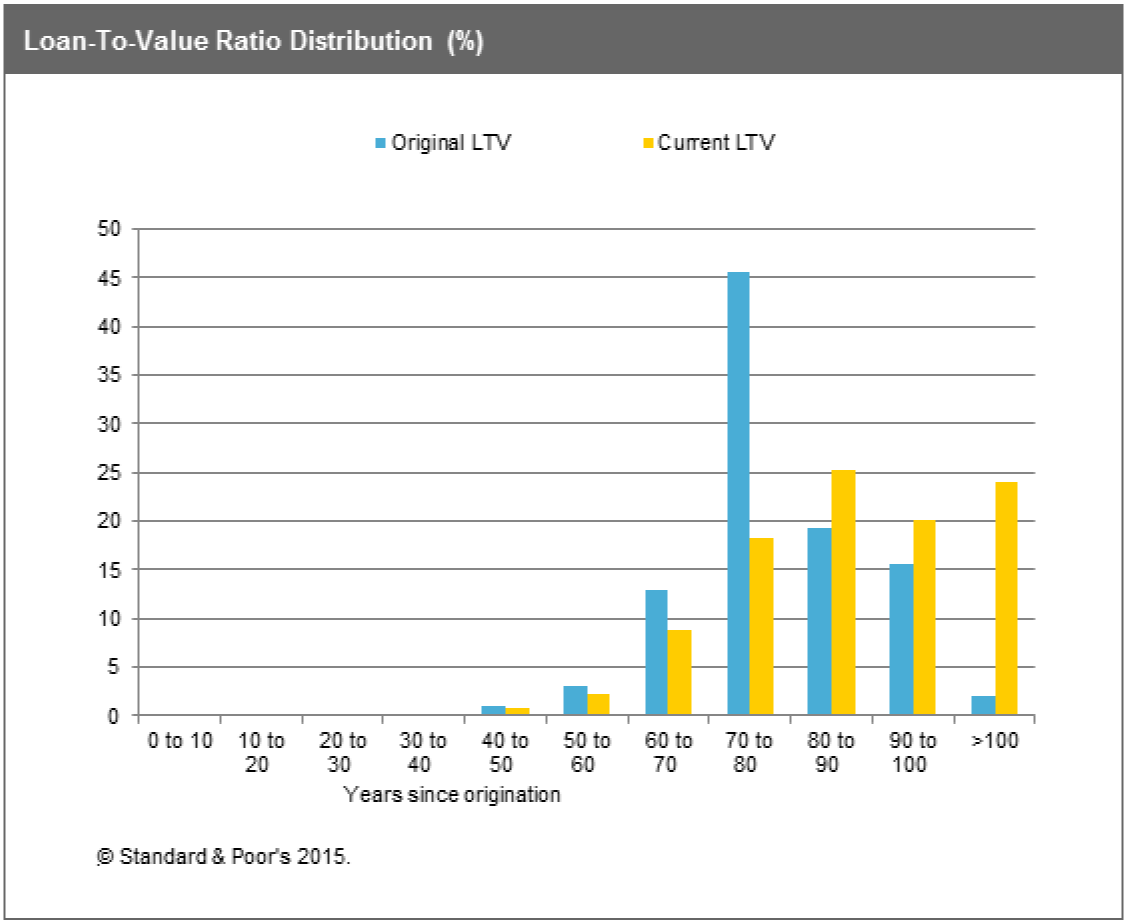
The pool was originated between January 2004 and January 2015. Its weighted-average seasoning is 84.61 months (see chart 2).

Chart 2



The aggregated weighted-average original LTV ratio was 79.22%. The current indexed LTV ratio is 90.00% (and 102.90% according to the seller's updated valuations).

Chart 3



The pool is well-diversified with no concentration above our criteria limits in any of the regions and provinces. Most of the loans in the pool are concentrated in Andalucia, Madrid, and Catalonia accounting for 54.04% of the closing pool.

Chart 4

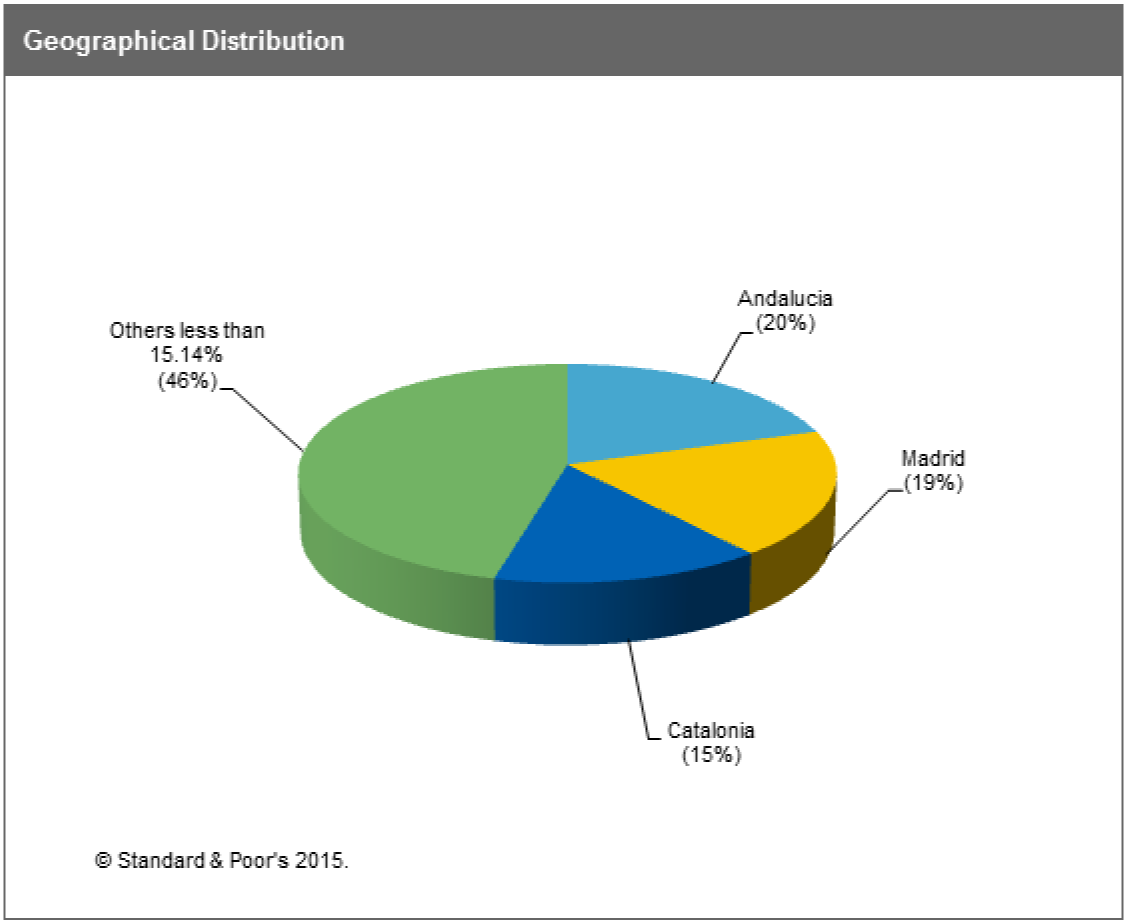

Geographical Distribution
Andalucia
(20%)
Madrid
(19%)
Catalonia
(15%)
Others less than
15.14%
(46%)
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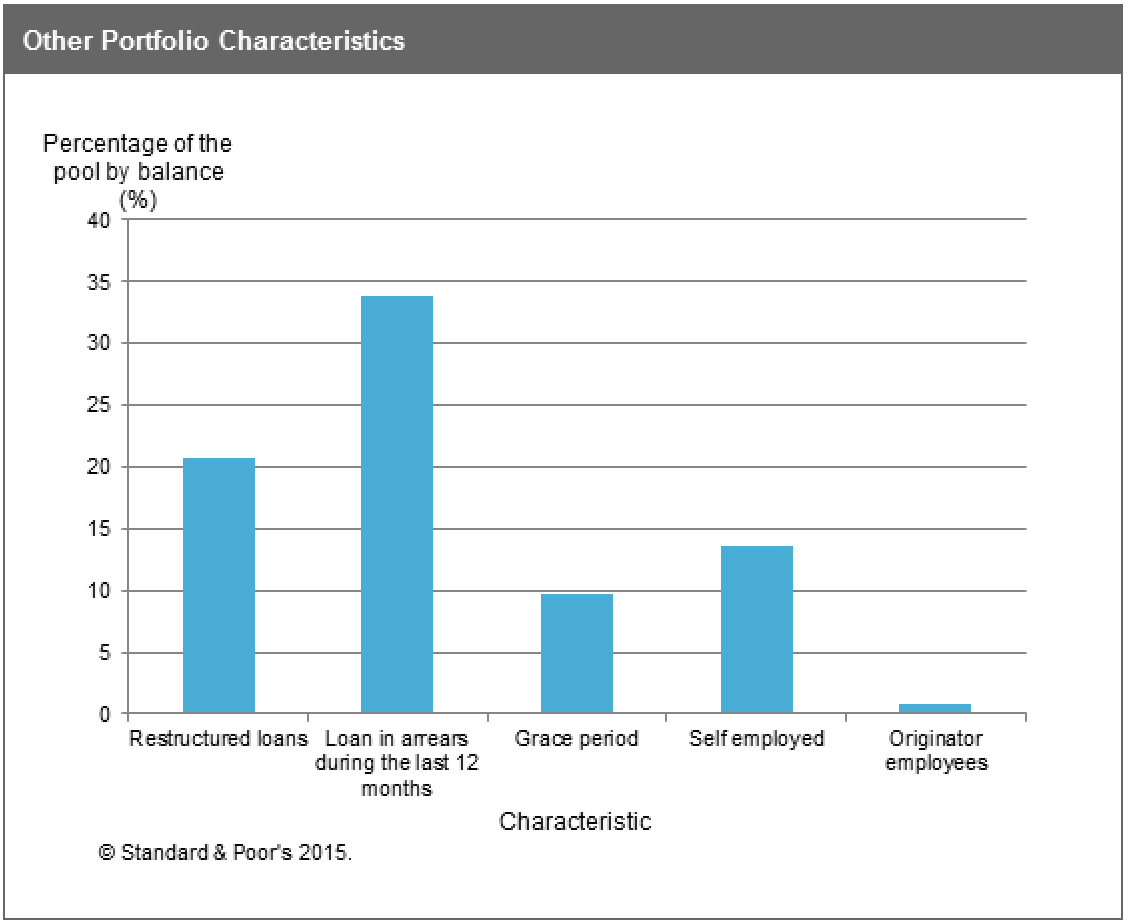
Chart 5



According to the transaction documents, the servicer shall renegotiate the terms and conditions of the loans without the prior consent of the trustee if requested by the borrower.

Interest rate (applicable to all loans)

Borrowers with a margin above 1% can request the servicer to re-negotiate the margin, and the servicer shall re-negotiate the margin applicable to the loans at an interest rate that it considers to be the market interest rate. We have assumed a margin of the loans no higher than 1%.

Similarly, any borrower can request the servicer to re-negotiate the interest rate to a fixed rate from a floating interest rate. The new rate should be equivalent to 80% of the difference between the pool's weighted-average interest rate and the notes' weighted-average interest rate. This flexibility is only applicable up to 5% of the closing collateral balance. We have assumed a fixed interest rate for up to 5% of the closing pool in our cash flow analysis.

Maturity extension

If requested by the borrower, the servicer shall re-negotiate the maturity term of the loan provided that:

- It is only applicable up to 10% of the closing collateral balance.
- The payments frequency is maintained or reduced, and the same amortization system is maintained.

- The new final maturity date or last loan amortization is, at the latest in August 2059.

We have assumed that 10% of the borrowers requested the maturity extension.

Credit Analysis

Collateral risk assessment

We took into account the assets' and borrowers' features in our credit analysis of the portfolio. We have determined our default and recovery rate expectations for the portfolio, based on our WAFF and WALS assumptions by applying our Spanish RMBS criteria. We have also taken into account our economic outlook for Spain by projecting arrears in our portfolio default calculation.

Amount of defaults and recoveries

For each loan in the pool, we estimate the likelihood that the borrower will default on their mortgage payments (the foreclosure frequency) and the loss amount on the subsequent sale of the property (the loss severity, expressed as a percentage of the outstanding loan). We assume the total mortgage balance likely to default and then determine the total amount of this defaulted balance that is not recovered for the entire pool by calculating our WAFF and WALS assumptions.

The WAFF and WALS estimates increase as the required rating level increases. This is because the higher the rating required on the notes, the higher the level of mortgage default and loss severity the borrower should be able to withstand. We base our credit analysis on the characteristics of the loans and the associated borrowers. Table 1 shows our WAFF and WALS assumptions for this transaction.

Table 1

Portfolio WAFF And WALS Assumptions

Rating level	WAFF (%)	WALS (%)
AAA	3188.01	4744.23
AA	2633.82	4363.41
A	2023.63	3600.54
BBB	1528.22	3165.89
BB	1091.11	2851.59

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loan severity.

For modeling purposes, the repossession market value declines we apply in accordance with our Spanish RMBS criteria to calculate the loss severity incorporate our calculation of the degree of over- or under-valuation for Spain as a whole. Table 2 shows the resulting market value declines that we used in our analysis of this pool.

Table 2

Repossession Market Value Declines At 'AAA', 'AA', 'A', 'BBB', 'BB', And 'B' Rating Levels

	AAA	AA	A	BBB	BB	B
Repossession market value declines	48.51	45.17	38.41	34.47	31.54	28.70

Cash flow analysis

We ran our credit analysis results and applied additional transaction-specific stresses in our cash flow model, to reflect the capital structure. We conducted our cash flow analysis by applying standard stresses in line with our Spanish RMBS criteria.

Our analysis indicates that the available 25% credit enhancement for the class A notes is sufficient to mitigate their exposure to credit and cash flow risks at the 'AA-' rating level and the 'CCC' rating level for the class B notes.

Default patterns and timing of defaults

The WAFF at each rating level specifies the total balance of the mortgage loans that we assume to default during the transaction's life. Our RMBS criteria assume that defaults occur periodically to match the payment profile of the mortgage loans. The timing of defaults follows two paths, referred to as "front-loaded" (i.e., concentrated toward the earlier stage of a transaction) and "back-loaded" (i.e., concentrated toward the later stage of a transaction), with the defaults occurring over a three-year recession period.

To simulate the effects of varying recession timings, the criteria envisage two different starting points for the recession period (as shown in the first column of table 3): (i) at inception, and (ii) at the end of the third year.

Table 3

Default Timing For Front-Loaded And Back-Loaded Default Curves

Recession periods (months)	Front-loaded defaults (percentage of WAFF applied in each month)	Back-loaded default (percentage of WAFF applied in each month)
1 to 6	5	0.8
7 to 12	5	0.8
13 to 18	3.3	1.7
19 to 24	1.7	3.3
25 to 30	0.8	5.0
31 to 36	0.8	5.0

Recovery timing

We have assumed that the issuer regains any recoveries 42 months after a payment default in Spanish RMBS transactions.

We always base the WALS that we use in a cash flow model on principal loss, including costs. We assumed no recovery of any interest accrued on the mortgage loans during the foreclosure period. After we apply the WAFF to the balance of the mortgages, the asset balance is likely to be lower than that of the liabilities (a notable exception is when a transaction relies on overcollateralization). Other structural mechanisms in the transaction address the interest reduction created by the defaulted mortgages during the foreclosure period.

Delinquencies

To model the liquidity stress that results from short-term delinquencies, the criteria include a hypothetical delay of a proportion of scheduled interest and principal receipts equal to one-third of the WAFF. Modeling applies this delay in each month of the first 18 months of a hypothetical recession and sets full recovery of the arrears to take place 36 months after the delinquency occurs. The cash flow stress for delinquencies is independent of the arrears adjustment to the WAFF.

Interest, basis risk, and prepayment rates

Our Spanish RMBS criteria apply a wide range of different interest rate curves, and our modeling uses five different interest rate paths: up, down, up/down, down/up, and forward. These curves vary by stress scenario.

We assume prepayment rates in accordance with our RMBS criteria.

The combination of default timings, interest rates, and prepayment rates described above gives rise to different scenarios. Our ratings reflect the notes' timely payment of interest and ultimate principal under each of these scenarios at the assigned rating level.

Commingling stress

If the servicer becomes insolvent, commingling risk could arise. There is one month's exposure to the originator. In Spanish RMBS transactions, we address this risk through a loss stress of one month of interest, principal, and prepayment collections. We have considered the transaction's commingling risk exposure as one month of interest and principal loss on day 1 in our cash-flow analysis.

Minimum servicing fee

We modeled a minimum servicing fee of 50 bps because, if the servicer were to default or cease to perform its obligations, we assume that the issuer would need to replace the servicer and pay the back-up servicer at a standard market rate.

Yield compression

Borrowers with a margin above 1% can request the servicer, and the servicer shall re-negotiate the margin applicable to the loans at an interest rate considered the market interest rate. We have assumed a margin of the loans that is no higher than 1%.

Additionally, we have considered default risk for some of the highest paying loans in the portfolio due to the vast range of spread levels that the securitized assets pay. This asset spread distribution could affect the issuer's ability to service the rated notes over time, as it could lead to a yield decrease if the highest-yielding assets were to default first. We therefore tested these scenarios with asset yield compression over time.

Basis and reset risk

There is no swap contract in the transaction to hedge the mismatch between the interest received under the securitized assets and the interest paid under the notes. In our analysis, we considered the effect of fluctuating interest rates on the rated notes. Most of the underlying mortgage loans incur interest based on 12-month EURIBOR resetting yearly, but the securities pay interest based on three-month EURIBOR. We have considered the distribution of the historical differences between these rates, calculated by taking the highest three-month EURIBOR over the previous three-month period and the lowest 12-month EURIBOR rate value for each point in the data set.

Sovereign Risk

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so pay timely interest and repay principal by legal final maturity.

As our long-term rating on the Kingdom of Spain is 'BBB', our RAS criteria cap at 'AA (sf)' the maximum potential ratings in this transaction.

Under our RAS criteria, the class A notes have sufficient credit enhancement to withstand, in our cash flow analysis, the extreme stress scenario up to 'AA (sf)' which is up to six notches above the rating of the sovereign and the pool has a seasoning of 84.61 months. Our RAS criteria therefore will cap at 'AA (sf)' our preliminary rating on the class A notes.

Scenario Analysis

Various factors could cause downgrades of rated RMBS notes, such as increasing foreclosure rates in the securitized portfolios, house price declines, and changes in the portfolio composition. We have analyzed the effect of increased delinquencies by testing the sensitivity of the ratings to two different levels of movements.

Increasing levels of delinquencies will likely cause more stress to a transaction, and would likely contribute to downgrades of rated notes.

In our analysis, our assumptions for increased delinquencies are specific to a transaction, although these levels may be similar (or the same) across different transactions. The levels do not reflect any views as to whether these deteriorations will materialize in the future. However, our analysis already incorporates additional adjustments to the pool's default probability by projecting buckets of expected arrears.

We adjusted our WAFF assumptions in two scenarios by assuming additional arrears of (i) 8% split between 4% in the 30-60 days bucket and 4% in the 90+ days bucket and, (ii) 8% in the 90+ days bucket.

This did not result in our rating deteriorating below the maximum projected deterioration that we would associate with each relevant rating level, as outlined in our credit stability criteria.

Counterparty Risk

The transaction is exposed to counterparty risk in respect of Banco Santander as a bank account (limited) supporting entity under our current counterparty criteria.

The minimum required rating and remedial actions implemented in the transaction documents mitigate the counterparty risk exposure in the transaction in accordance with our current counterparty criteria. However, our criteria constrain the maximum rating in the transaction to 'A+ (sf)'.

Monitoring And Surveillance

We will surveil the transaction periodically until the rated notes mature or are otherwise retired. To do this, we will review servicer reports detailing the performance of the underlying collateral pool and evolution of the structural features of the transaction, monitor supporting ratings, and make regular contact with the servicer to ensure that minimum servicing standards are being sustained and that any material changes in the servicer's operations are communicated and assessed.

Related Criteria And Research

Related criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related research

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