MOODY'S
INVESTORS SERVICE

PRE-SALE REPORT

FTA RMBS Santander 1

RMBS / Prime / Spain

Closing Date

June 2014

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Provisional (P) Ratings

Series	Rating	Amount (million)	% of Notes	Legal Final Maturity	Coupon	Subordi-nation*	Reserve Fund**	Total Credit Enhance-ment***
A	(P)A2	€962.0	74.0	Mar 57	3mE +0.9%	26.0%	15.0%	41.0%
B	(P)B3	€338.0	26.0	Mar 57	3mE +1.3%	0.0%	15.0%	15.0%
C	(P)Ca	€195.0	15.0	Mar 57	3mE +0.65%	0.0%	15.0%	0.0%
Total		€1,495.0	115.0					

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

* At close.

** As a % of Series A and B notes

*** No benefit attributed to excess spread.

The subject transaction is a static cash securitisation of prime mortgages extended to obligors located in Spain. The portfolio consists of high Loan To Value ("LTV") mortgage loans secured by residential properties in Spain.

Asset Summary (Cut off date as of [12/05/2014])

Seller(s)/originator(s):	Banco Santander (Baa1/P-2)
Servicer(s):	Banco Santander (Baa1/P-2)
Receivables:	First-lien prime conforming mortgage loans to individuals secured by property located in Spain.
Principal Methodology Used:	» Moody's Approach to Rating RMBS Using the MILAN Framework, March 2014 (SF360375)

This pre-sale report addresses the structure and characteristics of the proposed transaction based on the information provided to Moody's as of May 12, 2014. Investors should be aware that certain issues concerning this transaction have yet to be finalised. Upon conclusive review of all documents and legal information as well as any subsequent changes in information, Moody's will endeavour to assign definitive ratings to this transaction. The definitive ratings may differ from the provisional ratings set forth in this report. Moody's will disseminate the assignment of definitive ratings through its Client Service Desk. This report does not constitute an offer to sell or a solicitation of an offer to buy any securities, and it may not be used or circulated in connection with any such offer or solicitation.

Asset Summary (Continued)

Models Used:	MILAN (Spanish settings) & ABSCore
Total Amount:	€1,352,822,588
Length of Revolving Period:	Static
Number of Borrowers:	9,367
Borrower Concentration:	Top 20 borrowers make up 1.21% of the pool
WA Remaining Term:	25.50 years
WA Seasoning:	5.49 years
Interest Basis:	100% floating rate loans mainly indexed to 12 Months EURIBOR
WA Current LTV:	73.48%
WA Original LTV:	79.78%
Moody's-calculated WA-indexed LTV:	92.3% 96.0% according to revaluations as of December 2013, provided by Santander
Borrower Credit Profile:	Prime borrowers
Delinquency Status:	65% of the pool has been previously in arrears less than 90 days. 11% of the loans is currently in arrears less than 15 days

Liabilities, Credit Enhancement and Liquidity

Excess Spread At Closing:	The pool's weighted average margin is around 140 bps, which will be deducted with the weighted average margin of the notes, plus the senior fees and the interest rate mismatch
Credit Enhancement/Reserves:	Excess spread Amortising reserve fund Subordination of the notes Guaranteed Investment Contract (GIC) account earning 3 Months Euribor on the notes
Form of Liquidity:	Excess spread, amortising reserve fund, principal to pay interest mechanism
Number of Interest Payments Covered by Liquidity:	The reserve fund covers almost 3 years of liquidity for senior expenses and debt servicing cost on the rated notes assuming 4% Euribor
Interest Payments:	Quarterly in arrears on each payment date
Principal Payments:	Pass-through on each payment date
Payment Dates:	18 March, 18 June, 18 September, 18 December First payment date: 18 September 2014
Hedging Arrangements:	

Counterparties

Issuer:	FTA RMBS Santander 1
Sellers/Originators:	Banco Santander (Baa1/P-2)
Contractual Servicer(s):	Banco Santander (Baa1/P-2)
Sub-Servicer(s):	Not Available
Back-up Servicer(s):	Not Available
Back-up Servicer Facilitator:	Not Available
Cash Manager:	Santander de Titulizacion S.G.F.T.; S.A (Unrated)
Back-up Cash Manager:	Not Available
Calculation Agent/Computational agent:	Banco Santander (Baa1/P-2)
Back-up Calculation/Computational Agent:	Not Available
Swap Counterparty:	Not Available
Issuer Account Bank:	Banco Santander (Baa1/P-2)
Collection Account Bank:	Banco Santander (Baa1/P-2)
Paying Agent:	Banco Santander (Baa1/P-2)
Management Company:	Santander de Titulizacion S.G.F.T.; S.A (Unrated)
Arranger:	Santander de Titulizacion S.G.F.T.; S.A (Unrated)
Lead Manager(s):	Banco Santander (Baa1/P-2)

Moody's View

Outlook for the Sector:	Negative
Unique Feature:	High percentage of renegotiated loans (35.8%)
Degree of Linkage to Originator:	Banco Santander acts as servicer for its own portfolio. There is no back-up servicing agreement in place. Banco Santander also acts as Issuer Account Bank holder and Paying Agent.
Originator's Securitisation History:	
# of Precedent Transactions in Sector:	9
% of Book Securitised:	Not Available
Behaviour of Precedent Transactions:	Delinquencies reported on prior transactions of this issuer are worse than the average delinquency reported in the Spain index
Key Differences between Subject and Precedent Transactions:	Precedent transactions were already focused on high LTVs. However, the initial term of 35.8% of the loans has been already modified since they were granted. In the majority of cases, a principal grace periods has been granted.
Portfolio Relative Performance:	
Expected Loss/Ranking:	13.5% higher than peer group due to previous transactions' weak performance
MILAN Aaa CE/Ranking:	40% higher than peer group due to previous transactions' weak performance
Weighted-Average Aaa Stress Rate For House Prices:	35.35%
Potential Rating Sensitivity:	
Chart Interpretation:	At the time the rating was assigned, the model output indicated that Serie A would have achieved a A2 rating, even if the expected loss was as high as 15.5%, assuming MILAN Aaa CE remained at 40% and all other factors were constant.
Factors Which Could Lead to a Downgrade:	» Worse than expected collateral performance in terms of delinquency and loss rates. » Further deterioration in the real estate market. » Deterioration of Banco Santander's credit quality. » An increase in sovereign risk.

TABLE 1*

Serie A

		MILAN CE Output			
		40%	**43%**	**47%**	**50%**
Median Expected Loss	**13.5%**	A2*	A3 (1)	A3 (1)	A3 (1)
	15.5%	A2 (0)	A3 (1)	A3 (1)	Baa1 (2)
	18.0%	A3 (1)	A3 (1)	Baa1 (2)	Baa1 (2)
	20.3%	A3 (1)	A3 (1)	Baa1 (2)	Baa2 (3)

* Results under base case assumptions indicated by asterisk ' * '. Change in model-indicated rating (# of notches) is noted in parentheses.

Local Country Ceiling ("LCC") Sensitivity:	
Operational Risk	Banco Santander acts as Servicer. There is no back-up servicing agreement
Swap Counterparty Exposure	Unhedged
Account Bank Risk	Banco Santander acts as Issuer Account Bank holder and Paying Agent. The transaction contemplates the replacement of the Issuer Account Bank at loss of Baa3/P-3.

TABLE 2

Serie A

		Account Bank Rating		
		A2 (+2)	**Baa1 (0)**	**Baa3 (-2)**
LCC	**Aa3 (+1)**	A1 (+1)	A2 (0)	A2 (0)
	A1 (0)	A2 (0)	**A2 (0)**	A3 (-1)
	A2 (-1)	A3 (-1)	A3 (-1)	Baa1 (-2)

Structural features cap the rating?	No
Base Case Assumptions	The A1/Baa1 (LCC and account bank rating) scenario represents the base case assumptions used in the initial rating process
Chart Interpretation:	Initial ratings will differ if the LCC ceiling and counterparty ratings change and other rating factors remain the same (see page 16). At the time of the rating assignment, the model output indicated that Serie A would have achieved a A1 rating if the LCC was Aa3, the account bank rating was A2 and all other factors were constant.

Strengths and Concerns

Strengths:

- **Credit support:** Reserve fund fully funded upfront equal to 15% of the Serie A and Serie B notes to cover potential shortfall in interest and principal.
- **Sequential amortisation of the notes:** Amortisation of Serie B notes will not start until Serie A notes are fully redeemed.

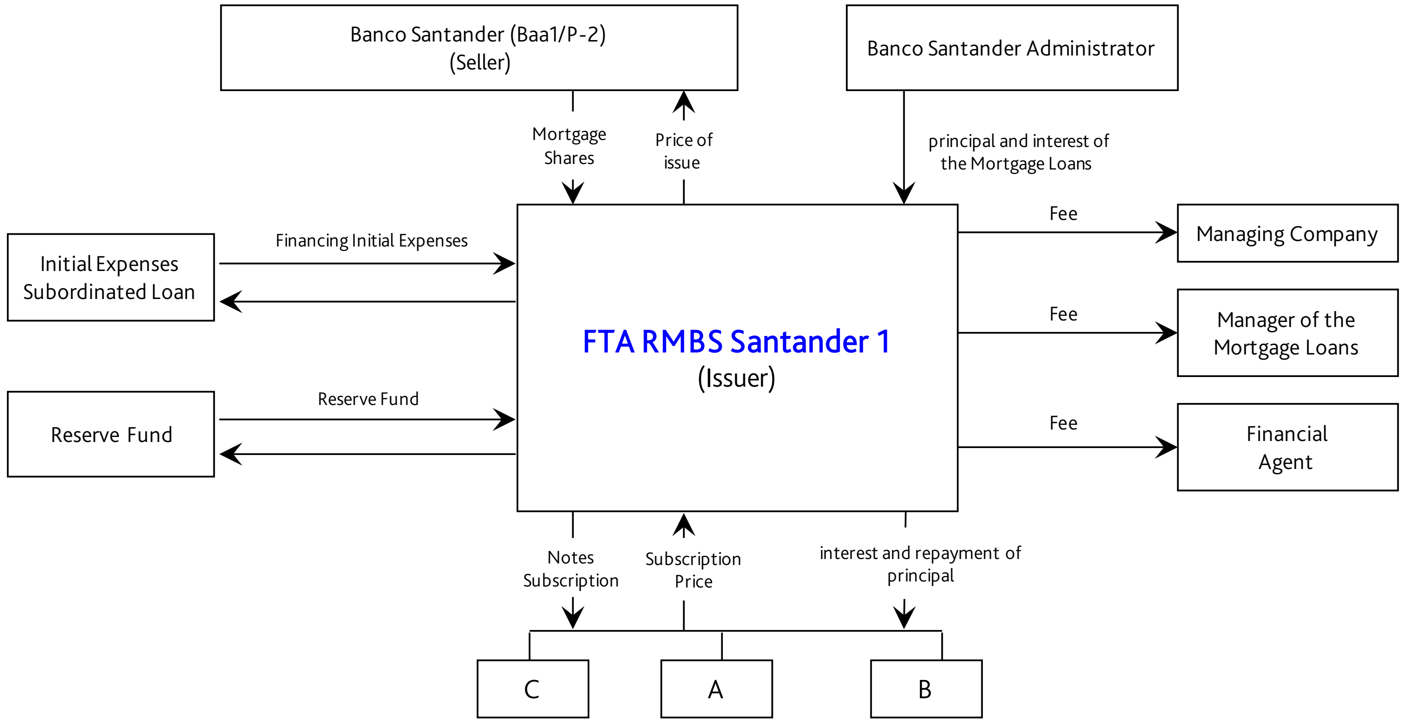
Concerns and Mitigants:

Our committees particularly focused on the following factors, listed in order of those most likely to affect the ratings:

- **Renegotiations:** the initial term of 35.8% of the loans has been already modified since they were granted. In the majority of cases a principal grace period has been granted. For more details on our analysis for this type of loans refer to Section "Treatment of Concerns".
- **Loan characteristics:**
  - **High LTV pool**: 33.0% of loans are above 80% LTV, 18.0% of loans above 90% LTV. LTV is the main driver of default in our MILAN analysis.
  - **Borrower Nationality:** 6% of the portfolio corresponds to foreign residents.
  - **Grace periods:** 26.8% of the loans have a principal grace period which poses potential payment shock risk. For more details on how we analyse loans in grace period refer to Section "Treatment of Concerns".
  - **Occupancy Type**: 7.2% of the loans are backed by non owner occupied properties.
  - **Months current data:** 65% of the loans have been in arrears less than 90 days at least once since the loans were granted.
- **Historical information:** Previous transactions display a weak performance compared with the market. Additionally, historical information provided by Santander shows a cumulative +90 days arrears level above 15% in most of vintages. For more details on performance of previous deals by this originator and static vintage data refer to Section "Treatment of Concerns".
- **Hedging arrangements:** No interest rate swap in place to cover interest rate risk. This risk has been taken into account when assessing the subordination levels and only partial value was given to the available excess spread.
- **Tight excess spread**: besides the interest rate risk in the transaction, the current weighted average margin at closing is 1.42%, with notes paying a weighted average coupon of 1.15%. For more details on excess spread of the pool refer to Section "Treatment of Concerns".

Structure, Legal Aspects and Associated Risks

EXHIBIT 1
Structure Chart



Transaction structure:

Allocation of Payments/Pre accelerated revenue waterfall:

On each quarterly payment date, the issuer's available funds (i.e., amounts received from the portfolio, the reserve fund, interest earned on the issuer account and amounts received from the swap counterparty) will be applied in the following simplified order of priority:

- Cost and fees, including servicing fee
- Interest payment to Serie A
- Interest payment to Serie B (if not deferred)
- Retention of an amount equal to the principal due under the notes to amortise Series A and B
- Interest payment to Serie B notes (if deferred)
- Replenishment of the reserve fund
- Interest payment to Serie C
- Principal payment to Serie C
- Repayment of subordinated loans
- Originator consideration

The amortisation is sequential.

Allocation of Payments/PDL-like mechanism:

A principal deficiency ledger (PDL) is defined as the negative difference between the principal available funds and a target principal amount. A target principal amount is the difference between the notes' outstanding principal and the performing assets. A non-performing asset is defined as one with any amount due but unpaid for more than 18 months, or one written off by the management company at their discretion.

Performance Triggers:

Trigger	Conditions	Remedies/Cure
Reserve Fund Stop Amortisation	» 90+ days in arrears exceeds 1.00%; or » The reserve fund is not funded at its required level » Less than three years have elapsed since closing	The target amount of the reserve fund will not be reduced on any payment date on which these occur.
Interest Deferral	» The cumulative level of loans in arrears for more than 18 months exceeds 20.0% for Serie B.	Interest payment on Serie B will be postponed after principal payment of Serie A.

Reserve Fund:

At closing the reserve fund will be 15.0% of Series A and B's initial note balance. The reserve fund will be funded by the issuance of the Serie C notes. Three years from closing, subject to the amortisation trigger described in the table above, the reserve fund will amortise to the lower of the following amounts:

- 15.0% of the initial balance of the notes
- The higher of the following amounts:
  - 30.0% of the outstanding balance of notes
  - 7.5% of the initial balance of notes

The reserve fund will be replenished after the principal payment of the subordinated notes. Through these mechanisms, we consider that the reserve fund in this transaction is in line with other comparable Spanish RMBS transactions.

Liquidity:

- Principal to pay interest mechanism.
- The reserve fund is a further source of liquidity.

Subordination of interest:

The payment of interest on Series B will be brought to a more junior position if, on any payment date, the conditions described under the interest deferral triggers are met.

In this transaction the interest deferral triggers are based on the cumulative level of loans in arrears for more than 18 months. In practice, this would mean that loans written off before the 18 months threshold (i.e., "*dación en pago*" or early payments in kind) would not be accounted for in the interest deferral definition. This is unlike most Spanish transactions where the trigger is based on the cumulative level of written off loans.

Assets:

Asset transfer:

True Sale: According to the legal opinion received, the securitisation of assets will be carried out in compliance with the Spanish Securitisation Law.

Bankruptcy Remoteness: Under the Spanish Securitisation Law, a Spanish SPV (FTA/FTH) is not subject to the Spanish Insolvency Law. It is only the management company, acting in the best interest of the noteholders, which can decide to liquidate the SPV.

Interest rate mismatch:

The portfolio corresponds to floating-rate loans linked to 12-month EURIBOR (100%), and most of them reset annually; whereas the notes are linked to three-month EURIBOR and reset every quarter on the determination dates.

This leads to an interest rate mismatch in the transaction.

Mitigant:

Our analysis takes into account the potential interest rate exposure in order to assess the ratings. The analysis is based on the observation of the historical volatility between the two rates in a given time interval defined on the basis of the cash-flow dynamics in the specific transaction. The exposure is then computed applying an historical VAR approach with a 99% confidence interval. In the case of a mismatch between 12-month Euribor and 3-month Euribor, the adjustment to the gross margin on the 12-month Euribor-linked loans would currently be in the range of 40-75 bps.

The excess spread available in the transaction will be affected by this interest rate mismatch among other factors. We have taken into account how this mismatch may reduce the initial excess spread during the life of the deal.

Cash Commingling:

All of the payments under the loans are collected by the servicer under a direct debit scheme into the Issuer Account held at Banco Santander (Baa1/P-2) in the name of the issuer. In the event of originator insolvency and until notification is delivered to the relevant debtors to redirect payments, payments by the underlying debtors will continue to be collected by the servicer and may be commingled with other funds belonging to the originator.

Mitigants:

- Collections will be transferred up to a maximum of 48 hours from receipt by the Treasury Account which is held with Banco Santander.
- If Banco Santander is downgraded below Baa3/P-3, it must within 30 days to 1) find a Baa3/P-3 rated guarantor, or 2) find a replacement.
- The commingling risk has been taken into account in our cash flow analysis.

Set off: 100% of obligors have accounts with the seller.

Mitigant: Set off is very limited since only unpaid installments that are considered fully due and payable prior to the declaration of insolvency can be offset against deposits held by the originator. Thus, set-off risk has not been modeled in this transaction.

Permitted variations: Any renegotiation of the terms and conditions of the loans is subject to the management company's approval. The management company may authorise the originator to renegotiate the interest rate or maturity of the loans without requiring its approval.

Mitigant*:*

Banco Santander will not be able to extend the maturity of any loan beyond 31 January 2054. The renegotiation of the maturity of the loans is also subject to various conditions, of which the following are the most significant:

1. The total amount of loans on which the maturity has been extended cannot be greater than 10% of the initial pool balance.
2. The frequency of payments cannot be decreased.
3. The amortisation profile cannot be modified.

Additionally, Banco Santander will not be able to renegotiate the interest margin of any mortgage loan below 12-month Euribor plus 100 bps.

Originator Profile, Servicer Profile and Operating Risks

Date of Operations Review:	23 May 2013 / Follow-Up May 2014

Originator Background: Banco Santander

» Rating:	» Baa1/P-2
» Financial Institution Group Outlook for Sector:	» Negative
» Ownership Structure:	» Not Available
» Asset Size:	» Not Available
» % of Total Book Securitised:	» Not Available
» Transaction as % of Total Book:	» Not Available
» % of Transaction Retained:	» Not Available

Originator Assessment	Main Strengths (+) and Challenges (-)
Overall Assessment:	**Average**
Originator Ability	» With total assets of EUR1.134 trillion at year-end 2013, Santander is the largest banking group in Spain and among the 15 largest banking groups in Europe. Retail banking (including asset management and insurance), which accounts for around 75% of profits, is Santander's main source of earnings, a factor that has underpinned its solid performance during the global financial crisis. In our view, these profits tend to be more vulnerable to event risk, despite their retail nature. The bank is also facing very challenging operating conditions, which will continue to translate into higher credit costs (namely in Spain and Portugal), low business growth and costly access to market funds.
Sales & Marketing Practices	» Banco Santander's market share in Spain is around 7.5% of the total market. » The originated volumes remained stable over the recent past. » Santander operates with 3 origination channels: – Branches: Around 80% of the origination as of 2012 – Subrogations from real estate developer loans: Stable around 19% – Brokers: less than 1% currently.

Originator Assessment	Main Strengths (+) and Challenges(-)
Underwriting Policies & Procedures	» Banco Santander has established two different approaches when underwriting a new loan which can be summarised as following: – Standardised: For loans below €500,000 a more automated process is established, mainly based on the scoring system. – Individualised: For loans above €500,000 a risk analyst is assigned to the transaction since the first moment and will follow up until the end. » The standardised approach covers around half of the total volume, but around 90% by number of transactions, which proves the efficiency of having automated centralised processes in place when underwriting high volumes. This is of course the system used for most of the residential mortgage book. » The branch is responsible for collecting all the information related to the credit quality of the final debtors. Required documentation includes identity card, the three most recent payslips, the most recent tax return and recent loan statement (if borrower has additional debt), among others. Banco Santander also checks credit bureaus such as RAI, Experian and CIRBE for adverse credit. » Loan applications are approved at different levels, whereby the required authority depends on the amount, maturity and guarantees of the transaction. The highest approval level is the Executive Risk Management Board. » The branch is then also responsible for creating an electronic file by feeding all the information gathered into the platform "Strategy Web". Once this is done the transaction will be pre-classified and an automatic scoring will be assigned. » There is a specific team (Santander Analytics) that is in charge of the periodical reviews and recalibrations of the models. » The credit-scoring model is approved by the Bank of Spain and provides various results: Approved, Doubtful and Denied. Doubtful transactions will be escalated to the risk analysts in the central services, and then approved or denied after further and more detailed evaluation. The scoring system for self-employed individuals is a very efficient tool, with scores updated monthly. The standardised and individualised approaches have already been certified by the Bank of Spain (therefore the size of regulatory capital needed is estimated with them). » The debt-to-income (DTI) is another input into the scoring system. DTI calculation uses net income, against financial debts as per the system. – Interest rates are currently stressed for the DTI calculation since 2013. However, stressed DTI for mortgage loans originated before 2013 was used into the scoring system, but they might be when the transaction is manually analysed. There is work in progress to unify the criteria and include stresses in the scoring system as well. » Loans granted to Santander employees do not follow the usual scoring system and are analysed individually. They are subject to human resources internal rules and the input to establish the price is mainly determined by the loan-to-income ratio. » Changes and new policies recently implemented are: – Renegotiation and refinancing have been segregated from the established/automated underwriting processes and there is a specific team to sanction and monitor these transactions
Property Valuation Policies & Procedures	» Banco Santander uses 17 approved independent valuation companies. » The valuator for each transaction is selected in a centralised manner by SIBASA (part of the group), which is in charge of supervising the whole valuation process (also for broker originated loans), including the quality control of the valuators. » If the purchase price of the property is lower than the valuation, Banco Santander will take the lowest of the two. » Following regulation by Bank of Spain, Banco Santander has revaluated the appraisal values of more than 90% of the properties backing mortgage loans since Q3 2013. This information has been provided for Moody's analysis. » Quality of valuations in Spain is standardised by the Bank of Spain, who certifies valuators or Sociedades de Tasacion.
Closing Policies & Procedures	» Random internal audits are carried out to double check the inputs fed into the system. » At closing all the documentation is scanned and a digital file is created. » Banco Santander is in line with the Spanish standards.
Credit Risk Management	» Banco Santander presents 17 regional units (one per region in Spain) with an average of 30 people on each one.
Originator Stability	
Quality Control & Audit	» Banco Santander is regulated by the Bank of Spain and carries out annual external audits. » The pool to be securitised has been assessed via an AUP.
Management Strength & Staff Quality	» Banco Santander is a well-established originator with a high level of sophistication.
Technology	» Banco Santander is also a leading entity in terms of IT resources. » Back-up copies are made periodically and kept for a term according to its importance.

Servicer Background: Banco Santander

Rating:	»	Baa1/P-2
Total Number of Mortgages Serviced:	»	Not Available
Number of Staff:	»	Not Available

Servicer Assessment:		Main Strengths and Challenges
Overall Assessment:		**Average**
Servicer Ability		
Loan Administration	»	Banco Santander branches are divided in three different categories depending on their arrears levels.
Early Arrears Management	»	Up to 30 days in arrears the transaction is under the surveillance of the branch, although from day 10 external contact centres might also be taken on board.
	»	From day 30 onwards, it is not only the branch but also the experts from the correspondent regional unit looking at the transaction.
	»	Every 30 days a new course of action is established depending on the risk profile, and a new cycle begins combining calls, SMS, letters, etc, but always using a call blending system in order to obtain a more efficient management of progress.
	»	From day 91-150, transactions below €30,000 are externalised and transactions above €30,000 are kept in house.
Loss Mitigation and Asset Management	»	If after 151 days the incident has not been solved (either repayment or renegotiation), they start to prepare the judicial procedure.
	»	At this stage the €30,000 rule still applies, which leads to external lawyers as well (156 different law firms through Spain).
	»	No less than 18 months elapsed from the moment the claim is submitted to the moment the auction takes place.
Servicer Stability		
Management Strength & Staff Quality	»	Banco Santander combines the strength of its internal resources with the support of some external entities.
	»	Besides the branch and these external companies, Banco Santander internally counts with 84 people for transactions less than 90 days in arrears, 26 people for transactions between 91-150 days in arrears, and 79 people for transactions above 151 days in arrears.
IT & Reporting	»	Regular testing, back-up and upgrade of the IT system
Quality control & Audit	»	Regular external audits and loan book audits at the branch and central risk department levels. In each review, transactions are randomly selected and there is a review of scoring system inputs and supporting documentation.

Strength of Back-up Servicer Arrangement:	»	Not Available

Back-up Servicer Background: Not Available

Rating:	There is no back-up servicing agreement in place
Ownership Structure:	N/A
Total Number of Receivables Serviced:	N/A
Number of Staff:	N/A
Type of Back-up:	N/A

Cash Manager Background: Santander de Titulización S.G.F.T.; S.A

Rating:		Santander de Titulizacion S.G.F.T.; S.A (SdT) (Unrated.)
Main Responsibilities:	»	Complying with its formal, documentary and reporting duties to the Spanish stock market regulator (Comisión Nacional del Mercado de Valores or CNMV), the rating agencies and any other supervisory body.
	»	Complying with the calculation duties (including calculation of available funds, withholding obligations) provided for, and taking the actions laid down in the Deed of Constitution and the Prospectus.
	»	Calculating and determining on each determination date the principal to be amortised and repaid on each bond series on the relevant payment date.
	»	Instructing transfers of funds between the various borrowing and lending accounts, and issuing all relevant payment instructions.
	»	The management company may extend or amend the agreements entered into on behalf of the fund, and substitute, as the case may be, each of the fund service providers on the terms provided for in each agreement.
Calculation Timeline:	»	Determination date (5 business days before the Payment Date)

Back-up Cash Manager Background: Not Available

Back-up Cash Manager and its Rating:	N/A
Main Responsibilities of Back-up Cash Manager:	N/A

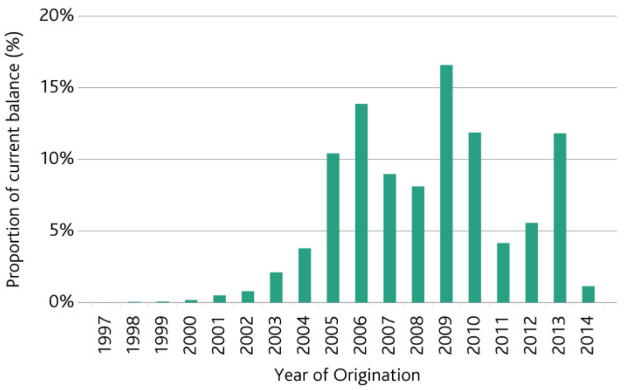
Originator/Servicer/Cash Manager Related Triggers

Key Servicer Termination Events:	Insolvency, administration by the Bank of Spain, breach of servicer's obligations, or servicer's financial condition being detrimental to the fund or noteholders' interests (always at the discretion of the management company).
Appointment of Back-up Servicer Upon:	None
Key Cash Manager Termination Events:	Insolvency
Appointment of Back-up Cash Manager Upon:	Insolvency
Notification of Obligors of True Sale:	Insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at the discretion of the management company).
Conversion to Daily Sweep (if original sweep is not daily):	Original sweep is immediate upon reception and up to a maximum of 48 hours
Notification of Redirection of Payments to SPV's Account:	Insolvency, administration by the Bank of Spain, liquidation or substitution of the servicer, or because the management company deems it reasonable (always at the discretion of the management company).
Accumulation of Set Off Reserve:	N/A
Accumulation of Liquidity Reserve:	N/A
Set-up Liquidity Facility:	N/A

Collateral Description (provisional pool as of May 2014)

EXHIBIT 2

Portfolio Breakdown by Year of Origination

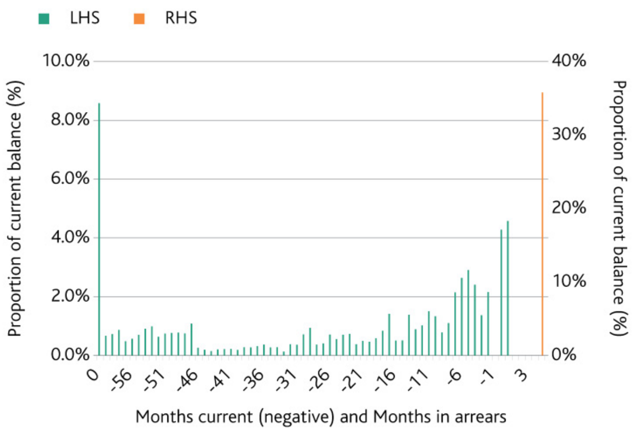


Source: Banco Santander

EXHIBIT 3

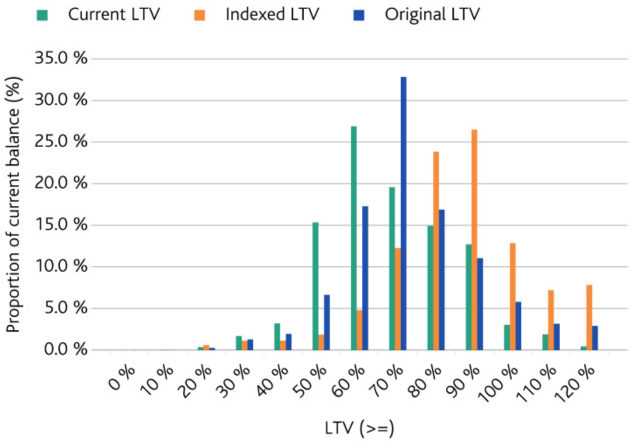
Portfolio Breakdown by Months Current

Months current (negative) and arrears (positive)



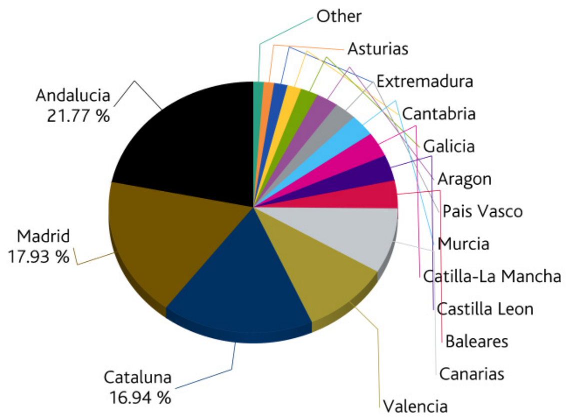
Source: Banco Santander

EXHIBIT 4
Portfolio Breakdown by LTV [original/current/indexed]



Source: Banco Santander

EXHIBIT 5
Portfolio Breakdown by Geography



Source: Banco Santander

Product Description: The assets backing the notes are first-ranking prime mortgage loans originated by Banco Santander. All the loans in the pool are secured on residential properties located in Spain.

Eligibility Criteria:

The key eligibility criteria are:

» The mortgage certificates exist and are valid and enforceable.

» The mortgage certificates are secured with a first-ranked real estate mortgage.

» The mortgage certificates are all denominated and payable exclusively in euros.

» The mortgaged properties are all completed and located in Spain and have been appraised by duly qualified institutions approved by the Bank of Spain.

» None of the mortgage certificates have any payments more than one month overdue at the date the mortgage certificate was issued.

» Each mortgage is originated according to the policies in force for granting credit at the time each mortgage certificate was granted.

» Each mortgage certificate must be registered in the relevant property registry and represent an economic or legal first-ranking claim on the corresponding property. No pending charges or prior ranks.

» All mortgages are granted to Spanish persons or residents.

» At least one instalment received.

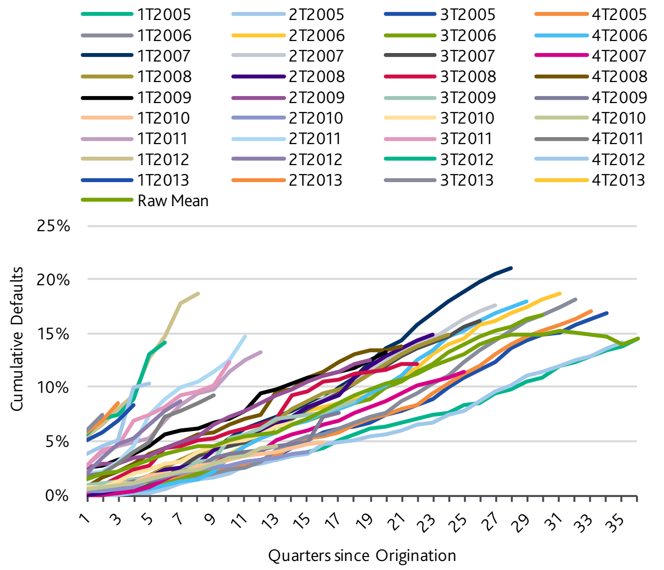
» None of the loans come from refinancing or renegotiations of loans more than 90 days in arrears.

Credit Analysis

Precedent Transactions' Performance

» The performance of Santander Hipotecario's precedent transactions is worse than the Spanish market index (See section Benchmark Analysis).

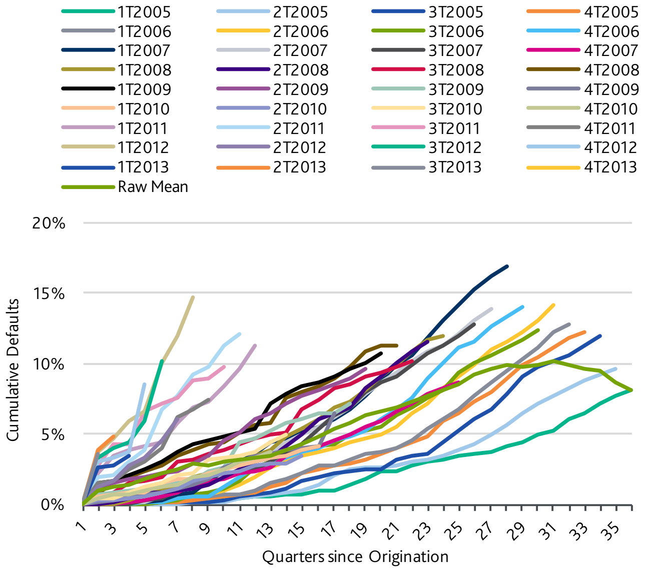
EXHIBIT 6
+90 Days Raw Vintage Curves



Source: Banco Santander

EXHIBIT 7

+180 Days Raw Vintage Curves



Source: Banco Santander

Data Quantity and Content:

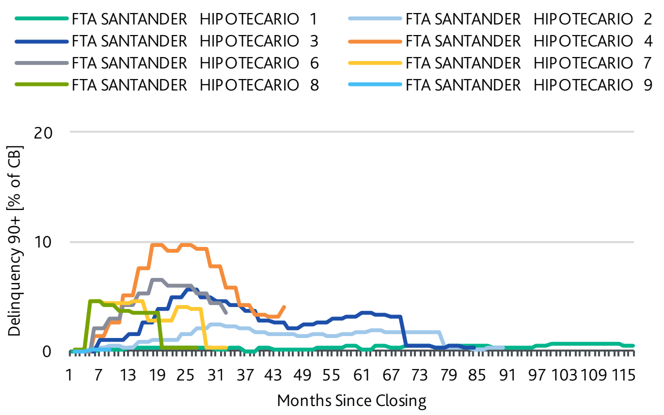
» The originator provided static vintage data on the performance of its book of mortgage loans. Precisely, we have received data from 2005-13 on cumulative delinquencies over 90 days and 180 days for Banco Santander´s mortgage book. In addition we have received dynamic arrears information and partial information on recoveries.

» In our view, the quantity and quality of data received is average compared with transactions which have achieved high investment grade ratings in this sector.

» Chart 6 and 7 show +90 and +180 days delinquencies by origination vintage for mortgage loans in the originator's portfolio while Chart 8 illustrates the performance of the outstanding Santander Hipotecario transactions.

EXHIBIT 8

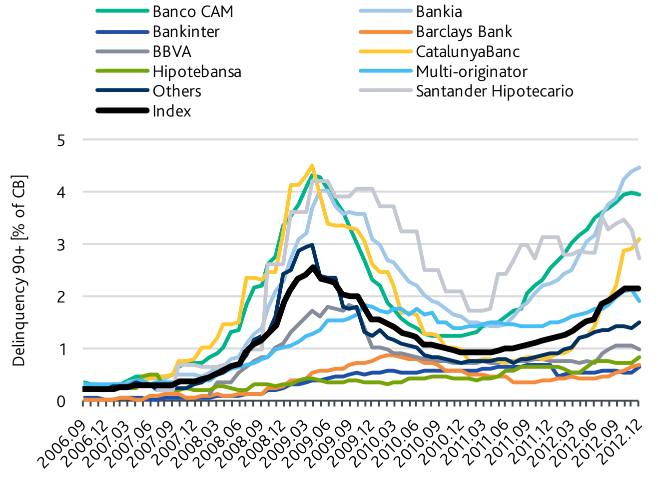
90+ days Delinquency Santander Deals



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

EXHIBIT 9

Spanish RMBS 90+ Days Delinquency - trend by originator



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Assumptions and definitions Other values within a range of the notional amount listed below may result in achieving the same ratings.

Assumptions	
Spread compression/margin analysis	50% of assumed CPR is applied to loans with highest interest rates. The remaining 50% is applied to loans with average interest rates
Stressed Fees	0.30% p.a. + €50,000 fixed fees
Recovery rate	50%
Definitions	
WA asset margin at closing	100% 12m Euribor linked loans
WA asset margin after reset	100% 12m Euribor linked loans
Asset reset date	Annually
Liabilities reset date	Quarterly
Interest on cash	Euribor
Actual Fees	0.05% p.a.
Default Definition	18 months

Expected Loss:

Our expected loss assumption is based on:

» Performance of the originators' precedent transactions

» The static historical information on delinquencies received from the originator

» Benchmarking with comparable transactions in the Spanish market

» The current weak economic environment in Spain

Modelling Approach:

Loss Distribution: The first step in the analysis is to determine a loss distribution of the pool of mortgages to be securitised. Due to the large number of loans and supporting historical data, we use a continuous distribution to approximate the loss distribution: the lognormal distribution.

In order to determine the shape of the curve, two parameters are needed: the expected loss and the volatility around this expected loss. These parameters are derived from two important sources: historical loss data and the loan-by-loan model.

We use performance data provided by the originator in addition to other relevant data in order to extrapolate expected losses for the loan pool. Examples of data include market and sector-wide performance data, the performance of other securitisations and other originators' data.

To obtain the volatility under stressed scenarios, we take into account historical data. However observed historical volatility may not be significant (given insufficient data points, or incomplete data), and in addition may not be representative for the future as it is based on the previous economic environments experienced.

Consequently, we determine a number representing the enhancement that would be required for a pool of mortgages to obtain a rating consistent with A1 under highly stressed conditions. This enhancement number (the MILAN CE number) is produced by using a loan-by-loan model, which looks at each loan in the pool individually and based on its individual characteristics such as LTV or other identified drivers of risk, will produce a benchmark CE number. This assumes stressed recovery rates (through house price decline), time to recovery, interest rates and costs to foreclosure. The weighted-average benchmark CE number will then be adjusted according to positive and negative characteristics of each loan or of the pool as a whole to produce the MILAN CE number.

Modelling assumption: The MILAN CE number and the expected loss number form the basis of Rating Committee discussions and are used to derive the lognormal distribution of the pool losses

The standard deviation of the distribution is found by setting the expected loss of the area of the lognormal distribution beyond the MILAN CE equal to the expected loss that is consistent with the idealised expected loss of a A1 tranche.

Tranching of the Notes: Once the loss distribution of the pool under consideration has been computed, a cash flow model is used to assess the impact of structural features of the transaction. It calculates the average lives and the losses experienced by the notes for every loss scenario for the portfolio. Based on these numbers, the expected loss and the weighted-average lives for the notes are calculated as weighted averages based on the probabilities of the respective scenarios. The expected loss on each tranche, together with the notes' weighted-average life determines the rating, which is consistent with our target losses for each rating category.

The rating of the notes is therefore based on an analysis of:

» The characteristics of the mortgage pool backing the notes

» The relative roll-rate levels and arrears in this type of lending compared with conventional lending

» Sector-wide and originator specific performance data

» Protection provided by credit enhancement and liquidity support against defaults and arrears in the mortgage pool

» The legal and structural integrity of the issue

Treatment of Concems:

Renegotiations: the initial term of 36% of the loans has been already modified since they were granted. In the majority of cases a principal grace period has been granted. These loans were performing or less than 90 days in arrears at the time they were modified. However, we believe that these loans are riskier because they can mask potential future problems. As a result, we have increased the probability of default for these loans in our MILAN Analysis. This factor, together with the high LTV in the pool, is the main driver for the final MILAN CE number.

High LTV pool: 32.97% of loans are above 80% LTV, 18.05% of loans above 90% LTV. The weighted-average current LTV (based on valuation at origination) of 73.48% is higher than the market average. We have considered the revaluations (as of Q4 2013) of each property backing the mortgage loans, as provided by Santander, to calculate the severity in case of default. The weighted-average current LTV based on such revaluations is 96.0%. LTV is the main driver of default in our MILAN analysis.

Grace periods: 26.8% of the loans have a principal grace period, most of them being renegotiated loans as mentioned above. These loans only pays interest (and not principal) during this period. The longest grace period in the pool ends by June 2016. We have applied a penalty of 25% to take into consideration the risk of payment shock for borrowers once the grace period ends.

Occupancy Type: Approximately 7.1% of the loans are backed by properties used as second homes or that are not owner occupied. We believe that loans backed by vacation homes or not owner occupied are riskier than loans taken for the acquisition of primary residence and applies an adjustment of 50% to its MILAN credit enhancement due second homes or non-owner occupied residences.

Borrower Nationality: 6% of the pool comprises loans granted to new residents which we view as riskier borrowers than Spanish nationals. We have introduced an adjustment of 200% to our MILAN credit enhancement to account for the greater risk profile of these borrowers.

Months current data: 65% of the loans have been in arrears less than 90 days at least once since the loans were granted. Months-current data indicates the number of months since the loan was last in arrears. There is limited benefit if the loan has previously been in arrears, as, for the purpose of this adjustment, the seasoning is defined as the number of months since the last arrears and not since origination. Therefore, the benefit to the long seasoning in this transaction is very limited.

Historical information: We have taken into account the arrears information reported for similar transactions launched by Santander in the past, and have determined that the arrears for their mortgages is higher than similar Spanish RMBS. The increasing levels of defaulted loans and low recoveries ultimately resulted in draws to reserve fund in previous Santander transactions. We have taken into consideration in the assumptions the current performance of Santander deals when deriving the expected loss figure for this deal. Additionally, we have considered this weak performance when assessing the originator and servicer adjustment in our MILAN Analysis.

Hedging arrangements: There is no interest rate swap in place to cover the interest rate risk. Our analysis takes into account the potential interest rate exposure in order to size the credit enhancement needed to support the ratings. The analysis is based on the observation of the historical volatility between the two rates in a given time interval defined on the basis of the cash-flow dynamics in the specific transaction. The exposure is then computed applying an historical VAR approach with a 99% confidence interval. In the case of a mismatch between 12-month Euribor and 3-month Euribor, the adjustment to the gross margin on the 12-month Euribor-linked loans would currently be in the range of 40-75 bps. Additionally, only partial value is given to the excess spread.

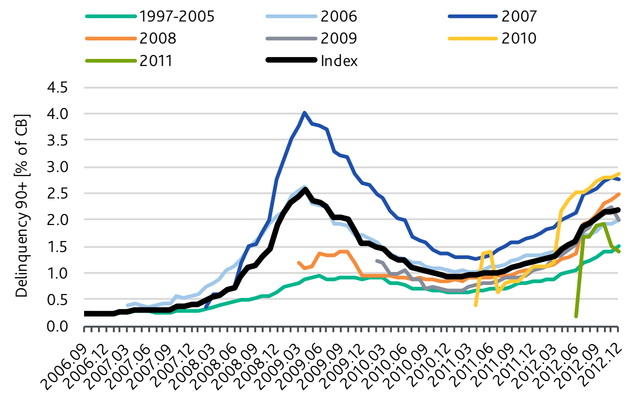
Tight excess spread: the current weighted average margin at closing is 1.42% (over 12-month Euribor), with notes paying a weighted average coupon of 1.15% (over three-month Euribor) and actual senior fees of 0.05%. The excess spread will be affected by the interest rate risk in the transaction, as well as the effect of prepayments, renegotiations and natural amortisation. The tight excess spread resulting has been taken into account in our analysis. The reserve fund of 15% is a mitigant providing liquidity in the transaction.

Benchmark Analysis

Performance Relative to Sector: In our view, the historical performance of 90+ delinquencies of Santander transactions compares negatively with other recent transactions in this sector. Compared with its peer group of Spanish High LTV transactions, the portfolio reflects higher delinquencies trends.

EXHIBIT 10

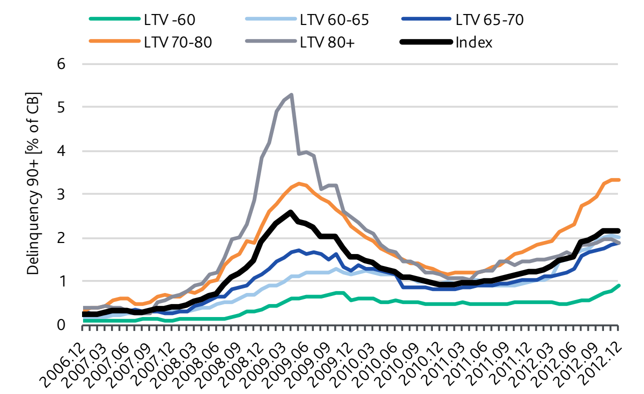
90+Delinquencies



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

EXHIBIT 11

90+Delinquencies



Source: Moody's Investors Service, Moody's Performance Data Service, periodic investor/servicer reports

Benchmark Table Best practice:

Deal name	FTA RMBS Santander 1	Santander Hipotecario 9	Santander Hipotecario 8	Santander Hipotecario 7	BBVA RMBS 11
Closing date	June 2014	May 2013	November 2011	June 2011	June 2012
Information from	Provisional	Provisional	Preliminary Pool	Preliminary Pool	Final Pool
Originator	Banco Santander	Banco Santander	Banco Santander	Banco Santander	BBVA
Servicer	Banco Santander	Banco Santander	Banco Santander	Banco Santander	BBVA
MILAN Aaa CE	40%	34%	30.0%	30.0%	21.0%
Expected Loss	13.5%	12.0%	10.0%	10.0%	7.0%
PORTFOLIO STRATIFICATION					
Avg. Current LTV	73.48%	87.92%	82.92%	88.4%	86.99%
% Current LTV > 70%	52.53%	99.80%			100%
% Current LTV > 80%	32.97%	91.67%	67.60%	95.3%	100%
% Current LTV > 90%	18.05%	35.89%			29.18%
Avg. Current LTV indexed*	92.30%	104.05%	91.17%	93.1%	92.05%
% Self Employed	13.32%	0.61%	1.93%	9.2%	11.5%
% Brokers	4.5%	0%	0.4%	6.3%	20.9%
% New Residents	6.0%	4.38%	8.0%	6.9%	6.1%
% Temp Workers	Not available	No available	No available	No available	12.4%
% Non-owner Occupied (Includes: Partial Owner)	1.8%	5.97%	3.57%	1.3%	3.8%
% Fixed interest	0.0%	0.06%	0.06%	0.3%	0.0%
Max regional concentration	Andalusia (21.8%)	Madrid (27%)	Andalusia (20%)	Andalusia (21%)	Madrid (22%)
% in arrears at closing	40.37%	1.14%	No loans more than 30 days	No loans more than 30 days	
PORTFOLIO DATA					
Current Balance	€1,353 million	€683 million	€844 million	€1,894 million	€1,400 million
Average Loan (Borrower)	€144,424	€165,789	€165,752	€193,418	€175,939
Borrower top 20 (as % of pool bal)	1.21%	2.34%	1.9%	1.4%	1.35%
WA interest rate	1.96%	1.78%	2.5%	2.1%	3.08%
Stabilised margin**	N/A	N/A	N/A	N/A	N/A
Average seasoning in years	5.5	4.0	4.6	2.7	2.66
Average time to maturity in years	25.5	29.10	28.3	30.6	33.41
Maximum maturity date	Jan 2054	Jan 2053	Nov 2051	Jan 2051	Jan 2052
Average House Price stress rate***	35.35%	41.09%	48.2%	44.1%	44.69%
Average House Price change§	-19.20%	-12.5%			-5.2%
STRUCTURAL FEATURES					
Notes Payment Frequency	Quarterly	Quarterly	Quarterly	Quarterly	Quarterly
Replenishment Periods	No	No	No	No	No
Total Aaa size	74%	75%	80.0%	80.0%	85%
RF at Closing§§	15%	18%	20.0%	20.0%	12.75%
RF Fully Funded at Closing?§§	Yes	Yes	Yes	Yes	12.75%
RF Floor§§	7.5%	9.0%	10.0%	10.0%	6.38%
Hedge in place	No	No	Yes	Yes	No
Principal to pay interest	Yes	Yes	Yes	Yes	Yes

* As per Moody's calculation.

** Margin after all loans reset.

*** As per Moody's MILAN methodology for Aaa scenario.

§ As per Moody's calculation.

§§ Of original note balance.

Parameter Sensitivities

Parameter Sensitivities provide a quantitative, model-indicated calculation of the number of notches that a Moody's-rated 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. It 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 differ as certain key parameters vary.

Because we also take qualitative factors into consideration in the ratings process, the actual ratings that we assign in each case could differ from the ratings that the parameter sensitivity analysis implies. This adjusted analysis will show how the notes' initial ratings will differ if the Local Country Ceiling ("LCC") and counterparty ratings change and other rating factors remain the same. For more information on LCC Sensitivity, please refer to "Updated Sensitivity Analysis Clarifies How Sovereign Risk Affects Structured Finance Ratings" published in May 2014.

Parameter sensitivities for this transaction were calculated in the following manner: We assumed 16 loss distributions derived from the combinations of MILAN Credit Enhancement: 40% (base case), 43% (base x 1.075), 47% (base x 1.18) and 50% (base x 1.25) and expected loss: 13.5% (base case), 15.5% (base x 1.15), 18% (base x 1.3) and 20.3% (base x 1.5). The 13.5%/40% scenario would represent the base case assumptions used in the initial rating process.

The tables below show the parameter sensitivities for this transaction with respect to all Moody's-rated tranches.

TABLE 3*
Serie A

		MILAN CE Output			
		40%	43%	47%	50%
Median Expected Loss	13.5%	A2*	A3 (1)	A3 (1)	A3 (1)
	15.5%	A2 (0)	A3 (1)	A3 (1)	Baa1 (2)
	18.0%	A3 (1)	A3 (1)	Baa1 (2)	Baa1 (2)
	20.3%	A3 (1)	A3 (1)	Baa1 (2)	Baa2 (3)

* Results under base case assumptions indicated by asterisk ' * '. Change in model-output (# of notches) is noted in parentheses.

TABLE 4*
Serie B

		MILAN CE Output			
		40%	43%	47%	50%
Median Expected Loss	13.5%	B3*	B3 (0)	B3 (0)	B3 (0)
	15.5%	Caa1 (1)	Caa1 (1)	Caa1 (1)	Caa1 (1)
	18.0%	Caa2 (2)	Caa2 (2)	Caa2 (2)	Caa2 (2)
	20.3%	Caa2 (2)	Caa2 (2)	Caa2 (2)	Caa2 (2)

* Results under base case assumptions indicated by asterisk ' * '. Change in model-output (# of notches) is noted in parentheses.

Worse case scenarios: At the time the rating was assigned, the model output indicated that Serie A would have achieved the A2 rating even if expected loss was as high as 15.5% assuming MILAN Aaa CE remained at 40.0% and all other factors remained the same. The model output further indicated that the Serie A would not have been assigned a A2 rating with MILAN Aaa CE of 43.0%, and expected loss of 13.5%.

LCC Sensitivity: initial ratings will differ if the LCC ceiling and counterparty ratings change and other rating factors remain the same.

Table 5 below show the sensitivities for this transaction if the LCC and Account Bank rating would have been different.

TABLE 5
Serie A

		Account Bank Rating		
		A2 (+2)	Baa1 (0)	Baa3 (-2)
LCC	Aa3 (+1)	A1 (+1)	A2 (0)	A2 (0)
	A1 (0)	A2 (0)	**A2 (0)**	A3 (-1)
	A2 (-1)	A3 (-1)	A3 (-1)	Baa1 (-2)

Monitoring

We will monitor the transaction on an ongoing basis to ensure that it continues to perform in the manner expected, including checking all supporting ratings and reviewing periodic servicing reports. Any subsequent changes in the rating will be publicly announced and disseminated through Moody's Client Service Desk.

Originator Linkage: The originator will act as servicer, and issuer account holder. There are triggers in place for issuer account and paying agent functions. There is no back-up servicing agreement.

Significant Influences: In addition to the counterparty issues noted, the following factors may have a significant impact on the subject transaction's ratings: further deterioration in the real estate market beyond the stress which was modelled

Counterparty Rating Triggers	Condition	Remedies
Issuer Account Bank	Loss of Baa3/P-3	Replace
Collection Account Bank	Loss of Baa3/P-3	Replace

Monitoring Report:

Data Quality:

» We have reviewed the template for the investor report and found it to be in line with the Spanish market standards.

» Key performance indicators used by the primary analysts to rate the transaction are reported by the management company (cumulative 90+ days, 18+ months defaults and recovery information).

» As of the date of publication there is no commitment from the management company to provide us with an updated pool cut on a periodic basis.

Data Availability:

» The management company (SdT) will be in charge of providing periodically the investor reports (quarterly) and the pool updated information reports (monthly).

» The investor report will be provided within seven days after the payment date.

» Investor report will be available on the management company website: www.santanderdetitulizacion.es. We would like to receive the following important data in addition to data provided: [% undrawn amounts for flexible loans; payment holidays; % repurchased loans, [for Spain] number & value of properties held on behalf of the Fondo, cumulative 90+ days defaults, etc].

Representations and Warranties

The Rule 17g-7 Report of Representations and Warranties is hereby incorporated by reference and can be found at http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF370613

Moody's Related Research

For a more detailed explanation of Moody's approach to this type of transaction as well as similar transactions please refer to the following reports:

Principal Methodology Used:

» Moody's Approach to Rating RMBS Using the MILAN Framework, March 2014 (SF360375)

Outlook:

» 2014 Outlook – European ABS and RMBS, December 2013 (SF347699)

Originator Profile:

» Banco Santander S.A.

Credit Opinion:

» Banco Santander S.A.

Pre-Sale Report:

» Santander Hipotecario 9, June 2013 (SF331728)

Index:

» Spanish Prime RMBS Indices, May 2014 (SF368754)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Appendix 1: Summary of Originator's Underwriting Policies and Procedures

Originator Ability	At Closing
Sales and Marketing Practices	See Originator profile for part of the information the originator allowed Moody's to disclose
Origination channels:	
Underwriting Procedures	
Underwriting composition	
Ratio of loans underwritten per FTE* per day:	
Average experience in underwriting:	
Criteria for compensation of underwriters	
Approval rate:	
Percentage of exceptions to underwriting policies:	
Underwriting Policies	
Source of credit history checks:	
Methods used to assess borrowers' repayment capabilities:	
Income taken into account in affordability calculations:	
Other borrower's exposures (i.e., other debts) t taken into account in affordability calculations:	
Is interest rate stressed to calculate affordability?	
Affordability for I/O/balloon loans:	
Method used for income verification:	
Criteria for non income verified:	
Max age at maturity:	
Maximum loan size:	
Valuation types used for purchase & LTV limits:	
Valuation types used for remortgage & LTV limits:	
Valuation types used for further advances & LTV limits:	
Valuation types & procedure for construction loans & LTV limits:	
Valuation types & procedure for new built properties & LTV limits:	
LTV limit for first-time-buyers:	
Collateral Valuation Policies and Procedures	
Value in the LTV calculation/ in the IT system:	
Type, qualification and appointment of valuers:	
Closing Policies and Procedures	
Quality check before releasing funds:	
Credit Risk Management	
Reporting line of Chief Risk Officer :	
Track loan performance by loan characteristics?	

* FTE: Full Time Equivalent

Originator Stability:	At Closing
Quality Controls and Audits	See Originator profile for part of the information the originator allowed Moody's to disclose
Responsibility of quality assurance:	
Number of files per underwriter per month being monitored:	
Management Strength and Staff Quality	
Training of new hires and existing staff:	
Technology	
Tools/infrastructure available:	

Appendix 2: Summary of Servicer's Collection Procedures

Servicer Ability	At Closing
Loan Administration	See Originator profile for part of the information the originator allowed Moody's to disclose
Entities involved in loan administration:	
Operating hours:	
Early Arrears Management	
Entities involved in early stage arrears:	
Ratio of loans per collector (FTE) in early arrears stage:	
Arrears strategy for 1-29 days delinquent	
Arrears strategy for 30 to 59 days delinquent	
Arrears strategy for 60 to 89 days delinquent	
Arrears strategy for 90 days and more delinquent to late stage	
Prioritisation rules for delinquent accounts:	
Use of updated information in the collection strategy:	
Loss Mitigation and Asset Management Practices:	
Transfer of a loan to the late stage arrears team/stage:	
Entities involved in late stage arrears:	
Ratio of loans per collector (FTE) in late arrears stage:	
Analysis performed to assess/propose loss mitigation solutions:	
Time from first default to litigation and from litigation to sale:	
Average recovery rate (including accrued interest & costs):	

Servicer Stability	
Management and Staff	See Originator profile for part of the information the originator allowed Moody's to disclose
Average experience in servicing or tenure with company:	
Training of new hires specific to the servicing function (i.e., excluding the company induction training)	
Quality control and audit	
Responsibility of quality assurance:	
Number of files (and calls) per agent per month being monitored:	
IT and Reporting	
Tools/infrastructure available:	
Automatic tracking and reporting of specific characteristics:	

» contacts continued from page 1

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