Rating Report

Fondo de Titulización Santander Consumo 2

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Insight beyond the rating.

Ratings and Issuer's Assets

Debt	Par Amount (EUR) 1	Subordination 1, 2	Coupon	Rating	Rating Action
Class A	865,000,000	15.0%	0.6%	AA (sf)	Provisional Rating – Finalised
Class B	50,000,000	10.0%	2.0%	A (sf)	Provisional Rating – Finalised
Class C	50,000,000	5.0%	3.2%	BBB (sf)	Provisional Rating – Finalised
Class D	20,000,000	3.0%	6.5%	BB (sf)	Provisional Rating – Finalised
Class E	15,000,000	1.5%	6.75%	B (sf)	Provisional Rating – Finalised
Class F 3	15,000,000	0.0%	6.93%	CCC (high) (sf)	Provisional Rating – Finalised

1 As at the issue date.
2 Subordination is calculated as a percentage of the underlying portfolio and includes the reserve fund.
3 The proceeds of the subscription of the Class F Notes will be used to fund the EUR 15,000,000 reserve fund.

	Amount (EUR) 1	Size 3
Receivables	1,000,000,042.90	100.0%
Reserve Fund 2	15,000,000	1.5%

1 As at the final portfolio valuation date.
2 Reserve fund provides credit support and can be used to offset credit losses at maturity.
3 Expresses a percentage of the collateral portfolio.

DBRS Ratings Limited (DBRS) has finalised the ratings of AA (sf), A (sf), BBB (sf), BB (sf), B (sf) and CCC (high) (sf) previously assigned to the Class A, Class B, Class C, Class D, Class E and Class F notes (the notes), respectively, issued by FT Santander Consumo 2 (the Issuer or the Fund), a securitisation fund incorporated under the Spanish securitisation law in the context of a securitisation transaction that closed on 9 December 2016 (the transaction). The notes are backed by receivables related to a consumer loan contract granted, without specific purpose, to individuals residing in Spain by Banco Santander, S.A. (Santander, the Seller or the Originator).

On 9 December 2016, Santander assigned a portfolio of about EUR 1 billion receivables, the purchase of which was funded with the proceeds of subscription of the Class A to E notes, whereas the proceeds of subscription of the Class F notes were applied to fund the Reserve Fund. On or around each payment date during the initial 28 months from the issue date, Santander may offer additional receivables that the Issuer will purchase with collections deriving from the amortisation of the portfolio subject to eligibility criteria, performance targets and other provisions of the transaction documents (the revolving period). The portfolio is serviced by Santander (the Servicer) and the transaction is managed by Santander de Titulización S.G.F.T., S.A (the Management Company).

Final Portfolio Summary (As at 05/12/2016)

Total Outstanding Principal (EUR)	1,000,000,042.90	Asset Class	General Purpose Loans
Number of Contracts	142,415		
Average Outstanding Principal (EUR)	7,391		
Weighted-Average Interest Rate	9.54%	Asset Governing Jurisdiction	Spain
Weighted-Average Seasoning (Months)	22.4		
Weighted-Average Remaining Maturity (Months)	49.8	Sovereign Rating	A (low)

Note: The portfolio assigned on or about the issue date is selected from the provisional portfolio up to EUR 1.0 billion.

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Transaction Parties and Relevant Dates

Transaction Parties

Roles	Counterparty	Rating
Issuer	FT Santander Consumo 2	n. a.
Originator, Seller, Servicer	Banco Santander, S.A.	(S) A/Stb // R-1 (low)/Stb (C) A (high)/Stb // R-1 (mid)/Stb
Start-up Expenses Loan Provider	Banco Santander, S.A.	(S) A/Stb // R-1 (low)/Stb (C) A (high)/Stb // R-1 (mid)/Stb
Account Bank, Paying Agent, Principal Account	Banco Santander, S.A.	(S) A/Stb // R-1 (low)/Stb (C) A (high)/Stb // R-1 (mid)/Stb
Swap Counterparty	n.a.	n.a.
Joint Arranger and Join-Lead Manager	Banco Santander, S.A.	(S) A/Stb // R-1 (low)/Stb (C) A (high)/Stb // R-1 (mid)/Stb
Joint Arranger and Join-Lead Manager	Credit Agricole Corporate & Investment Bank	Private Rating
Management Company	Santander de Titulización S.G.F.T., S.A.	n.a.

Note: Unless specified public ratings are intended to be Senior Unsecured Debt Ratings or Issuer Ratings.
Specifications are marked as follows:
(S): Senior Unsecured Debt Rating;
(C): Critical Obligations Rating

Relevant Dates

Issue Date	5 December 2016
Settlement Date	9 December 2016
First Interest Payment Date	18 April 2017
Payment Dates	18 January / April / July / October on a quarterly basis
Collection periods	Daily
Revolving Period Maturity Date	18 April 2019
Legal Maturity Date	18 April 2031

Rating Considerations

Notable Features

- Subsequent assignments of receivables are envisaged during the 28-month revolving period.
- Notes will start amortising on the July 2019 payment date or earlier, upon occurrence of certain events.
- Repayment of notes is strictly sequential with interest on the Class C, Class D, Class E and Class F notes subordinated to repayment of principal under Class A and B notes during the amortisation period. However, during the revolving period, Class F notes can be repaid with excess spread, if available, according to a specified target. Any Class F outstanding principal will be repayable in subordination to the senior classes.
- Of the initial portfolio, 91.8% of the receivables are fixed-rate whereas the remaining 8.2% of the receivables are floating-rate.
- The notes pay a fixed-rate interest.

Strengths

- During amortisation, repayment of principal will be fully sequential. Amortisation of the Class B notes will only be allowed until the full repayment of Class A notes. The Class C notes will not begin to amortise until the Class B notes are redeemed in full. The Class D notes will not begin to amortise until the Class C notes are redeemed in full. The Class E notes will not begin to amortise until the Class D notes are redeemed in full.
- Although Class F notes may be repaid during the revolving period with excess available, any payment made under Class F is due after the payment of senior items including interest under all senior classes and the application of principal collections. Payments under Class F are also subordinated to use of excess spread to offset credit losses.
- The Class A notes benefit from the interest deferral of the Class B notes to the payment of principal of the Class A notes upon breach of certain triggers explained below.
- Santander (with a Long Term Critical Obligations Rating of A (high) and a Short Term Critical Obligations Rating of R-1 (middle)) is an experienced originator and servicer in the consumer finance business and a financially strong banking institution.
- The initial collateral pool has about 21.0 months of seasoning, is granular with 149,976 loans and is geographically diversified across Spain with the highest concentration in Madrid (20.1%).
- Yield of the portfolio (minimum required during the life of the transaction is 8.0%) is considerably higher than the average yield on the notes, allowing the excess spread to be applied toward the offset of credit losses.

Challenges and Mitigating Factors

- The additional receivables assigned during the revolving period can alter the composition of the collateral portfolio.

  Mitigants: Eligibility criteria, concentration limits and performance triggers specified in the transaction documents should limit such changes. DBRS has factored a worsened portfolio composition to consider the effect of the revolving period.
- The interest on the Class B notes is generally paid prior to the principal on Class A notes.

  Mitigants: The interest on the Class B notes may be deferred upon breach of certain performance triggers, making payment of interest of the Class B notes subordinated to the payments of principal of the Class A notes.
- Part of the portfolio pays interest indexed to a floating rate (8.2%), whereas the notes pay a fixed rate and there is no hedging in place, thus exposing the transaction to interest rate risk that is unhedged.

  Mitigants: Interest rate risk is limited since the vast majority of the securitised receivables pay fixed interest rates. DBRS modelled the effect of the interest rate changes in accordance with its methodologies assuming that the portion of floating interest rate receivables does not increase during the revolving period.
- The provisional portfolio includes about 1.8% of loans granted to employees of Santander and the concentration limits allow such concentration to increase up to 2% during revolving. Loans to employees represent additional risk concentration on Santander and may give rise to set-off issues.

  Mitigants: Santander is rated "A" and its financial strength is sufficient to isolate the transaction from additional losses in rating scenarios at A (sf) and below, also given the warranties provisions against set-off claims. DBRS has factored additional losses to assess the rating under Class A Notes at AA (sf).

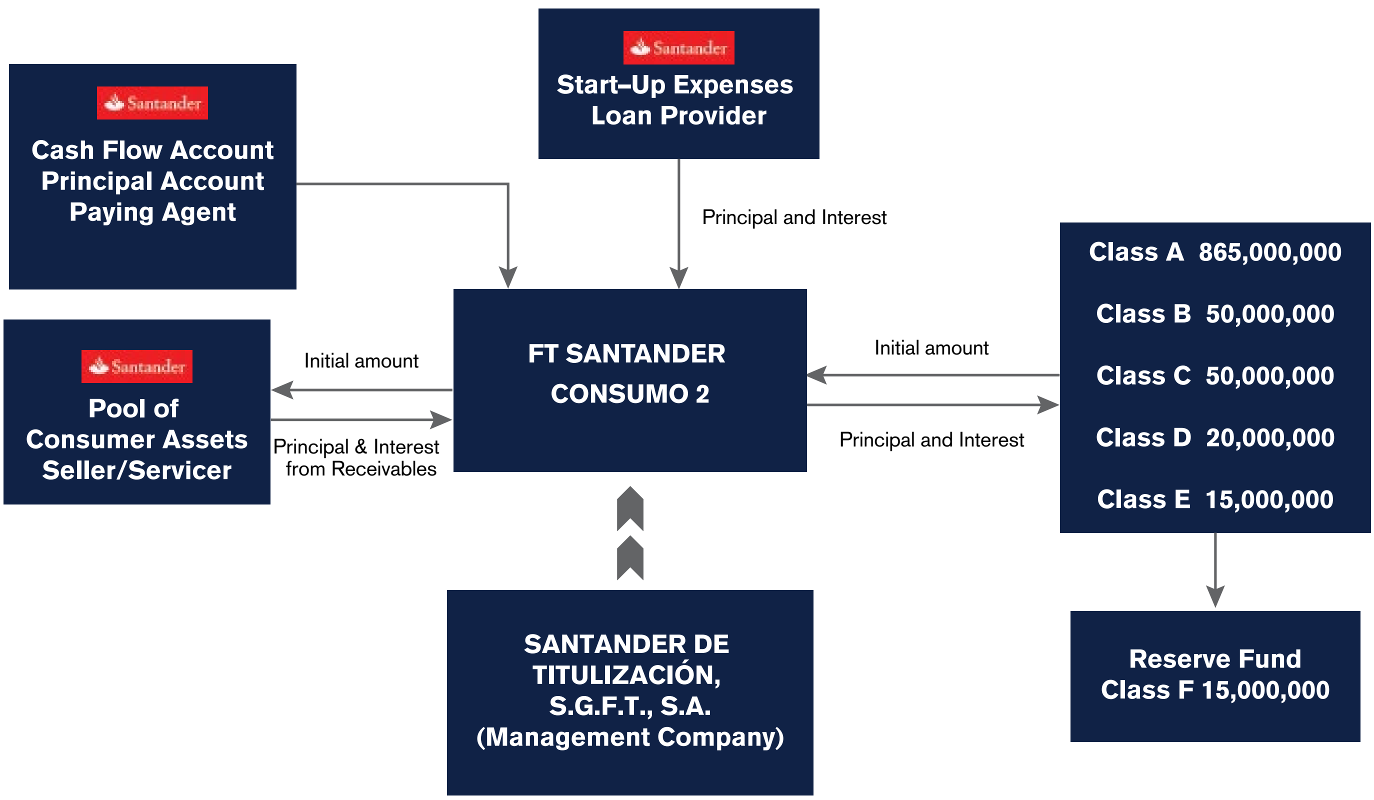
Transaction Structure

Transaction Summary

Currencies:	Issuer's assets and liabilities are denominated in euros (EUR).
Relevant Jurisdictions:	Loan contracts are governed by Spanish law. The transaction documents are governed by Spanish law (including the subscription agreement) and the Issuer is a fund incorporated under the Spanish securitisation law.
Interest Rate Hedging:	N/A
Basis Risk Hedging:	N/A
Cash Reserve:	Provides liquidity support to the structure during the life of the transaction and can be used to offset credit losses on the final maturity date:

Initial Amount	EUR 15,000,000 (corresponding to 1.5% of the Class A to E notes)
Target Amount	EUR 15,000,000 (at target upon closing)
Step-Up	N/A
Amortisation	After the revolving period it may be reduced and be at the higher of: (a) 0.75% of the outstanding balance of Class A to E notes at closing and (b) the lower of (i) 1.5% of Class A to E Notes at closing and (ii) 3.0% of Class A to E notes at the payment date.
Floor	EUR 7,500,000

Transaction Diagram



Counterparty Assessment

Account Bank

Santander is the Account Bank and the Paying Agent for the transaction. DBRS publicly rates Santander's Senior Unsecured Long-Term Debt & Deposit at "A" and Short-Term Debt & Deposit at R-1 (low) and assigned a Long-Term Critical Obligations Rating of A (high) and Short Term Critical Obligations Rating of R-1 (middle), all with Stable trends. DBRS concluded that Santander meets its minimum criteria to act in such capacity.

The transaction contains downgrade provisions related to the Account Bank consistent with DBRS's criteria for the initial rating of AA (sf) assigned to the Class A notes. The downgrade provisions require that Santander is replaced as Account Bank upon breach of some rating provisions.

Hedging Counterparty

N/A.

Servicing of the Portfolio and Collections

Santander is the Originator and the Seller and will service the portfolio on mandate by the Issuer in accordance with their customary practices. As per the ratings mentioned above, DBRS concluded that Santander meets the minimum criteria to act as Originator and Servicer.

Santander, as the Servicer, receives payments made by obligors under securitised receivables onto their own accounts held in their own name. However, the Servicer has to remit collections into the Issuer's accounts (the Cash Flow Account) as soon as practical and in any case within a deadline not to exceed 48 hours from the moment collection is recognised.

The receivables comprise 95.0% of both principal and interest components of loan contract instalments payable by the obligors, as well as any additional borrower payments related to the collections (the remaining 5% of each loan contract is not currently securitised. DBRS understands that Santander, as the Originator, retains the remaining 5.0% of monetary claims as at the closing date to comply with the provisions under CRR 405. Collections also include insurance payments under payment protection insurance and recoveries made under defaulted receivables. Collections may be further supplemented by payments or indemnifications made by Santander as the transaction Originator, Seller or Servicer, as the case may be, in accordance with the transaction documents.

Additional sources of funds available to the Issuer are represented by the reserve fund held by the Issuer with the Account Bank.

The available funds must be disbursed by the Issuer, as per the terms of the transaction documents, on specified dates (the payment dates). Funds processed on a given payment date are payments related to a specific quarterly period ending prior to the payment date (the collection period) and amounts collected but referred to during the following collection period should only be processed on the relevant payment date.

Clean-Up Call Option

When the collateral portfolio (including defaulted receivables) has reduced to less than 10.0% of the initial purchase price, the Originator has the option (but not the obligation) to repurchase the entire portfolio. Such faculty is subject to the capacity of the Issuer to repay in full all of the then-outstanding notes.

Reserve Fund

On 9 December 2016, the EUR 15,000,000 reserve fund was funded by Santander, as the Class F underwriter, with the proceeds of subscription of the Class F notes. The reserve is deposited into the Cash Flow Account held with the Account Bank (currently Santander).

The reserve initially equals 1.50% of the collateral portfolio (and the aggregated amount of the Class A, B, C, D and E notes). The reserve fund will not amortise during the revolving period but is expected to be reduced on each payment date following the amortisation of the notes to match the higher of (1) 0.75% of the initial balance of the collateral portfolio (about EUR 1 billion) and (2) the lower of 3.0% of the outstanding of the Class A to E Notes and EUR 15 million.

The amount to be drawn from the reserve fund forms on each payment date part of the available funds and on each payment date can be used to pay senior expenses and interest on the rated notes. Any amount released from the Reserve Fund can be applied to the relevant priority of payments and, typically, may be used to offset potential credit loss caused by defaulted receivables when default occurred during the relevant period or if remained uncovered in previous periods, but will otherwise be released to junior payments; it can be fully applied toward repayment of the notes on the legal maturity. The reserve may also be replenished up to its target in accordance with the applicable priority of payments.

The cash reserve target will not be reduced if (1) it has not been funded to its required level or (2) the balance of the delinquent receivables is greater than 1.0% of the loan balance excluding defaults.

Priority of Payments

The available funds are combined into a unique waterfall in the following order of priority:

Pre-Enforcement Priority of Payments

1. Taxes and senior expenses.
2. Class A interest.
3. Class B interest (unless interest deferral trigger applies).
4. During the revolving period:
   - The available principal funds will be applied sequentially in the following order: (1) to purchase new receivables, (2) to debit the required retention amount up to a maximum amount of 5.0% of the outstanding balance of Classes A to E (3) to early redemption of the Class A notes.
   - After the revolving period: To pay the principal of the Class A and Class B notes by order of priority (sequentially) and up to a certain amount (Available Principal Funds in the prospectus).
5. Class B interest, if deferred.
6. Class C interest.
7. Class D interest.
8. Class E interest.
9. To pay to the principal amount on Class C, D and E in a sequential order (junior classes are not repaid until full repayment of senior classes) and up to a certain amount (Available Principal Funds in the prospectus).
10. Replenish the cash reserve up to its target (Cash Reserve Required Amount).
11. Class F interest.
12. Start-up expenses loan interest.
13. Start-up expenses loan principal.
14. Servicing fee (while Santander is the Servicer).
15. Principal on Class F notes in an amount equal to the difference between the outstanding principal balance of Class F and the Class F target balance amount.
16. Financial Intermediation Margin

Interest Deferral Trigger on Class B: The interest on the Class B notes can be deferred and paid after the payment of principal of the Class A and B notes, when the Principal Deficiency amount is higher than the sum of the outstanding balance of the Class C, D and E notes and 50.0% of the Class B notes. Principal Deficiency is defined as the difference between the outstanding balance of the notes and the sum of the performing portfolio (excluding delinquent loans, defaulted loans and principal repaid on the loans).

Start-up Expenses: The Fund will enter into a start-up expenses loan agreement equal to EUR 1,650,000. All amounts due under this loan agreement will be payable on the first payment date, as long as there are enough available funds or, upon liquidation of the Fund. The start-up expenses loan will accrue nominal fixed annual interest, calculated each quarter, which will be equal to 0.35%. Interest will only be paid if the Fund has sufficient liquidity in accordance with the priority of payments.

Redemption of Class F: Class F notes shall be redeemed in part on each payment date starting from the first payment date and using the available funds. Class F will start amortising from the first payment date. The Class F notes are expected to redeem in equal instalments over the first eight payment dates from the first payment date.

Post-Enforcement Priority of Payments
Following an Enforcement Event (typically an event of default of the issuer), the available funds will be distributed according to the following priority of payments:

1. Taxes and senior expenses
2. Interest on the Class A notes
3. Principal of the Class A notes
4. Interest on the Class B notes
5. Principal of the Class B notes
6. Interest on the Class C notes
7. Principal of the Class C notes
8. Interest on the Class D notes
9. Principal of the Class D notes
10. Interest on the Class E notes
11. Principal of the Class E notes
12. Interest on the Class F notes
13. Principal of the Class F notes
14. Start-up expenses loan interest
15. Start-up expenses loan principal
16. Servicing fee (while Santander is the Servicer)
17. Financial Intermediation Margin

Class F Notes
The Class F notes may be partially or totally repaid during the revolving period with excess spread available, if any. However, any payment (interest or principal) under the Class F notes will be subordinated to all senior classes' payments (including amounts to be used to offset any credit losses). After the revolving period when the transaction switches into amortisation, the repayments of any outstanding principal left under Class F will be subordinated to the payment of senior items (interests and expenses) and to the target repayment of principal of the Classes A to E notes.

Although the target is to repay the Class F notes in full during the revolving period (envisaging eight payments of EUR 1,875,000.00 to achieve full repayment of EUR 15,000,000.00) the revolving period may be interrupted by a number of factors, including performance triggers.

Origination and Servicing

DBRS conducted an operational review of Santander's Spanish consumer loan operations in July 2016.

DBRS considers Santander's origination practices to be above other Spanish lenders and the servicing practices to be consistent with those observed among other Spanish lenders.

Santander, founded in 1857, is headquartered in Madrid, Spain and is one of the 13 leading banks in the world by market capitalisation and the largest bank in the European Union. Historically, Santander has had a strong presence abroad, beginning in South America in 1947, and is currently one of the largest banks in Europe and Latin America with a significant presence in the United States. Santander is engaged in broadly diversified activities in retail and corporate banking, consumer finance and asset management.

As of the end of March 2015, Santander had total assets of EUR 1.37 trillion, making it the largest bank in Spain and one of the largest in the Eurozone by total assets and market capitalisation. The bank has approximately 193,800 employees worldwide.

DBRS's Senior Unsecured Long-Term Debt & Deposit rating of Santander was confirmed at "A" with a Stable trend in June 2016. More information on Santander's ratings can be found at www.dbrs.com.

Collateral Summary

The receivables are monetary obligations of borrowers arising from consumer loan contracts that can be broadly classified as personal loans. Personal loans are disbursed by the lender directly to the benefit of the borrowers and, although the borrowers are generally required to declare in advance the purpose of the loan, they are under no other obligation than the repayment of the loan in the form of instalments. The securitised receivables represent 95.0% of the outstanding claim under each underlying loan contract and entitle the Issuer, as the receivable assignee, to receive 95.0% of each instalment (comprising both interest and principal). DBRS understands that Santander, as the Originator, retains the remaining 5.0% of monetary claims as at the closing date.

On 9 December 2016, Santander transferred about EUR 1 billion in receivables. The price paid for the assignment is calculated as the aggregated principal outstanding of the selected receivables and was funded with the proceeds of subscription of the notes. On each payment date during the initial period lasting a maximum of 28 months (the revolving period) Santander may, at its option, offer to sell additional receivables that the Issuer will purchase subject to certain conditions specified in the transaction documents that include: eligibility criteria and portfolio metrics, performance targets and concentration limits. The purchase prices of such pools of additional receivables are payable with the collections in accordance with the priority of payments. The revolving period and the assignment of the additional receivables is expected to end upon occurrence of certain performance triggers or on the payment date falling in April 2019 (included).

Through the revolving period, the available principal funds will be applied sequentially as follows:
1. To pay the purchase price of the additional receivables (up to the maximum of the Available Principal Funds), provided that the offered receivables comply with the eligibility criteria.
2. To the provision of the Principal Account up to a maximum amount equal to 5.0% of the outstanding balance of Classes A, B, C, D and E on the immediately preceding Determination Date.
3. Thirdly, to the early repayment of Class A notes.

Renegotiation Capabilities and Repurchase of Individual Receivables

When requested to do so by an obligor, the Servicer can conduct variations on the terms of the loan contracts provided that the management's company as representative of the Issuer grants their consent.

Non-consented permitted variations can be conducted, but are subject to the following restrictions:
- Renegotiation of the interest rate on the loans is permitted subject to:
  - To change a floating-rate loan to a fixed-rate loan as long as the weighted-average (WA) rate of the receivables after renegotiation is not lower than 8.0%.
  - To change the nominal interest rate of a fixed interest rate loan as long as the fixed interest rate after the renegotiation has taken place is not lower than 8.0%.

In both cases the maximum balance that can change over the life of the Fund cannot exceed of 5.0% of the initial balance of the loans.
- The amount of the loans may not increase.
- The frequency of interest payments and repayment of principal on the loans must be maintained or increased.
- The maturity of a loan may be extended with a limit of 10.0% of the initial balance of the loans.
- The maturity extension cannot be further than the Funds' final maturity date.

Eligibility Criteria

The receivables are selected in accordance with eligibility criteria that are detailed in the transaction documents. The main features of the eligibility criteria are summarised as follows:
- Loans originated by Santander for retail purposes.
- Loans are denominated in euros.
- Loans granted to individuals residing in Spain.
- None of the loans derive from a debt restructuring.
- None of the loans are in arrears for more than 30 days.
- The loan has at least one paid instalment.

- The instalments are paid by direct debit.
- The loan is drawn in full.
- Final maturity date of the loans is no later than 30 April 2028.
- Loans fully disbursed at the moment of the assignment.
- None of the loans has been formalised as a financial lease agreement.
- Loans for the purpose of acquiring a new vehicle, a used vehicle or other vehicle are not the result of Rent-a-Car operations, (i.e., loans for the acquisition of vehicles by vehicle rental companies).
- Maximum outstanding principal balance for each loan is less or equal to EUR 100,000.

Further characteristics of the receivables comprising the collateral portfolio, specified by the representations and warranties rendered by the Seller in the Transaction documents, are summarised below:

- The loans have not been subject to any change, amendment, modification or waiver of any kind that in any material way adversely affects the enforceability or collectability of all or a material portion of the receivables being transferred.
- The loans have been legally and validly assigned or will be legally and validly assigned on an arm's-length basis.
- Upon being assigned, all of the receivables satisfy the eligibility criteria.

Concentration Limits

The concentration limits for the aggregated portfolio (including the further receivables) required during the revolving period are listed:

- Maximum WA interest rate of the receivables is limited to 8.0%.
- Maximum WA remaining term of the receivables is limited to 60 months.
- Maximum concentration on a single debtor is limited to 0.05%.
- Maximum concentration of receivables with an original term greater than 96 months is limited to 10.0%.
- Maximum concentration on the Top 1 autonomous community is limited to 22.0%.
- Maximum concentration on the Top 3 autonomous communities is limited to 55.0%.
- Maximum concentration of receivables with an outstanding balance greater than EUR 60,000.00 (taking into account the receivables at closing and to be assigned on the succeeding Payment Date) is 5.0%.
- Maximum WA regulatory probability of default (taking into account the receivables at closing and to be assigned on the succeeding Payment Date) is 2.0%.
- The number of loans or obligors at closing is no less than 15,000.
- Loans with fixed interest rate make up at least 90.0% of the pool.
- At least 98.0% of the loans have a monthly interest and repayment frequency.
- Loans granted to employees, managers and directors of Santander do not exceed 2%.

Revolving Period Early Termination Events

The transaction documents envisage that upon occurrence of certain events the revolving period will immediately terminate to allow the amortisation of the notes. Such events are summarised below:

- The average for the last three determination dates of the average delinquency ratio on the last three calendar months exceeds 4.0%.
- The default ratio (outstanding balance of the defaulted receivables as a percentage of the initial balance of the receivables) is higher than 2.25% until the seventh payment (18 October 2018) date and 4.00% until the ninth payment date (18 April 2019).
- The reserve fund has not been funded up to its required level.
- Tax regulations are amended in such a way that the assignment of additional receivables proves to be excessively onerous to the Seller.
- Santander becomes insolvent or breaches any of its obligations as Seller.
- Santander ceases to perform or is replaced as Servicer of the receivables or fails to comply with any of its obligations established by the Deed of Incorporation.

Characteristics of the Provisional Pool

DBRS has analysed the provisional portfolio selected by Santander as of 25 October 2016. The collateral portfolio selected by Santander on 9 December 2016 comprises only loans from the provisional portfolio but excludes loans that have been amortised and prepaid as well as any loan that does not comply with the eligibility criteria. The main characteristics of the provisional portfolio, from which the final pool was selected, are summarised below.

Outstanding Principal Amount	1,137,661,629
Number of Receivables	149,976
Average of Receivables	7,586
WA Fixed Interest Rate	10.1%
WA Floating Interest Rate	4.02%
WA Original Term (Months)	70.8
WA Seasoning (Months)	21.0
WA Remaining Term (Months)	49.9
Interest Rate Type	
Fixed Rate	91.8%
Floating Rate	8.2%
Payment Method	
Monthly	99.5%
Loan Purpose	
Other [1]	34.9%
Small Consumer Expenditures	27.8%
Finishing Home Working Construction	13.8%
New Vehicle	7.9%
Used Vehicle	7.5%
Top Regional Concentration	
Madrid	20.1%
Andalusia	17.7%
Catalonia	11.5%
Borrower Employment Status	n.d.

1 The purpose of “Other” reflects any consumer good or service not specified in any of the categories described above as well as the origination through an early approval loan.

Rating Analysis

The ratings are based on a review by DBRS of the following analytical considerations:

- Transaction capital structure, proposed ratings and form and sufficiency of available credit enhancement.
- Credit enhancement levels are sufficient to support DBRS-projected expected cumulative net losses under various stress scenarios.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to the terms under which they have invested. The ratings address the timely payment of interest and the ultimate repayment of principal by the legal final maturity date with respect to the Class A notes, the Class B notes, the Class C notes, the Class D notes and the Class E notes, but address ultimate payment of interest and repayment of principal for the Class F notes.
- Santander's capabilities with regard to originations, underwriting, servicing and their financial strength.
- DBRS conducted an operational risk review of Santander by phone and deems it to be an acceptable servicer.
- The transaction parties' financial strength with regard to their respective roles.
- The credit quality and industry diversification of the collateral and historical and projected performance of the Seller's portfolio.
- The Long-Term Foreign Currency – Issuer Rating of the Kingdom of Spain, currently at A (low).
- The transaction's consistency of the legal structure with DBRS's *Legal Criteria for European Structured Finance Transactions* methodology and the presence of legal opinions that address the true sale of the assets to the Issuer and non-consolidation of the special-purpose vehicle with the Seller.

Portfolio Performance Data

DBRS received historical data on the entire consumer loan portfolio originated by Santander and with a set of stratification tables related to the Initial Portfolio (as defined below).

The set of historical data analysed by DBRS is detailed below:

- Quarterly 90+ and 180+ static cumulative default data from Q1 2008 to Q4 2015.
- Quarterly 90+ and 180+ static cumulative recovery data from Q1 2008 to Q4 2015.
- Monthly Dynamic arrears and default delinquency data from January 2015 to June 2016.

DBRS also received a set of stratification tables in relation to the loan pool as of 25 October 2016 (the Initial Portfolio) and its related contractual amortisation profile.

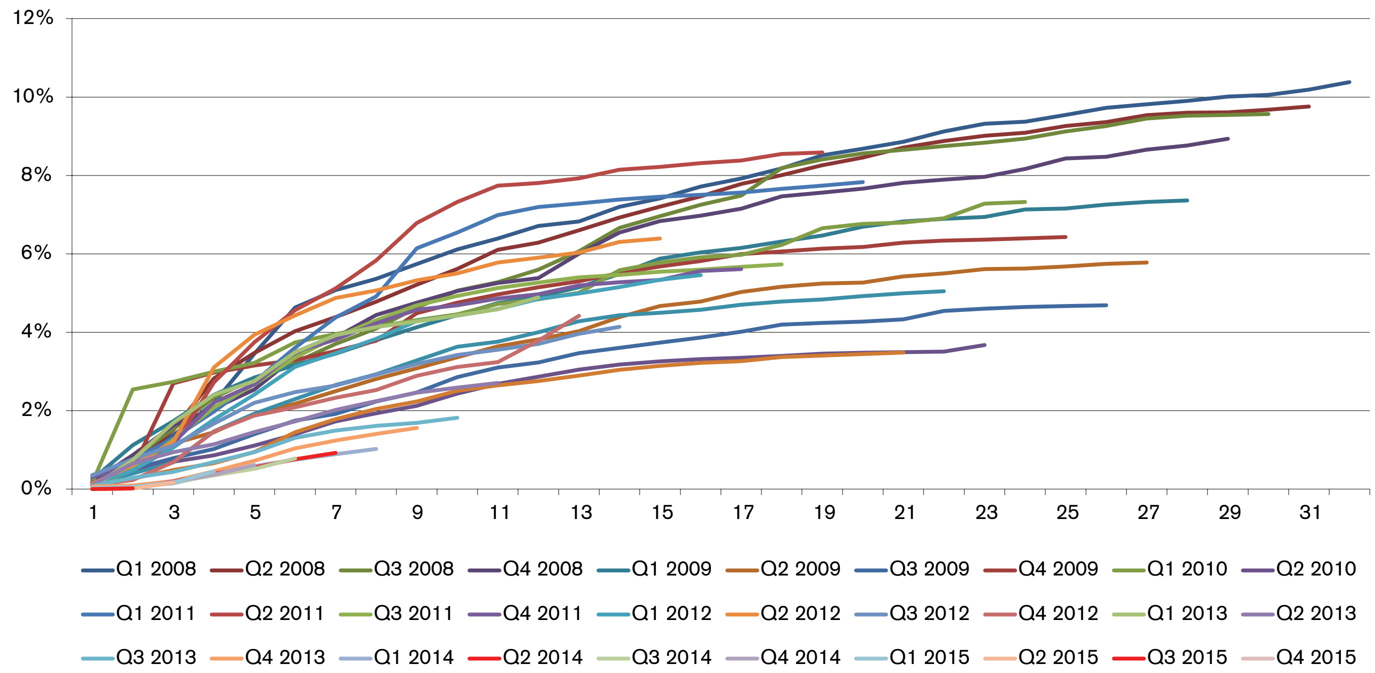
DBRS considers that the information available to it for the purposes of providing this rating was of satisfactory quality.

Gross Defaults

The quarterly static default data is grouped into vintages by the date of origination of the loan.

DBRS understands that the default definition used in the data is consistent with the definition in the transaction documents.

Exhibit 1: Cumulative 90+ arrears



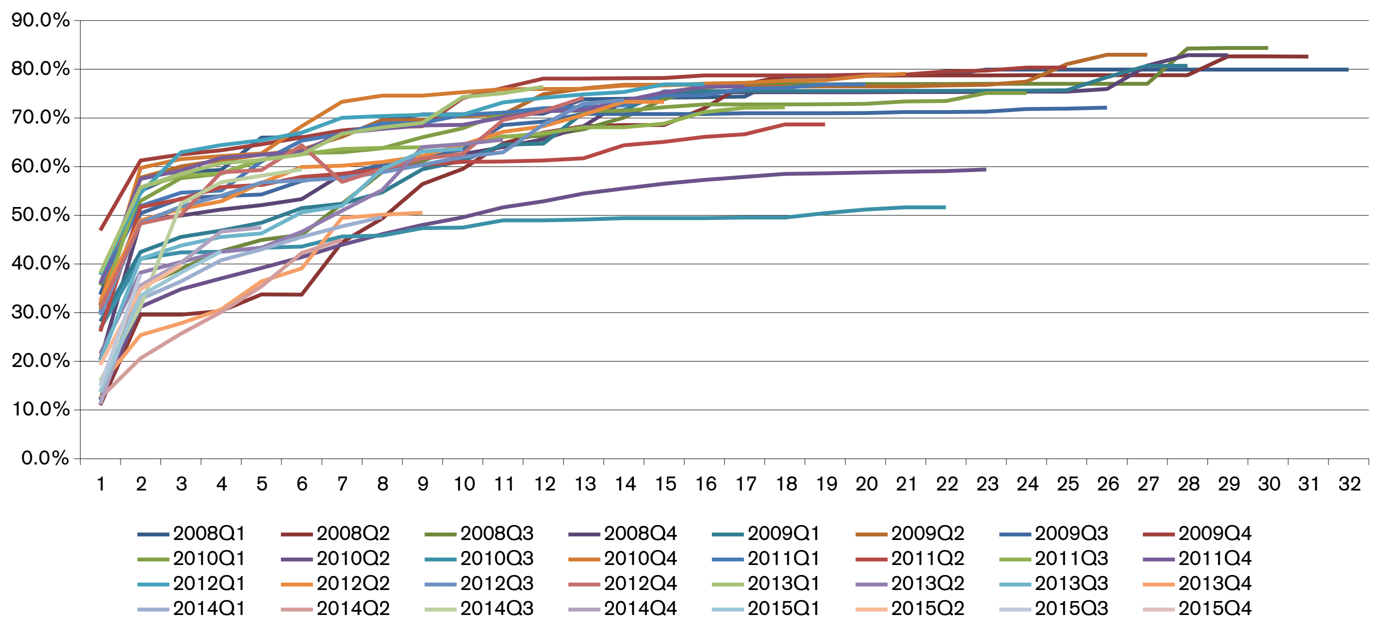
All provided vintages are used to extrapolate the base case default rate. As a result of the revolving period, no seasoning credit was given in the base case default rate projection as the degree of seasoning is expected to evolve over time.

After considering the quality and trend of data, DBRS assumes a base case life time default of 8.14%.

Recoveries (Loss Severities)

All provided vintages were used to determine the base-case recovery rate according to the DBRS methodology.

Exhibit 2: Cumulative 90+ recoveries



After considering the quality and trend of data, DBRS assumes a base case of 45.76% for ultimate recovery (or 54.24% loss severity).

Loans to Employees and Set-off Risk

The transaction criteria allow the assignment of up to 2% of receivables granted to Santander's employees. This increases the concentration of risk on Santander as an entity and gives rise to additional set-off risk arising from the fact that, upon loss of their job at Santander, borrowers may set off the severance payment against what is due and payable in accordance with the standard under Spanish law. Set-off is thus limited to single instalments and can be neutralised with notification to the borrower of the assignment. However, the fact that Santander is both the originator against which the set-off can be claimed and the employer increases the likelihood that the borrower becomes insolvent and the loan contract is accelerated, in which case the amount due and thus at risk of set-off could potentially be the entire outstanding of the loan. DBRS has factored additional stresses in the AA (sf) and A (sf) scenarios to factor the additional risk, but in the lower rating scenarios DBRS relies on Santander's ("A"/R-1 (mid)) financial strengths to maintain the issuer exempt from any such risk.

Prepayments

DBRS has not been provided with prepayment data for Banco Santander. Considering other Spanish ABS transactions with similar collateral as well as similar originators, DBRS has stressed the prepayment rate from 0.0% to 15.0%.

Most Spanish originators show a decline in prepayments starting in 2008 until 2014. This decline in prepayments is explained by the beginning of the economic turmoil in Spain in 2008 that resulted in a high unemployment rate, low consumer confidence and uncertainty about the future and the soft recovery shows the slow recovering since 2015.

Cash Flow Analysis

The DBRS cash flow model assumptions focused on the amount and timing of defaults and recoveries, prepayment speeds and interest rates.

Interest Rate Risk

At closing, the transaction is expected to benefit from a yield that exceeds the WA coupons of the notes. In addition, the concentration limits require that the WA yield is maintained at or above 8.0%. As the vast majority of the portfolio pays the same fixed-rate interest as the notes, the transaction's exposure to potential interest rate risk is limited.

Basis Risk

N/A.

Base Case Default and Recoveries

The DBRS cumulative default expectation for the transaction is 8.14% (excluding sovereign stress and other additional losses specifically listed) based on the vintage data and the static composition of the portfolio. Similarly, DBRS assumed a recovery rate of 45.76% (excluding sovereign stress and other additional losses specifically listed) resulting in an estimated cumulative net loss of 4.42% as the base case.

Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in its *Unified Interest Rate Model for European Securitisations* methodology.

Prepayment Speeds and Prepayment Stress

Three prepayment speed scenarios have been assumed ranging from 0.0% to 15.0%.

Timing of Defaults
DBRS estimated the default timing patterns and created base, front- and back-loaded default curves. The WA life of the collateral portfolio is expected to be about two years and the front-loaded, base and back-loaded default distributions are listed below. DBRS also applies a 24-month lag of recoveries.

Month	Base Losses	Front-Loaded Losses	Back-Loaded Losses
6	10.00%	20.00%	10.00%
12	25.00%	30.00%	15.00%
18	25.00%	20.00%	15.00%
24	20.00%	10.00%	25.00%
30	10.00%	10.00%	20.00%
36	10.00%	10.00%	15.00%

Summary of the Cash Flow Scenarios
Based on a combination of the above assumptions, a total of 18 cash flow scenarios (a combination of three default timing scenarios, three prepayment speed scenarios and two interest rate scenarios) were tested. The cash flow results are commensurate with the assigned ratings.

Risk Sensitivity
The tables below illustrate the sensitivity of the rating to various changes in the base-case default rates and loss severity assumptions relative to the base-case assumptions used by DBRS in assigning the ratings.

Class A

		Increase in Default Rate (%)		
		0	25	50
Loss Severity (%)	0	AA	A (high)	A
	25	A (high)	A (low)	BBB (high)
	50	A	BBB (high)	BBB (low)

Class B

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

Class C

		Increase in Default Rate (%)		
		0	25	50
Loss Severity (%)	0	BBB	BB (low)	B (low)
	25	BB (low)	B (low)	CCC
	50	B (low)	CCC	CC

Class D

Loss Severity (%)	Increase in Default Rate (%) 0	25	50
0	BB	B	CCC
25	B	CCC	CC
50	CCC	CC	CC

Class E

Loss Severity (%)	Increase in Default Rate (%) 0	25	50
0	B	B (low)	CCC
25	B (low)	CCC	CC
50	CCC	CC	CC

Class F

Loss Severity (%)	Increase in Default Rate (%) 0	25	50
0	CCC (high)	CCC (low)	CC
25	CCC (low)	CC	CC
50	CC	CC	CC

Appendix

Origination & Underwriting

Origination and sourcing:

Santander offers a variety of consumer loans including consumer credit loans, personal loans and credit cards. Consumer credit loans are generally granted for a specific purpose such as the purchase of a new or used car. The maximum term and amount varies according to the type of loan. Maximum loan term allowed is 96 months and all loans have monthly payment frequencies. Personal loans are only offered to existing customers of the bank. The loans range in size from EUR 1,000.00 to EUR 60,000.00 with terms of 12 months to 96 months.

Loans are sourced through Santander's branch network with over 3000 branches throughout Spain. Santander also employs mailing campaigns and the internet to acquire new customers. Santander places a focus on pre-approved loans. Customers who have had a current account for a minimum of four months are given a credit limit that is based on the financial information of the customer that the bank holds. If a customer requests a loan and it is within the limit then all the customer needs to do is sign the loan terms and the money is disbursed to their account. If the customer requests anything outside of the pre-approval limit then they must complete a full application. Santander uses standard application forms that are completed by the customer and sent to Santander's headquarters in Madrid along with the necessary supporting documentation via email.

Underwriting process:

All underwriting activities at Santander are appropriately segregated from marketing and sales. Santander adheres to standard identification and income verification practices and documents required for assessing the borrower's creditworthiness, including pay slips and pension slips. The underwriting process is centralised in Madrid and includes allocation of credit scoring and various database searches. These searches incorporate credit bureau data from Experian. The credit bureau data provides Santander with information concerning existing loan and leasing agreements, existing bank accounts, previous financial defaults, insolvency proceedings and declarations of insolvency. The information from the external databases is automatically requested by Santander during the credit scoring phase.

For the purposes of credit scoring, the models that Santander uses take into account different variables such as marital status, profession, age and historical experience with Santander, amongst others. Different scorecards are in place for each product. The models were developed with FICO and Experian, but controlled by Santander and only use Santander data. Each model has been approved and is supervised by the Bank of Spain. The last time any of the models were updated was in November 2014, however all models undergo a quarterly validation exercise.

During the credit scoring process the applicant receives points per variable according to the Santander policy. All results are added and the sum gives Santander a prediction of the risk of granting a loan to the applicant. This scoring process is treated strictly confidential externally. No information regarding the weighting or values of single criteria or cut-off limits of scoring results are communicated externally to customers, partners or rating agencies. However, information according to the data protection law is given to the applicant if requested.

Approval authority limits are set centrally in Madrid and vary depending on the type of loan, customer, purpose and other parameters. Out of all applications received, 90.0% are automated, while the remainder are manually reviewed.

Summary strengths

- Major Spanish consumer loan lender.
- Europe's largest bank.
- Robust governance and internal control process in place.
- Experienced senior management team and underwriting team in place.
- Centralised underwriting in Santander's Madrid headquarters with all loans agreed by Santander staff only.

Servicing

Servicing is centralised in Madrid including all general administrative activities and customer service with the former being heavily automated as a result of the standardised nature of the product. Santander handles the new business, checks contracts, documents and also pays out the balance of the loan. The recovery process is broken down into phases based on the number of days in arrears:

- **Day 1 to Day 90:** In this phase the customers are managed by one of three third-party call centres that are located in the Madrid region. Certain customers will be managed by in house debt managers, for example those with a total exposure to Santander of more than EUR 500, 000.00. During this period, customers will be contacted via telephone, SMS or letter.
- **Day 91 to Day 150:** Accounts are referred to one of four external debt collection agencies to be managed. Again, certain customers will be managed by in-house debt managers, for example those with a total exposure to Santander of more than EUR 500,000.00. These accounts are managed manually and follow a more specialised process.
- **Day 151+:** Accounts are referred to internal lawyers to pursue the judicial collection process.

Most probable solutions of the proceedings are that delinquent clients are able to refinance the debt or pay off the debt in part or in full; however, this is not always possible as the client may no longer be considered credit-worthy. If a lawsuit is presented, the judicial process can extend for 11 months to 15 months, generally resulting in foreclosure if appropriate. Once this process is finished, Santander will try to sell the foreclosed assets.

Like most Spanish banks, payments are primarily made through direct debit, although borrowers can submit payments or pay directly at the branch. The majority of loans are on monthly payment schedules although the portfolio does include some quarterly, semi-annual and annual schedules that are in-line with the overall Spanish market.

The bank follows standard collections and arrears management strategies including compliance with regulatory guidelines surrounding delinquency, watch list and default definitions. Borrower contact is managed as detailed above. The bank's internal rating system is used to monitor the loan including updates to the rating and helps to set the appropriate workout strategy. Once legal proceedings are initiated generally after a loan is officially classified as defaulted and all previous attempts at an out-of-court resolution have been exhausted.

Summary Strengths

- Majority of payments are made via direct debit.
- Monthly surveillance activities of bank's entire loan portfolio segregated by customer segment.

Opinion on Back-Up Servicer: There is no Back-Up Servicer on the securitisation. DBRS believes Santander's current financial condition helps mitigate the risks of a potential disruption in servicing because of a servicer event of default, particularly insolvency.

Methodologies Applied

The principal methodology applicable to assign ratings to this transaction is *Rating European Consumer and Commercial Asset-Backed Securitisations* (25 October 2016).

Other methodologies referenced in this transaction are listed below.

- *Legal Criteria for European Structured Finance Transactions* (14 September 2016).
- *Operational Risk Assessment for European Structured Finance Servicers* (14 October 2016).
- *Operational Risk Assessment for European Structured Finance Originators* (14 October 2016).
- *Unified Interest Rate Model for European Securitisations* (2 November 2016).

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

Surveillance Methodology

The transaction is monitored by DBRS in accordance with its *Master European Structured Finance Surveillance Methodology* (14 July 2016), which is available at www.dbrs.com under Methodologies. Alternatively, please contact info@dbrs.com.

Notes:
All figures are euros unless otherwise noted.