Banco Santander, S.A. (Spain) - Mortgage Covered Bonds

I. Programme Overview

Overview
Year of initial rating assignment: 2002
Total outstanding balance: EUR 20,319,500,000
Total assets in the Cover Pool: EUR 51,968,765,060
Issuer name / CR Assessment: Banco Santander S.A. / A3(cr)
Group or parent name / CR Assessment: n/a
Main collateral type: Residential

Ratings
Covered bonds rating: Aa1
Entity used in Moody's EL & TPI analysis: Banco Santander S.A.
CB anchor: CR Assessment +1 notch
SUR: n/a
Unsecured claim used for Moody’s EL analysis: Yes

II. Value of the Cover Pool

Collateral quality
Collateral Score: 24.3%
Collateral Score excl. systemic risk: n/a

Cover Pool losses
Collateral Risk (Collateral Score post-haircut): 9.6% 31%
Market Risk: 21.3% 69% 30.8% (100%)

III. Over-Collateralisation Levels

Over-Collateralisation levels are provided on nominal basis

Current situation
Committed OC (Nominal): 25.0%
Current OC: 155.8%
OC consistent with current rating (note 4): 19.5%

Chart 1: Rating history

Chart 2: Asset types in cover pool

IV. Timely Payment Indicator & TPI Leeway

Timely Payment Indicator (TPI): Probable
TPI Leeway: 2

Extract from TPI Table - CB anchor is CR Assessment +1 notch

<table>
<thead>
<tr>
<th>CR Assessment</th>
<th>Probable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aaa</td>
<td>Aa6</td>
</tr>
<tr>
<td>Aa1</td>
<td>Aa4</td>
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<tr>
<td>Aa2</td>
<td>Aa3</td>
</tr>
<tr>
<td>Aa3</td>
<td>Aa3</td>
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<tr>
<td>Baa2</td>
<td>Aa3</td>
</tr>
<tr>
<td>Baa3</td>
<td>Aa2</td>
</tr>
<tr>
<td>Baa1</td>
<td>Aa1</td>
</tr>
</tbody>
</table>

Sensitivity scenario CB anchor

OC consistent with current rating
Scenario 1: CB anchor is lowered by 1 notch: 25.0%

Legal framework
The specific covered bond law apply for this programme: Yes, Spain
Main country in which collateral is based: Spain
Country in which issuer is based: Spain

Timely payment
Refinancing period for principal payments of 6 months or greater: No
Liquidity reserve to support timely payments on all issuances: No

(note 1) The data reported in this PO is based on information provided by the issuer and may include certain assumptions made by Moody’s. Moody’s accepts no responsibility for the information provided to it and, whilst it believes the assumptions it has made are reasonable, cannot guarantee that they are or will remain accurate. Although Moody’s encourages all issuers to provide reporting data in a consistent manner, there may be differences in the way that certain data is categorized by issuers. The data reporting template (which Issuers are requested to use) is available on request.

(note 2) This assumes the Covered Bonds rating is not constrained by the TPI. Also to the extent rating assumptions are based on the rating of other entities, the necessary OC stated here may also change. This is especially significant in the case of CR assessments of A3(cr) where at least one of the ratings is below A1(cr). Moody’s discretion is applied.

(note 3) The data reported in this PO is based on information provided by the issuer and may include certain assumptions made by Moody’s. Moody’s accepts no responsibility for the information provided to it and, whilst it believes the assumptions it has made are reasonable, cannot guarantee that they are or will remain accurate. Although Moody’s encourages all issuers to provide reporting data in a consistent manner, there may be differences in the way that certain data is categorized by issuers. The data reporting template (which Issuers are requested to use) is available on request.

(note 4) The OC consistent with the current rating is the minimum level of over-collateralisation which is necessary to support the covered bond rating at its current level on the basis of the pool as per the cut-off date. The sensitivity run is based on certain assumptions, including that the Covered Bonds rating is not constrained by the TPI. Further, this sensitivity run is a model output only and therefore a simplification as it does not take into account certain assumptions that may change as an issuer is downgraded, and as a result the actual OC number consistent with the current rating may be higher than shown. The OC required may also differ from the model output in situations where committee discretion is applied. In any event, the OC amounts stated here are subject to change at any time at Moody’s discretion.
V. Asset Liability Profile

Interest Rate & Duration Mismatch (note 5)
- Fixed rate assets in the cover pool: 11.2%
- WAL of outstanding covered bonds: 5.9 years
- WAL of the cover pool: 0.0 years

Swap Arrangements
- Interest rate swap(s) in the Cover Pool: No
- Intra-group interest rate swap(s) provider(s): No
- Currency swap(s) in the Cover Pool: No
- Intra-group currency swap(s) provider(s): No

Fixed rate covered bonds outstanding: 95.5%

WAL of outstanding covered bonds: 5.9 years

Currency swap(s) in the Cover Pool: No

Intra-group currency swap(s) provider(s): No

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

[Note 5] This assumes no prepayment.
[Note 6] Based on principal flows only. Assumptions include no prepayments, principal collections limited to the portion of assets that make up the amount of the liabilities plus committed OC, no further CB issuance and no further assets added to the cover pool.
[Note 7] Assumptions include an interest rate swap in place in Cover Pool, no prepayment and no further CB issuance.
VII. Cover Pool Information - Residential Assets

Overview

- **Asset type:** Residential
- **Loans with an external guarantee in addition to a mortgage:** n/a
- **Asset balance:** Interest only Loans 0.0%
- **Average loan balance:** 78,932
- **Loans for second homes / Vacation:** 3.1%
- **Number of loans:** 503,608
- **Number of borrowers:** n/d
- **Number of properties:** n/d
- **WA seasoning (in months):** 297
- **WA remaining term (in months):** n/d

**Details on LTV**

- **WA unindexed LTV (**):** n/d
- **WA indexed LTV:** 58.3%
- **Valuation type:** Lending Value
- **LTV threshold:** n/a
- **Junior ranks:** n/d
- **Prior ranks:** n/a

Banco Santander updates periodically the property values of the cover pool.

**Performance**

- **Performance Details on LTV:** n/d
- **WA unindexed LTV (**):** n/d
- **WA Indexed LTV:** 58.3%
- **Loans in a foreclosure procedure:** n/d
- **Valuation type:** Lending Value
- **LTV threshold:** n/a
- **Junior ranks:** n/d
- **Prior ranks:** n/a

**Multi-Family Properties**

- **Loans to tenants of tenant-owned Housing Cooperatives:** n/d
- **Other type of Multi-Family loans (**):** n/d

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**Notes:**

- (*) may be based on property value at time of origination or further advance or borrower refinancing.
- (**) Typically borrowers with a previous personal bankruptcy or borrowers with record of court claims against them at time of origination.
- (***) This “other” type refers to loans directly to Housing Cooperatives and to Landlords of Multi-Family properties (not included in Buy to Let).
VIII. Cover Pool Information - Commercial Assets

Overview

- **Asset type:** Commercial
- **Asset balance:** 12,217,774,391
- **Number of loans:** 30,782
- **Number of borrowers:** n/d
- **Largest 10 loans:** 8.3%
- **Largest 10 borrowers:** 12.0%
- **WA current LTV:** n/d
- **WA remaining term (in months):** 138
- **WA indexed LTV:** n/d
- **WA seasoning (in months):** n/a
- **Main countries:** Spain (100%)

Specific Loan and Borrower characteristics

- **Bullet loans:** n/d
- **Loans in non-domestic currency:** n/d
- **Percentage of fixed rate loans:** n/d
- **Performance**
  - Loans in arrears: n/a
  - Loans in foreclosure procedure: n/d
- **Details on LTV**
  - WA current LTV: n/d
  - WA indexed LTV: n/d
- **Valuation Type:** Lending Value
- **Junior ranks:** n/d
- **Prior and Equal ranks:** n/d

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**Chart A:** Balance per LTV-band (Indexed)

<table>
<thead>
<tr>
<th>LTV Band</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>&lt; 25%</td>
<td>38.9%</td>
</tr>
<tr>
<td>25% - 30%</td>
<td>13.3%</td>
</tr>
<tr>
<td>30% - 35%</td>
<td>15.3%</td>
</tr>
<tr>
<td>35% - 40%</td>
<td>9.4%</td>
</tr>
<tr>
<td>40% - 45%</td>
<td>4.3%</td>
</tr>
</tbody>
</table>

**Chart B:** Percentage of commercial assets

- **Commercial Assets:** 23.5%
- **Retail:** 39.9%
- **Multifamily:** 18.3%
- **Land:** 0%
- **Other:** 13.8%

**Chart C:** Borrower concentration

- **Cumulative Volume:** Information not disclosed by Issuer

**Chart D:** Property type

- **Retail:** 0%
- **Multifamily:** Information not disclosed by Issuer
- **Land:** Information not disclosed by Issuer
- **Other:** Information not disclosed by Issuer

**Chart E:** Main country regional distribution

- **Spain:** 32.6%
- **Other Countries:** Information not disclosed by Issuer

**Chart F:** Remaining Term (in years)

- **< 12:** Information not disclosed by Issuer

**Chart G:** Seasoning

- **< 2:** Information not disclosed by Issuer
- **24-<36:** Information not disclosed by Issuer
- **36-<60:** Information not disclosed by Issuer
- **> 60:** Information not disclosed by Issuer

*Note:* Based on original property valuation.
<table>
<thead>
<tr>
<th>ISIN</th>
<th>Series Number</th>
<th>Currency</th>
<th>Outstanding Amount</th>
<th>Issuance Date</th>
<th>Expected Maturity</th>
<th>Legal Final Maturity</th>
<th>Interest Rate Type</th>
<th>Coupon</th>
<th>Principal Payment</th>
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<td>22/07/2023</td>
<td>Fixed rate</td>
<td>4.120%</td>
<td>BULLET</td>
</tr>
</tbody>
</table>

**Notes:**

- **ISIN:** International Securities Identification Number.
- **Series:** Indicates the series of the issuance.
- **Outstanding Amount:** The amount outstanding at the time of the latest issuance.
- **Issue Date:** The date of the issuance.
- **Expected Maturity:** The expected maturity date.
- **Legal Final Maturity:** The legal final maturity date.
- **Interest Rate:** The interest rate type.
- **Coupon:** The coupon rate for fixed-rate bonds.
- **Principal Payment:** The principal payment method.
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