



## **Fitch Upgrades Santander Consumer Spain 06, 07-1, Financiacion 2; Affirms 09-1 & 10-1**

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Fitch Ratings-London-15 February 2012: Fitch Ratings has upgraded Santander Consumer Spain Auto 06 FTA, 07-1 FTA and Santander Financiacion 2's ratings. The agency has also affirmed Santander Consumer Spain 09-1 FTA and Santander Consumer Spain Auto 10-1 FTA's ratings. A full list of rating actions is at the end of this comment.

The upgrade of Santander Consumer Spain Auto 06's class B, C and D notes and Santander Consumer Spain Auto 07-1's class B and C notes is due to an improvement in the performance of the underlying pool and an increase in the available credit support. Fitch believes both transactions will continue to benefit from deleveraging, resulting in further increases in available credit enhancement in future periods.

Arrears have displayed a decreasing trend across both transactions in the past two years. As of the most recent interest payment date (IPD), 30 days-past-due (dpd) delinquencies stood at 5.4% and 8% for 06 and 07-1 respectively, down from peaks of 6.8%, and 10% in July 2009. As a result, excess spread trends are increasingly positive, and Fitch expects the reserve fund to continue to increase for 07-1 given the decreasing delinquency pipeline. The reserve fund for Santander 06 reached its target amount of EUR20.25m in January 2011.

Santander Consumer Spain 06 incorporated an interest deferral trigger at closing, which is set for the class D note once write offs without recoveries hit 3.91% of the initial balance. Santander have been basing this trigger on write offs including recoveries, currently 3.69%, which means that the trigger has not been breached and it is unclear at what point this would happen. Deferred interest would be used to repay senior note principal, however to date, no deferral of interest has occurred.

For Santander Consumer Spain 09-1, FTA and Santander Consumer Spain Auto 10-1, Fitch has affirmed the ratings of all tranches and revised the Outlooks for the class B notes of 09-1 and the class B and C notes of 10-1 to Positive from Stable. For the 09-1 deal, 30+dpd delinquencies have displayed a stable trend of around 6% since July 2009. 30+dpd delinquencies for Santander 10-1 have displayed an increasing trend but had only reached a low 2.3% as of November 2011.

Fitch notes that excess spread has remained positive for both transactions since outset and the reserve funds have been topped up to their required amount at each payment date.

For Santander Financiacion, the upgrades at the top of the structure reflect significant deleveraging resulting in increased credit enhancement for the class B and C notes. However, the reserve fund has been completely utilised to offset significant losses as the level of bad debts has exceeded the guaranteed excess spread since February 2009 leading to principal deficiency ledger (PDL) balances of EUR74.7m as of November 2011. The agency expects this PDL to increase slowly in the short term as excess spread remains negative.

The rating actions are as follows:

Santander Consumer Spain Auto 06, FTA:

EUR24.5m class A: affirmed at 'AAAsf'; Outlook Negative

EUR22.3m class B: upgraded to 'AAAsf' from 'AAsf'; Outlook revised to Negative from Stable

EUR22.3m class C: upgraded to 'A+sf' from 'Asf'; Outlook Stable

EUR22.9m class D: upgraded to 'BBsf' from 'Bsf'; Outlook Stable

EUR10.2m class E: upgraded to 'CCCs' from 'CCs'; Recovery Estimate revised to 90% from 10%

Santander Consumer Spain Auto 07-1, FTA:

EUR280.9m class A: upgraded to 'AAAsf' from 'AAsf'; Outlook revised to Negative from Stable

EUR78m class B: upgraded to 'BBB+sf' from 'BBBsf'; Outlook Stable

EUR20m class C: upgraded to 'BBsf' from 'Bsf'; Outlook Stable  
EUR40m class D: affirmed at 'CCsf'; Recovery Estimate 50%.

Santander Consumer Spain 09-1, FTA:  
EUR180.5m class A: affirmed at 'AAAsf'; Outlook Negative  
EUR99.4m class B : affirmed at 'Asf'; Outlook revised to Positive from Stable  
EUR37.8m class C: affirmed at 'BBBsf'; Outlook Stable  
EUR35.7m class D: affirmed at 'CCCsaf'; Recovery Estimate revised to 70% from 30%.

Santander Consumer Spain 10-1, FTA:  
EUR299.2m class A: affirmed at 'AAAsf'; Outlook Negative  
EUR57.0m class B : affirmed at 'A+sf'; Outlook revised to Positive from Stable  
EUR49.5m class C: affirmed at 'BBB+sf'; Outlook revised to Positive from Stable

Santander Financiacion 2, FTA:  
EUR49.1m class B: upgraded to 'A+sf' from 'BBB+sf'; Outlook Stable  
EUR44.9m class C : upgraded to 'BBsf' from 'Bsf'; Outlook revised to Stable from Negative  
EUR29.0m class D: affirmed at 'CCsf'; Recovery Estimate 30%  
EUR63.8m class E: affirmed at 'Csf'; Recovery Estimate revised to 0% from 10%  
EUR21.8m class F: affirmed at 'Csf'; Recovery Estimate 0%.

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Additional information is available at [www.fitchratings.com](http://www.fitchratings.com). The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Sources of information: Quarterly reports provided by Santander de Titulizacion S.G.F.T., S.A

Applicable criteria, 'EMEA Consumer ABS Rating Criteria', dated 14 July 2011 are available on [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**  
[EMEA Consumer ABS Rating Criteria](#)

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