

SC Germany Auto 2010-1 UG

€600 Million Floating-Rate Notes

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<i>Class</i>	<i>Rating*</i>	<i>Amount (mil. €)</i>	<i>Available credit support (%)</i>	<i>Interest</i>	<i>Legal final maturity</i>
A	AAA	567	8.5	One-month EURIBOR plus 105 bps	August 2019
B	A	33	3.0	One-month EURIBOR plus 150 bps	August 2019
Subordinated loan	NR	18	N/A	Residual	

*Standard & Poor's ratings address timely payment of interest and ultimate payment of principal.

NR—Not rated.

N/A—Not applicable.

EURIBOR—European interbank offered rate.

Transaction Participants

Originator	Santander Consumer Bank AG
Arranger	WestLB AG
Seller	Santander Consumer Bank AG
Servicer	Santander Consumer Bank AG
Security trustee	BNY Corporate Trustee Services Ltd., London branch
Interest swap counterparty	Natixis S.A.
Transaction account provider	Bank of New York Mellon, Frankfurt branch
Collection account provider	Santander Consumer Bank AG

Supporting Ratings

<i>Institution/role</i>	<i>Ratings</i>
The Bank of New York Mellon, Frankfurt branch as transaction account provider	AA/Stable/A-1+
Natixis S.A.	A+/Stable/A-1
Santander Consumer Finance S.A. as servicer parent	AA/Negative/A-1+

Transaction Key Features

Closing date	July 29, 2010
Collateral	Auto loan receivables originated in Germany by Santander Consumer Bank AG
Country of origin	Germany
Concentration	North Rhine-Westphalia (18.6%), Lower Saxony (10.0%), and total East (35.5%)
Total receivables (mil. €)	600
Weighted-average principal balance (€)	8,879
Weighted-average seasoning (months)	10.1
Delinquencies (30 or more days)	None
Weighted-average interest rate (%)	6.6
Excess spread at closing	Approximately 3%
Reserve fund (mil. €)	18
Substitution period (years)	None
Credit enhancement	Excess spread, cash reserve, and subordination

Transaction Summary

Standard & Poor's Ratings Services has assigned credit ratings to the €600 million asset-backed floating-rate notes that SC Germany Auto 2010-1 UG (haftungsbeschränkt) (SC Germany 10-1) issued.

Since we assigned preliminary ratings to the notes on July 9, 2010, the arranger has not made any material structural changes to this transaction.

German auto loan receivables, which SC Bank originated and sold to SC Germany 10-1, back the notes. A combination of excess spread, a cash reserve, and (for the class A notes only) subordination of the class B notes provide protection for the class A and B noteholders.

This is SC Bank's seventh true-sale auto-loan transaction in the term market. Similar to its last transaction that we rated, SC Germany Auto 08-2 Ltd., this transaction does not have a revolving period, but features a static pool with sequential note amortization. There is a principal-deficiency trigger in place. Once hit, it will change the payment order of interest on class B to be subordinated to class A principal.

SC Bank is a noncaptive provider of auto loans, predominantly used to finance passenger cars (and a small number of motorbikes and trailers) made by various manufacturers. SC Bank is an indirect daughter company of Banco Santander S.A. in Spain. It is the largest noncaptive provider of auto loans in Germany and is also a main competitor to special banks, savings banks, and captives.

At closing, a subordinated loan (totaling €18 million) granted to SC Germany 10-1 by SC Bank (the "subordinated loan provider") fully funded the cash reserve. The cash reserve serves as credit enhancement to the class A and B notes, ranking junior to these notes for interest and principal payments.

Counterparty risk is present with regard to the account bank, the Bank of New York Mellon, and Natixis S.A. as interest rate swap provider. Downgrade/replacement language in the transaction documentation, at the 'A-1' rating level, mitigates SC Germany 10-1's counterparty risk toward the account bank. The swap is in line with our current criteria (see "Related Criteria And Research"). There is no hot back-up servicer at closing. The combination of a borrower notification process, a reserve fund, a commingling reserve, and general availability of substitute servicers mitigates servicer disruption risk.

Strengths, Concerns, And Mitigating Factors

Strengths

- SC Bank is the second-largest auto loan bank in Germany and the largest noncaptive lender, with over 50 years of business experience.
- The portfolio is highly granular and diversified. As of June 30, 2010, it comprised more than 67,500 loan contracts, the largest single borrower concentration is less than 0.02%, and the top 20 borrowers comprise 0.17% of the portfolio. As a noncaptive loan provider, there is no manufacturer concentration compared with its captive counterparts.
- All contracts in the securitized pool were current at closing (meaning not delinquent or not in default).
- The structure benefits from excess spread (approximately 3% per year at closing) and from a cash reserve of 3%, which the sub loan fully funded at closing.

Concerns and mitigating factors

- The seller and originator (SC Bank), a deposit-taking bank that also services the loans, is not rated. This might result in commingling and set-off risks if SC Bank defaults. A commingling reserve and a set-off reserve mitigate this risk.
- Defaults under loan contracts are sensitive to the German economic environment, which shows signs of stabilization. Our base case loss assumptions reflect our expectation, and we believe our stressed loss assumptions at each rating level are commensurate with an extreme economic scenario at 'AAA' and a severe scenario at 'A'.
- Of the aggregate loan balance of the portfolio, 60% financed used car purchases. On average, creditors who bought new cars historically performed better than creditors who financed used cars. We expect the portion of used cars to stay stable, as this is a static transaction.
- The pool shows a geographic concentration in the eastern parts of Germany, with approximately 35.5% of the loans originated there.
- About 29% of loans in the pool are balloon loans. These loans have a final payment that is significantly higher than previous installments. The balloon payment at maturity could result in a payment shock to the borrower compared with equally amortizing loans. We have sized for the additional losses due to payment shock after a market value decline of the underlying vehicles.
- A substantial share of the contracts has been sold with insurance products. If SC Bank and the insurer become insolvent at the same time, there is a possibility that the borrower has the right to reduce the installments by an amount equal to the insurance premiums. We have deemed this set-off risk to be remote to our ratings.

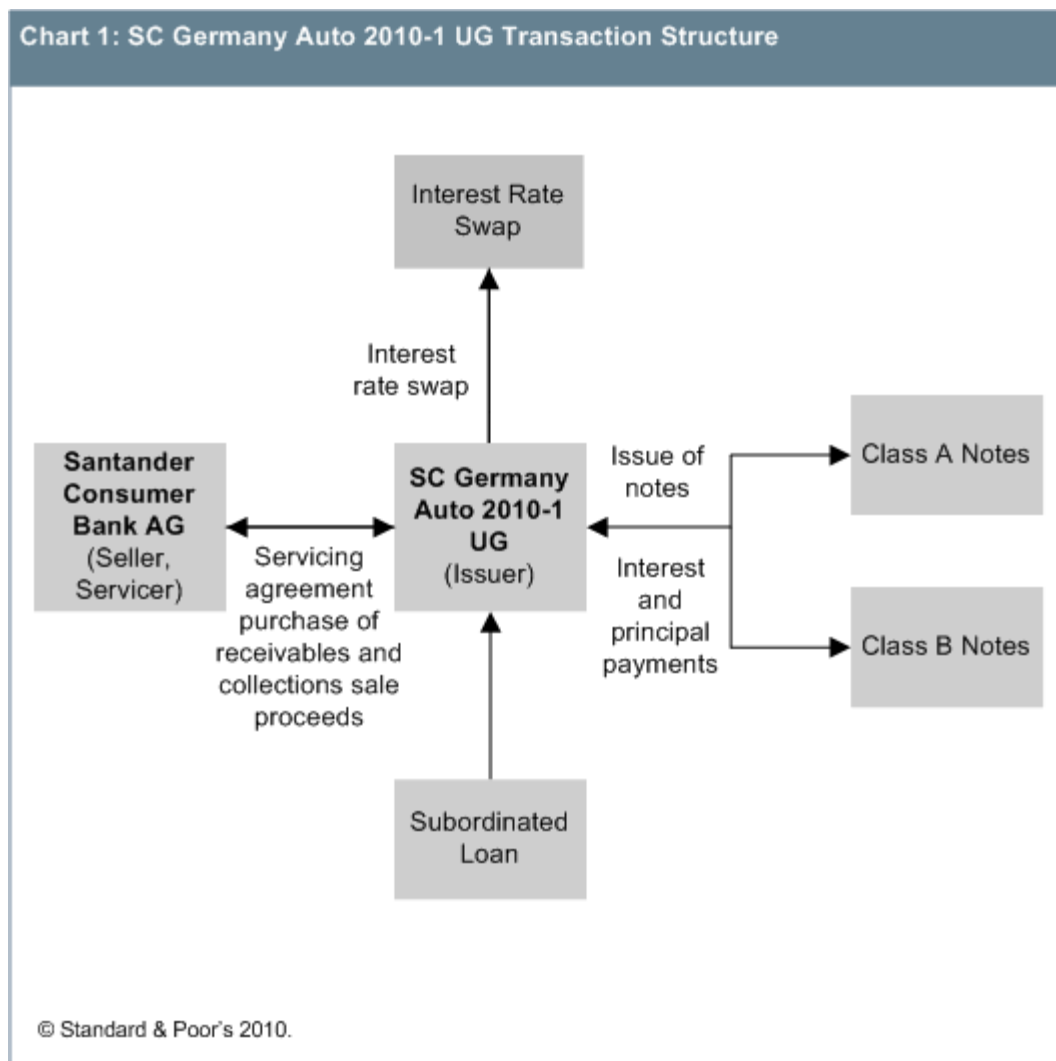
Transaction Structure

In this transaction, SC Bank sells loan receivables to SC Germany 10-1, which issues notes to fund that purchase. The receivables transferred in this transaction comprise the loan installment receivables. If a borrower defaults, the sales proceeds resulting from the car repossession are allocated to SC Germany 10-1 in the form of recoveries. Through the issuance of the class A and B notes, SC Germany 10-1 funds the lower of the notional value and net present value of the loan installments, calculated using the higher of the bank rate or dealer rate as the internal rate of return.

SC Germany 10-1 received a subordinated loan from SC Bank to fund the cash reserve. This cash reserve is available to cover interest shortfalls and, ultimately, credit losses.

SC Germany 10-1 also entered into a fixed-to-floating balance guaranteed swap to hedge the risk between the fixed yield paid by the assets and the floating rate payable on the notes.

Chart 1 shows the transaction structure.



Originator

SC Bank as the largest noncaptive car finance bank in Germany originates loan contracts in cooperation with more than 21,500 dealers. The origination process is standardized in the way that the dealers all use the same contract template that is incorporated in a computer program and sent to SC Bank for credit approval. The main parameters of a contract are purchase price, down payment, interest rate, term, and amount of installment. SC Bank gives approval for the loan, based on an internal scoring system using “Schufa” data among other factors.

The collection process is automated in the first stages of a delinquency. The call center, affiliate-collection center (for loan amounts greater than €1,000), and the collection center approach the delinquent borrower by phone and mail. The collection center can ultimately decide to terminate a borrower’s contract. A terminated contract is passed on to the legal department for further steps (foreclosure procedures). The repossessed cars are sold to dealers in online and physical auctions.

SC Bank has made changes recently to both its origination policy and its servicing processes. It tightened its origination policy to counter the economic deterioration, and it amended its servicing processes to enable it to handle the increasing overall portfolio volume of the bank.

Priority of payments

The class A and B notes pay interest in arrears on a designated date each month, at a rate of one-month EURIBOR (European interbank offered rate) plus the respective margin.

The transaction has a combined interest and principal priority of payments. On each interest payment date, the interest is paid on the class A notes before the class B notes. However, class A noteholders only receive principal after interest is paid to the class B noteholders as long as no principal deficiency ledger (PDL) trigger event has occurred. The PDL trigger event occurs when the performing asset balance is smaller than the total outstanding volume of notes by more than €7.5 million. In this case, the payment of interest to class B noteholders is subordinated to the payment of principal to class A noteholders. Amounts senior to interest and principal payments for the class A and B notes include taxes payable by SC Germany 10-1, servicing expenses, and net payments due under the swap agreement.

The available amount applied to the priority of payments comprises:

- The reserve fund;
- Collections, including deemed collections paid by the seller;
- The swap net inflow;
- Default interest on unpaid sums by the seller to the issuer, indemnities;
- Any other amounts paid by the seller/servicer, in respect of receivables, collateral, and transaction documents (servicing agreement);
- Interest earned on the transaction account and any amounts earned from permitted investments;
- Amounts in the commingling reserve (in the case of a servicing disruption);
- Amounts in the set-off reserve (in case borrowers have set off any amounts); and
- Amounts in the transaction account on the previous distribution date but were not distributed at the time due to servicer disruption or prior to a termination event.

The issuer applies these funds to:

- Senior expenses;
- Pay interest on the class A notes;
- Pay interest on the class B notes (unless the principal-deficiency trigger is hit);
- Pay principal on the class A notes;
- Pay interest on the class B notes (if the principal-deficiency trigger is hit);
- Pay principal on the class B notes;
- Replenish the reserve fund to its required amount;
- Replenish the commingling reserve to its required amount (if it has been drawn upon);
- Replenish the set-off reserve to its required amount (if it has been drawn upon);
- Pay the termination cost of the swap if the counterparty is defaulting or affected;
- Pay interest on the sub loan;
- Amounts owed by the issuer to the seller; and
- Pay the excess to the seller.

If the servicer fails to deliver a monthly report in time, items junior to principal payments on class B are trapped in the transaction account, and the noteholders do not receive principal payments. This is resolved when the servicer fulfills its reporting responsibilities.

Swap

There is a potential mismatch between the loans, which pay a fixed rate, and the notes, which pay floating-rate interest. To address this risk, SC Germany 10-1 entered into a fixed-to-floating interest rate swap.

Credit enhancement

The excess spread, the reserve fund (3.0%), and the class B notes (5.5%) provides credit enhancement for the class A notes. The class B notes benefit from excess spread and the reserve fund. The available initial excess spread (net of average notes margin), servicing fee, and swap rate is approximately 3% per year. The cash reserve was fully funded at closing at €18 million, using the subordinated loan proceeds.

Reserve fund

A reserve fund is established as a ledger on the transaction account. The reserve was funded at closing through a subloan that SC Bank provides and can be used to make interest and principal payments on class A and B notes. The reserve fund is replenished on each payment date in line with the waterfall. Once the total outstanding notional of the notes amortizes to 50% of the initial volume, the reserve is set to the greater of 6% of the outstanding notes and €5.5 million. The cash reserve is deposited with the transaction account bank with a rating commensurate with our criteria for direct support counterparties (see “Related Criteria And Research”).

Commingling Reserve

Commingling risk might arise if the servicer goes into insolvency and collections in the servicer’s collection accounts at that time plus collections that are received directly afterwards are commingled with the funds of the insolvent estate. In light of the monthly sweeping mechanism and the borrower notification process that is triggered by servicer insolvency, we have sized the commingling risk in an amount equal to two months of scheduled collections plus a stressed prepayment assumption.

Commingling risk is nearly fully mitigated by a commingling reserve: SC Bank funds the reserve if the rating on the parent company SCF is lower than ‘A-2’, if SCF ceases to own at least 75% of SC Bank, or if SC Bank otherwise becomes ineligible to provide this type of support to the transaction in accordance with our counterparty criteria.

If funded, the reserve will be held as a separate ledger on the transaction account held with the Bank of New York Mellon, Frankfurt branch (with downgrade language in place). The reserve will be funded within 14 days up to the amount of scheduled collections of the following two collection periods, plus 2.5% of the outstanding note principal amount.

We took the residual risk not covered by the reserve into account in our cash flow modeling.

Set-off reserve

Borrowers may have a right to set-off amounts they owe to SC Bank for two reasons.

Firstly, borrowers could potentially have cash deposits with SC Bank. While borrowers who do have a deposit with SC Bank at closing cannot be included into the securitized pool due to the eligibility criteria, the set-off exposure may increase, as borrowers deposit moneys with SC Bank over time. In case of an insolvency of SC Bank, there is the risk of borrowers setting off all or part of their payment

obligation under their auto loans against their claims from the deposits. This deposit-related set-off risk is mitigated through a set-off reserve: Similar to the commingling reserve, SC Bank will fund a set-off reserve if the parent company SCF is rated lower than 'A-2', if SCF ceases to own at least 75% of SC Bank, or if SC Bank otherwise becomes ineligible to provide this type of support to the transaction in accordance with our counterparty criteria. The reserve will be funded with an amount for each borrower equal to the lower of the deposits, or the principal due by that borrower.

Secondly, a substantial share of the contracts has been sold together with insurance products. A right of the borrower to reduce the installments by an amount equal to the insurance premium cannot be excluded if SC Bank and the insurer (which is a third party and independent from SC Bank) become insolvent at the same time. We have deemed this latter set-off risk to be remote to our analysis.

Servicing

The purchased receivables and related collateral will be serviced and enforced by the seller, SC Bank, acting as the servicer. There are no backup servicing agreements in place. We have deemed risks from a missing backup servicer to be remote to our ratings due to the following reasons:

- The assets are of a common type (auto loans) and there are third party servicers available in Germany to take on this additional business.
- The transaction has sufficient liquidity to pay interest during a servicer disruption period of more than six months. Liquidity is provided through the commingling reserve, which is available to make payments in case of servicer insolvency. No principal payments will be made during this time.
- A borrower notification process is in place that would limit the time period during which collections are routed through the insolvent servicer.
- A commingling reserve is available to mitigate the commingling loss that would arise due so servicer disruption.

Cash collection arrangements

Under the terms of the loan contracts, borrowers pay monthly on one of two preset payment dates (the first or 15th of each month). The funds are initially paid into the originator's account, and swept monthly to SC Germany 10-1's transaction account. SC Bank has direct debit arrangements with over 99% of the borrowers.

Transaction account

The transaction account is held with the Frankfurt branch of the Bank of New York Mellon, an 'A-1+' rated bank. Downgrade language is in place, commensurate with our criteria for eligible direct support counterparties (see "Related Criteria And Research").

Call option

SC Germany 10-1 can redeem the notes at their outstanding principal amount, together with interest accrued before the date fixed for redemption, on any interest payment date:

- Following tax changes that affect note payments; or
- When the aggregate principal amount outstanding of the notes is lower than 10% of the original principal amount outstanding.

Unless previously redeemed, the notes will redeem at their principal amount on the interest payment date falling in August 2019.

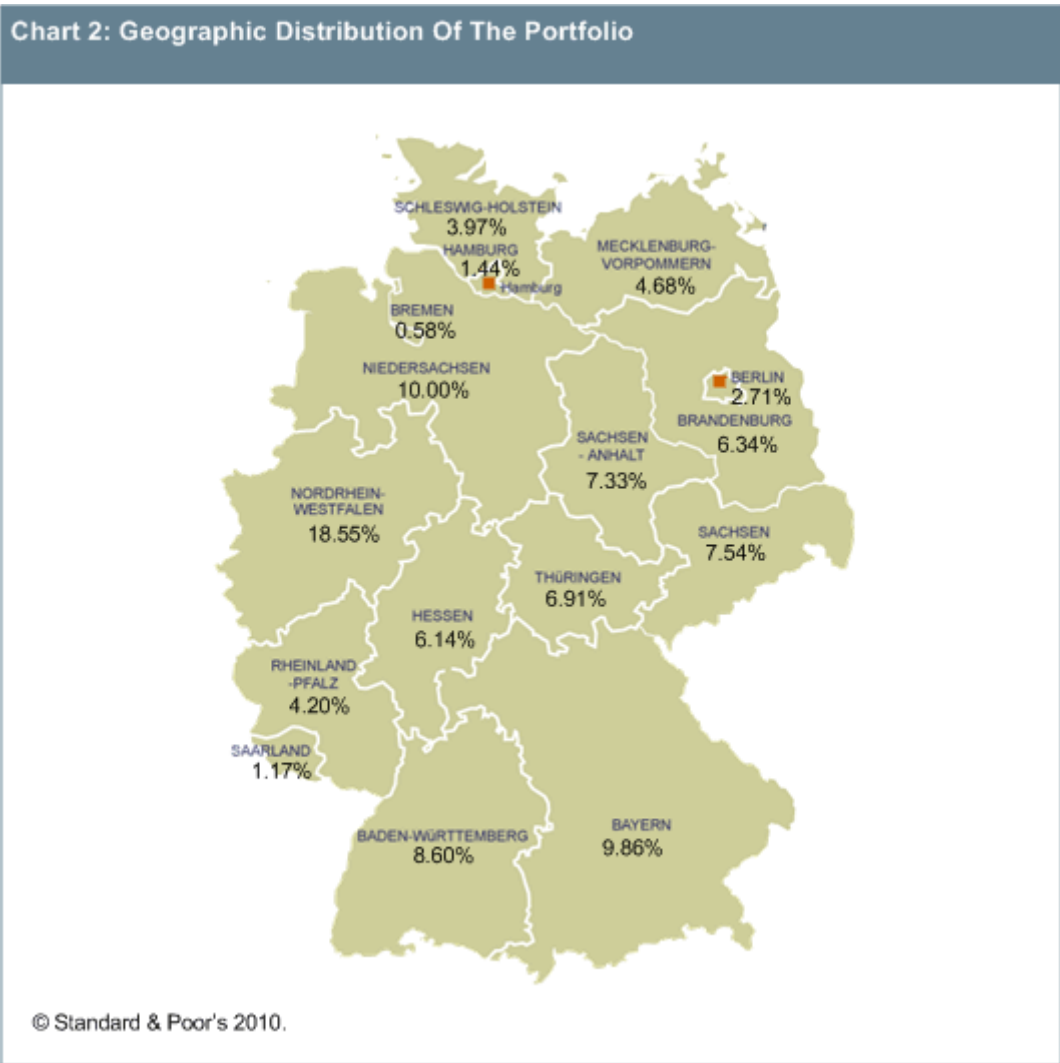
Collateral Description

The collateral pool initially backing the notes comprises more than 67,500 loans, with a total current principal balance of marginally less than €600 million. The largest single-borrower concentration is less than 0.02%, and the top 20 borrowers comprise 0.17% of the portfolio. The average outstanding balance is approximately €8,900. All loans pay a fixed rate of interest. There are no commercial customers in the pool. As a noncaptive lender, SC Bank finances a variety of vehicle manufacturers. The three largest manufacturers in the portfolio represent 25% of the pool balance.

Table 1 gives further stratifications and the map of Germany below shows the geographic distribution of the borrowers (see chart 2). The portfolio is fairly diversified with its highest concentration in the state of North Rhine-Westphalia (18.6%).

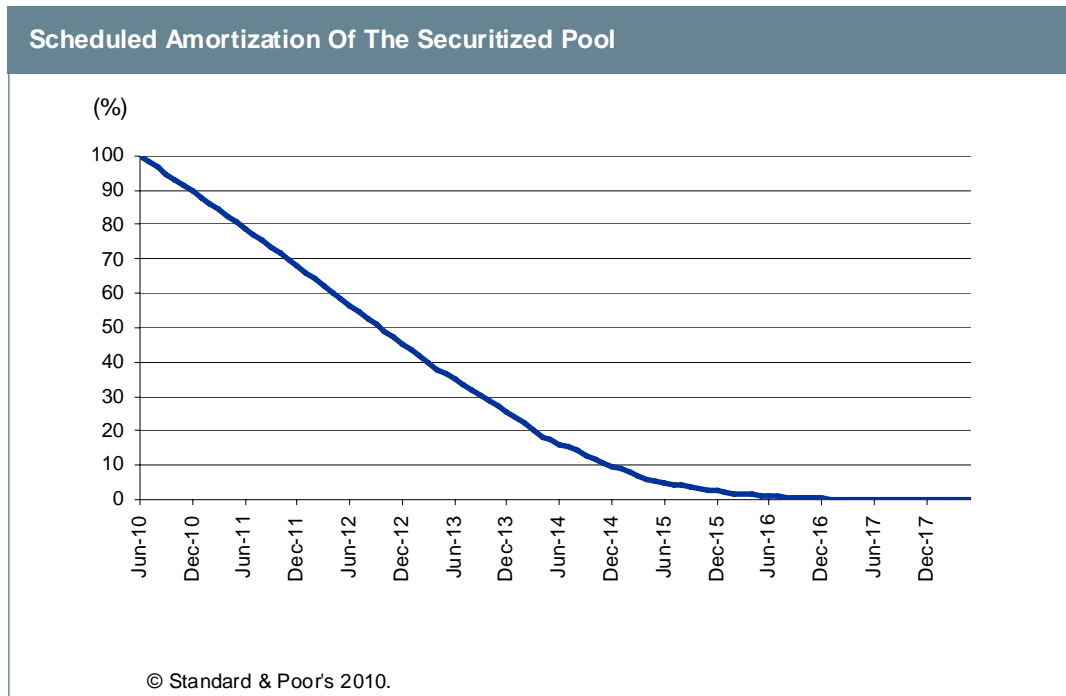
Table 1

<i>Pool Breakdown</i>	
Total volume of closing pool (€)	599,999,999.87
Weighted-average original term (months)	58.4
Weighted-average seasoning (months)	10
<i>Loan type (%)</i>	
Amortizing loan	71
Balloon loan	29
Actual balloon payments	15.6
<i>Financed object (%)</i>	
Car	94
Motorbikes and trailers	6
<i>Vehicle type (%)</i>	
New	40
Used	60
<i>Customer type (%)</i>	
Private	100
Commercial	0
Vehicle make (%) (could you move up this row in the 'Vehicle Type' section, as it has nothing to do with the 'Customer Type')	diversified



The scheduled amortization shown in chart 3 points out that the amortization is rather gradual. The small portion of balloon payments has therefore no significant impact on the amortization.

Chart 3

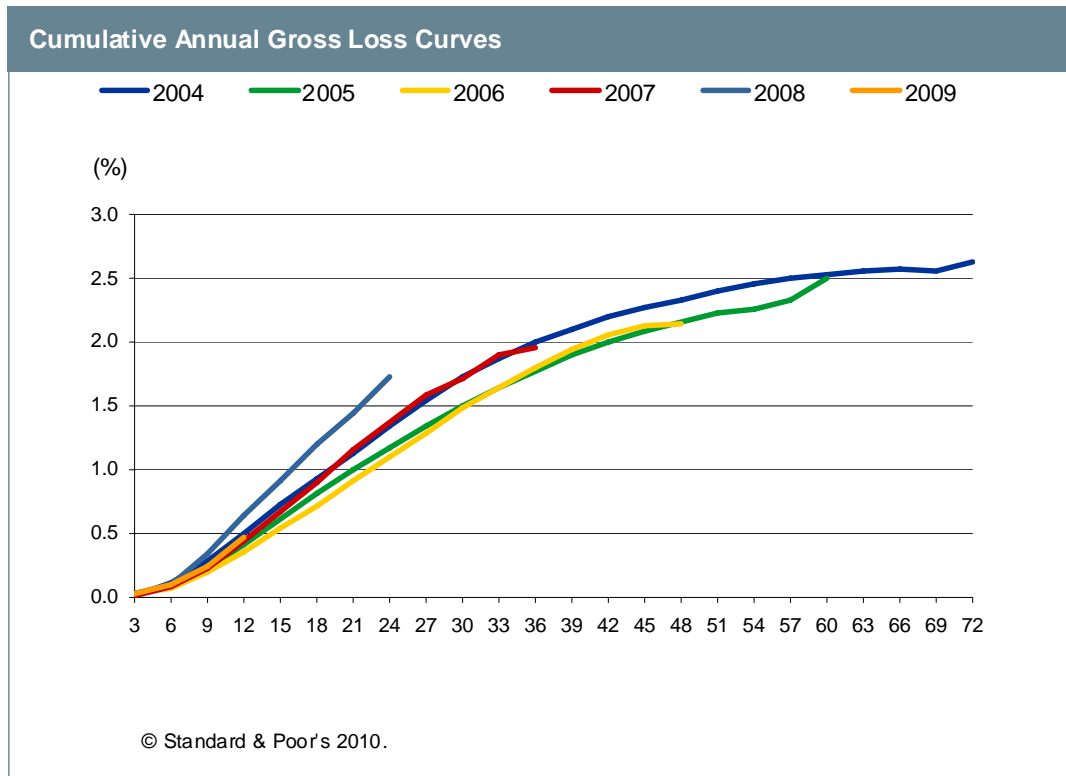


Credit Analysis

Our rating analysis includes an assessment of the credit risk inherent in the transaction under various stress scenarios. We based our credit analysis for each class of SC Germany 2010-1's notes on our rating methodology for analyzing consumer finance transactions (see "European Consumer Finance Criteria" in "Related Criteria And Research").

Chart 4 shows yearly averages of monthly static gross loss data from 2004 to 2010 for the total portfolio. Although further broken-down data was available, we decided not to analyze individual subportfolios (e.g., balloon loans and amortizing loans), as this is a static transaction with a portfolio composition that is close to the composition of SC Bank's overall loan book.

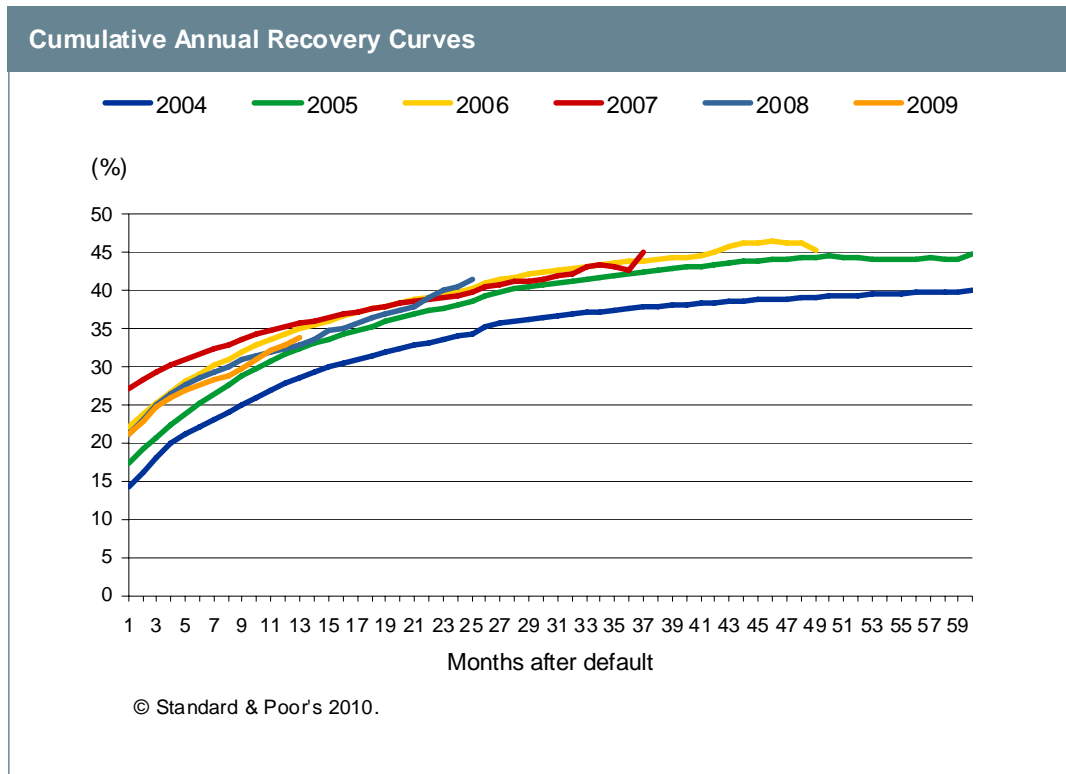
Chart 4



The data shows a fairly stable performance up until late 2007 and deterioration in the mild-stress environment of 2008. Performance of the 2009 vintages is better. This development that can be explained by a tightening of the underwriting criteria of SC Bank in early 2009, but also by the fact that the German government induced a scrappage incentive scheme in early 2009 (March 2009 through September 2009) that attracted a clientele with an above-average credit quality.

Chart 5 shows yearly averages of monthly static recovery data from 2004 to 2010 for the total portfolio. Again, we decided not to analyze individual subportfolios as this is a static transaction with a portfolio composition that is close to the composition of SC Bank's overall loan book.

Chart 5



Overall recovery performance has been fairly stable. In line with our view on the performance of the German auto market, the recoveries received from vehicle remarketing have deteriorated in 2009. Higher unsecured recoveries could only partially offset this trend. Our base cases have been set to reflect our expectation on a slow recovery for the used car market.

Table 2 shows our base cases and stressed assumptions for the respective rating scenarios. We have based our base cases on the historical data shown above, our analysis of the underwriting and servicing standards of the originator, and our economic outlook for Germany, which indicates a stabilization of the macroeconomic environment. In the rating scenarios, the base case assumptions are stressed to reflect an extreme or a severe recession.

Table 2

Credit Risk Stress Assumptions		
	Gross loss (%)	Recoveries (%)
<i>Base case (%)</i>	<i>3.1</i>	<i>40</i>
<i>'A' stress assumption (%)</i>	<i>7.8</i>	<i>30</i>
<i>'AAA' stress assumption (%)</i>	<i>14</i>	<i>25</i>

We also made assumptions on the timing of recoveries, delinquencies, and prepayment levels based on our criteria for European consumer finance transactions (see “Related Criteria And Research”).

Market value risk

Balloon contracts may introduce an element of implicit market value risk to the transaction, if one assumes that borrowers expect to be able to finance the final balloon payment through the sale of the

vehicle at contract maturity. In an environment of significant economic stress, such borrowers may default on the balloon payment because the market value of the vehicle could have declined below the amount needed to pay the final balloon payment.

For the balloon loans SC Bank originated, there is no buyback obligation by any dealer so that for each case where a borrower defaults on the balloon payment, SC Germany 2010-1 incurs an additional loss equal to the difference between the balloon installment and the sale proceeds of the vehicle in the stressed environment. Table 3 shows our related assumptions.

Table 3

<i>Market Value Risk Stress Assumptions</i>		
<i>Rating</i>	<i>Additional default rate (%)</i>	<i>Market value decline (%)</i>
A	11	32
AAA	15	41

We take into account the resulting loss in our cash flow analysis by deducting the balloon loss from the cash flows received through balloon payments.

Cash Flow Analysis

We have tested the ability of the classes of notes to pay timely interest and ultimate principal under the above stress assumption through a cash flow model. We ran different interest paths (up to 12%, down to 0%, and flat at 2%), different prepayment speeds (0.5% and 24.0% constant prepayment rate), and different default curves (equally distributed over 24 months and back-loaded over 24 months). We also modeled delayed recovery timing, stressed servicing fees, and took into account uncovered seller and counterparty risks.

All rated classes of notes achieve timely payment of interest and ultimate payment of principal under the respective stressed rating scenarios and assumptions discussed above. The high prepayment, low interest, and back-loaded default scenarios have proved to be more stressful, mostly because they reduce the amount of available excess spread. This was partially set off by the fact that high prepayments also lead to reduced balloon losses.

Scenario Analysis

As part of a broad series of measures that we announced in 2008 to enhance our analytics and dissemination of information, we have committed to provide a “what-if” scenario analysis in rating reports to explain key rating assumptions and the potential impact of positive or negative events on the ratings (see “A Listing Of S&P’s New Actions Aimed At Strengthening The Ratings Process” in “Related Criteria And Research”).

This scenario analysis section incorporates:

- A description of our methodology and scenario stresses;
- Results of the effects of the stresses on ratings; and
- Results of the effects of the stresses on our cash flow analysis.

Methodology

When rating European auto and consumer asset-backed securities (ABS) transactions, we have developed a scenario analysis and sensitivity testing model framework. This demonstrates the likely

effect of scenario stresses on the ratings in a transaction over a one-year outlook horizon. For this asset class, we consider scenario stresses over a one-year horizon to be appropriate given the relatively short weighted-average life of the assets backing the notes. For these types of securities, there are many factors that could cause the downgrade and default of a rated note, including asset performance and structural features. However, for the purposes of this analysis, we focused on the three fundamental drivers of collateral performance, namely:

- Gross loss rate;
- Recovery rate; and
- Prepayment rate.

Given current economic conditions, the proposed stress scenarios reflect negative events for each of these variables. Increases in gross default rates could arise from a number of factors, including rises in unemployment and company insolvencies, together with falls in house prices and a reduction in the availability of credit. In addition, these effects would most likely cause collateral recovery rates to fall as the structural imbalance between supply and demand leads to reductions in asset prices. In this environment, we also expect prepayment rates to fall as fewer refinancing options leave obligors unable to prepay finance agreements and demand for replacement vehicles falls.

For this analysis, we have included two stress scenarios to demonstrate the rating transition of a note (see table 4).

Table 4

Scenario Stresses		
<i>Rating variable</i>	<i>Scenario 1 (relative stress to base case)</i>	<i>Scenario 2 (relative stress to base case)</i>
Gross loss rate (%)	30.0	50.0
Recovery rate (%)	(30.0)	(50.0)
Constant prepayment rate (%)	(20.0)	(33.3)

It is worth noting that our base case assumptions for each transaction are intended to be best estimates of future performance for the asset portfolio. Our approach in determining these base cases would take account of historically observed performance and an expectation of potential changes in these variables over the life of the transaction. The sensitivity of rated notes in each transaction will differ depending on these factors, in addition to structural features of the transaction, including its reliance on excess spread, payment waterfalls, and levels of credit enhancement at closing.

For each proposed scenario stress, we separate the applied methodology into three distinct stages. In the first stage, we stress our expected base case assumptions over a one-year period to replicate deviations away from our expected performance over the stress horizon. We assume the stresses that we apply occur at closing, with gross losses applied based on our expectation of a cumulative default curve for the portfolio.

The second stage applies our usual rating methodology, including revising our base case assumptions at the one-year horizon to reflect the assumed deviations as a result of the stressed environment. In the final stage of the analysis, we re-rate the transaction at the one-year horizon, after revising our base case assumptions and applying our standard credit and cash flow stresses at each rating level. The output of the analysis shows the likely rating transition of the rated notes given the applied stresses and the value and timing of any forecasted principal and interest shortfalls under the most stressful scenario.

Scenario stress and sensitivity analysis

When applying scenario stresses in the manner described above, the results of this modeling are intended to be a simulation of what could happen to the ratings on the notes for the given transaction. For the purposes of our analysis for this transaction, we applied the two scenarios described above in our cash flow modeling. The implied base case stresses and scenario stress results are shown in tables 5 to 7.

Table 5

Scenario Stresses			
<i>Stress horizon—12 months</i>			
Rating variable	Base case	Scenario 1	Scenario 2
Weighted-average gross loss rate (%)	3.10	4.03	4.65
Recovery rate (%)	40.00	28.00	20.00
Constant prepayment rate (%)	10.00	8.00	6.70

Table 6

Scenario Stress Analysis—Rating Transition Results			
Scenario stress	Class	Initial rating	Scenario stress rating
Scenario 1	A	AAA	AAA
Scenario 2	A	AAA	AA
Scenario 1	B	A	A-
Scenario 2	B	A	BBB

Table 7

Cash Flow Impact						
Scenario stress	Worst case run	Amount (€)	Principal shortfall		Interest shortfall	
			Expected loss as a % of the transaction		Amount	
			size	Month	(€)	Month
Class A						
Scenario 1	High prepayment/low interest rate	0	N/A	N/A	0	N/A
Scenario 2	High prepayment/low interest rate	15.2m	2.5	Ultimate	82k	79
Class B						
Scenario 1	High prepayment/low interest rate	0	N/A	N/A	3k	23-29
Scenario 2	High prepayment/low interest rate	8.5m	1.4	Ultimate	1.2m	23-29

N/A—Not applicable.

Given the structure of the transaction, the more stressful scenario in our cash flow analysis is a high collateral prepayment rate in a low interest rate environment. Under the stresses we applied under both scenario 1, the class A notes would most likely retain their 'AAA'. In the more stressful scenario 2, class A would most likely be downgraded to 'AA'. The class A notes would most likely be downgraded to A- in scenario 1 and to 'BBB' in scenario 2. It should be noted that the scenario downgrade would mostly be driven by interest shortfalls. The stability of the rating on the notes is influenced by the amounts of

excess spread available to cure losses, and the fact that the issuer is able to use the liquidity reserve to cure losses.

Monitoring And Surveillance

We regularly assess the following as part of our ongoing surveillance of this transaction:

- The performance of the underlying portfolio, including defaults, delinquencies, and prepayments;
- The supporting ratings in the transaction; and
- The servicer's operations and its ability to maintain minimum servicing standards.

Related Criteria And Research

- Methodology And Assumptions: Update And Clarification To Counterparty Criteria For Interest Rate Swap Counterparties In 'AAA' Rated Transactions, April 1, 2009
- Methodology: Updated Counterparty Criteria For Derivatives: Eligibility Of 'A-2' Counterparties Removed In 'AAA' Transactions, Oct. 22, 2008
- Revised Framework For Applying Counterparty And Supporting Party Criteria, May 8, 2007
- Principles-Based Rating Methodology For Global Structured Finance Securities, May 29, 2007
- European Legal Criteria for Structured Finance Transactions, Aug. 28, 2008
- European Consumer Finance Criteria, March 10, 2000
- A Listing Of S&P's New Actions Aimed At Strengthening The Ratings Process, Feb. 7, 2008
- European Auto ABS Index Report, published quarterly
- Ratings Raised In SC Germany Auto 07-1, 07-2, 08-1, And 08-2's German ABS Deals Following Performance Improvement, June 15, 2010

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