

First rating date: 09/06/2022
Review date: 09/08/2022

Contactos

Head Structured Finance
Claudio Bustamante, CFA
claudio.bustamante@ethifinance.com

Chief Rating Officer
Guillermo Cruz Martínez
guillermo.cruz@ethifinance.com

Rating Action

EthiFinance Ratings ("the Agency") affirms the "BBB" rating to the Notes issued by CiMA Finance, DAC.

Executive Summary

CiMA Finance, DAC (the "FT" or the "Fund"), is a Special Purpose Vehicle incorporated with limited liability in Ireland that issues Notes under the 10 billion euros Programme. In June 2022, the 55 million euros Secured Rights Participation Notes due 2026 "Series 2022-6" were issued.

At the inception date, the Series 2022-6 had as underlying assets the Credit Rights consisting of 27 contracts for a total of 99.536.801€ ("Hurtado Credit Rights"), derived from contracts assigned from Banco Santander, S.A. "The Assignor", to CiMA Finance, DAC "The Assignee", through the Assignment Agreement. But it is expected that the second main contract in the Fund will be substituted during August 2022.

The second main contract represents 8,61% of the total underlying assets in the Fund and has a pending amount of 8,6 million euros, which final debtor is Ayuntamiento de Bilbao; this contract will be substituted by another four contracts. The four contracts that will be assigned into the Fund have as final debtors Ayuntamiento de Vitoria, Ayuntamiento de Sada and Ayuntamiento de Coslada.

The affirmation of the rating is dependent on the correct substitution of the contracts and the assignment of these to the Fund.

Rating Fundamentals

- **The Structure considered an initial DSCR level of 1.619x, but once the substitution is completed, the DSCR will be 1.589x.** At the inception date the total revenues were 99.536.801€, and after the substitution the total revenues will be of 98.437.236€. Notwithstanding that the DSCR went down, the level is adequate.
- **The composition of the Underlying Assets of the Fund after the substitution, will maintain similar to the initial composition, with 81% exposure to public administration entities and 19% to private companies.**
- **High dependence on the solvency and operational capacity of Holding Company and its subsidiaries.** We concluded that the generation of income in favor of the Fund depends to a large extent on the Holding and its subsidiaries being able to comply with the contracts of O&M. Also, in case of a revenue shortfall, The Holding company will participate as a guarantor for the Coupon Payments. Currently, the Holding Company or Guarantor has a rating of BB+ with Stable Outlook affirmed by EthiFinance.
- **The new Public Administration Entities whose contracts will be incorporated into the Fund, have a similar rating as the Ayuntamiento de Bilbao that will be substituted.** Because of this, the Montecarlo Analysis will not present any changes once the substitution is materialized.
- **The Nominated Bank Account and the Reserve Account of the Notes**

have a **First Ranking Pledge**. The Issuer on the Issue Date shall create a Spanish Law first ranking pledge (prenda) of all funds standing to the credit of the accounts in favour of the Notes.

- **The Structure is secured by a First Demand Guarantee.** There is a first demand guarantee granted by The Holding Company “the Guarantor” by means of which the Guarantor will irrevocably guarantee the performance and payments of the Holding Company subsidiaries regarding the Secured Obligations; the Secured Obligations are the Credit Rights that are defective (credit rights disputed or that have hidden defects), have terminated early, are subject to set-off rights, or can lead to an event of shortfall of invoices.
- **Strength of the Structure through the Remediation and Substitution mechanism.** If the Credit Rights are disputed by the Obligors, have hidden defects, or the service contracts are terminated for any reason, and the DSCR falls below 1.15x, the Originators, and the Holding Company as guarantor, shall remedy the effects, replacing the defective or terminated rights with other rights, and if not, they would need to repurchase those rights.

Sensitivity analysis

Factors that could (individually or collectively) impact the rating

- **Positive factors (↑).**

A better-than-expected performance of the holding company that improves its credit rating.

- **Negative factors (↓).**

The downgrade of the holding company or its Subsidiaries Rating and/or the decrease of the DSCR below 1.15x which compromises the strength of the structure.

Relevant Event

The rating was revised because of the future substitution that will take place during the month of August 2022, where the contract who has as a final debtor the Ayuntamiento of Bilbao, will be substituted by four contracts where the final debtors will be Ayuntamiento de Vitoria, Ayuntamiento de Sada and Ayuntamiento de Coslada.

Description of the Transaction

The transaction’s objective is the monetization of a portfolio of O&M and facility contracts located in Spain (roads and highways, hydraulic dams, waterways, public buildings, and old age assistance). All the contracts are Spanish contracts celebrated by the originator with their clients and have monthly payments. It is important to add that in the Shadow Toll project company, the O&M service payments are Super Senior to any other liability that the project company may have, such as debt service (interest or repayments) of Senior Loans/Facilities.

The Payer Risk is composed by Public Administration (Ministries, Autonomous Communities, Local Governments) and Shadow Toll Concessions. The issuer is CiMA Finance DAC which is a vehicle sponsored by Banco Santander, this vehicle acquired the present and future rights of the O&M and Facility contracts.

Main figures

| | |
|----------------------------------|--|
| Issuer | CiMA Finance, DAC |
| Purpose | Financing of O&M Agreements |
| Fund Type | Closed for the assets and closed for the liabilities |
| Underlying | Payment Rights assigned to the Issuer from Banco Santander |
| Incorporation Date | June 2022 |
| Maturity Date | June 2026 |
| Depreciation Method | Pass-through |
| Prepayment Protection | Make Whole |
| Interest Payment Schedule | Semi-annual (June and December) |
| Market Listing | Can be listed in the Vienna Stock Exchange |

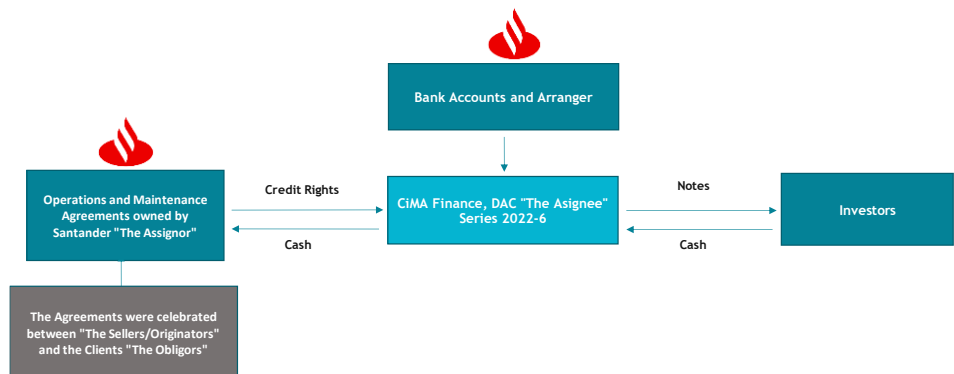
Source: Information provided by Santander.

Participants

| | |
|----------------------|---|
| Assignor | Banco Santander, S.A. |
| Asignee | CiMA Finance, DAC |
| Arranger | Banco Santander, S.A. London Branch |
| Trustee | BNY Mellon Corporate Trustee Services Limited |
| Servicer | Sanne AgenSynd, S.L.U |
| Paying Agent | The Bank of New York Mellon, London Branch |
| Bank Accounts | Banco Santander, S.A. |
| Lawyers | Garrigues |

Source: Transaction Termsheet.

Operation Diagram



*Source: Transaction Termsheet.

Description of the Guarantor

The Guarantor has a rating of BB+ with a stable outlook by EthiFinance Ratings. The Guarantor (including subsidiaries) operates as an infrastructure concessionaire and offers complementary services in the engineering, construction and environmental sectors. The Guarantor is a large-scale infrastructure group with an extensive track record of more than 30 years both in Spain as well as internationally, mostly focused on operating infrastructure concessions as well as the design, construction and operation of large infrastructure projects.

The company's business model is based on its concessional assets, which includes concessional revenues and the construction, operation and other maintenance services of those assets thus covering the whole infrastructure value chain. Besides, the group complements its activity through the EPC and maintenance services for third parties.

It is important to mention that even though The Guarantor has a BB+ rating and is the one in charge of providing the maintenance services, the rating of the notes is not capped at BB+. This is so because it is our view that in case of financial problems, the Guarantor and its subsidiaries would continue to perform its O&M and facilities contracts in order to preserve its cash flow generation, thus providing services to comply with the O&M Contracts.

Description of the Underlying Assets

The underlying assets are contracts that have been specially selected from the entire Guarantor portfolio. These contracts are concluded between the Guarantor and various Spanish government entities; the contracts involve tasks with low technical requirement and low risk, such as operation and maintenance contracts: for roads, public buildings, dams and waterways, or for facilities contracts: building maintenance, cleaning services, care assistance or household services.

Credit Enhancement

The contracts will have as guarantor the Holding company (BB+ Rating) in the event that the O&M contracts or the facilities contracts do not generate the sufficient expected income stream for any reason including the commercial dispute or in case of the termination of any contract or in the case of finding defects or vices in the contracts.

There will be a period of 15 days to remedy that. After this period, and if revenue decreases the DSCR to 1.15x, the Guarantor must replace contracts that are not complying with expectations, with contracts of a similar risk and nominal amount within the following 3 months. In the meantime, the Guarantor (BB+) shall be liable for the payment commitments in case there are no resources to cover the payment of the coupon. If the above is not executed within 3 months, the Guarantor is obliged to repurchase the Credit Rights.

Regulatory information

Sources of information

The credit rating assigned in this report has been made solicited by the originator of the assets, taking part in the process. The credit rating is based in:

- Public information from public access sources.
- Information provided by the originator of assets assigned or that shall be assigned to the securitization fund.

From the time of the assignment of the credit rating, all information provided by the originator of the assets, by the servicer of the assets (other than the originator) or by a third participant in the transaction, shall be reviewed and analyzed with the aim to assess the following issues:

- The performance of the credit quality of the assets comprising the collateral of the Fund.
- The level of credit enhancement.
- The evolution of the quantitative triggers of the Fund.
- The evolution of the qualitative triggers (counterparty risks).

The information has been thoroughly reviewed to ensure that it is valid, coherent and consistent and it is considered as satisfactory. Nevertheless, EthiFinance Ratings assumes no responsibility for the accuracy of the information provided and the conclusions drawn from it.

Additional information

- The rating was carried out in accordance with Regulation (EC) N° 1060/2009 of the European Parliament and the Council of 16 September 2009, on credit rating agencies, and in accordance with the Structured Finance Rating Methodology that can be consulted on www.EthiFinanceRatings-rating.com/en-US/about-EthiFinanceRatings/methodology and according to the Structured Finance Rating scale available at www.EthiFinanceRatings-rating.com/en-US/about-EthiFinanceRatings/rating-scale.
- EthiFinance Ratings publishes data on the historical default rates of the rating categories, which are located in the central statistics repository CEREP, of the European Securities and Markets Authority (ESMA).
- In accordance with Article 6 (2), in conjunction with Annex I, section B (4) of the Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009, it is reported that during the last 12 months EthiFinance Ratings has provided ancillary services to related third parties of the rated entity, but not to the rated entity. However, according to our Conflict of Interest Policy, it does not involve a conflict of interest, since the aggregate sale does not exceed 5% of net turnover.
- The issued credit rating has been notified to the rated entity, and has not been modified since.

Conditions of Use for this document and its content:

For all types of Ratings that the AGENCY issues, the User may not, either by themselves or via third parties, transfer, sublease, sublicense, sell, extract, reuse, or dispose of in any other way the content of this Document to a third party, either for free or for consideration. Nor may they alter, transform or distort the information provided in any way. In addition, the User will also not be permitted to copy and/or duplicate the information, nor create files which contain the information of the Document, either in its entirety or partially. The Document and its source code, regardless of the type, will be considered as the elaboration, creation, or work of the AGENCY and subject to the protection of intellectual property right regulation.

For those uses of this Document which are permitted, the User is obliged to not allow the removal of the copyright of the AGENCY, the date of the Document's issuance, the business name as established by the AGENCY, as well as the logo, brands and any other distinctive symbol which is representative of the AGENCY and its rights over the Document.

The Document and its content may not be used for any illicit purpose or any purpose other than those authorised by the AGENCY. The User will inform the AGENCY about any unauthorised use of the Document and/or its content that may become apparent.

The User will be answerable to the AGENCY for itself and its employees and/or any other third party which has been given or has had access to the Document and/or its content in the case of damages which arise from the breach of obligations which the User declared to have read, accepted and understood upon receiving the Document, without prejudice to any other legal actions that the AGENCY may exercise in defence of its lawful rights and interests.

The Document is provided on the acceptance that the AGENCY is not responsible for the interpretation that the User may make of the information contained. Credit analyses included in the Document, as well as the ratings and statements, are to be deemed as opinions valid on the date of issuance of the reports and not as statements of fact or recommendations to purchase, hold or sell any securities or to make any investment decision. The credit ratings and credit rating prospects issued by the AGENCY are considered to be its own opinion, so it is recommended that the User take it as a limited basis for any purpose that it intends to use the information for. The analyses do not address the suitability of any value. The AGENCY does not act as a fiduciary or an investment advisor, so the content of the Document should not be used as a substitute for knowledge, criteria, judgement or experience of the User, its Management, employees, advisors and/or clients in order to make investment decisions.

The AGENCY will devote every effort to ensure that the information delivered is both accurate and reliable. Nonetheless, as the information is elaborated based on data supplied by sources which may be beyond the control of the AGENCY, and whose verification and comparison is not always possible, the AGENCY, its subsidiaries, and its directors, shareholders, employees, analysts and agents will not bear any responsibility whatsoever (including, without any limitations, loss of revenue or income and opportunity costs, loss of business or reputational damage or any other costs) for any inaccuracies, mistakes, noncorresponding information, incompleteness or omission of data and information used in the elaboration of the Document or in relation to any use of its content even should it have been warned of potential damages. The AGENCY does not make audits nor assume the obligation of verifying independent sources of information upon which the ratings are elaborated.

Information on natural persons that may appear in this document is solely and exclusively relevant to their business or business activities without reference to the sphere of their private life and should thus be considered.

We would like to inform that the personal data that may appear in this document is treated in accordance with Regulation (EU) 679/2016, on the protection of natural persons with regard to the processing of personal data and the free movement of such data and other applicable legislation. Those interested parties who wish to exercise the rights that assist them can find more information in the link: <https://www.axesor.com/es-ES/gdpr/> or contact our Data Protection Officer in the mail dpo@axesor.com.

Therefore the User agrees that information provided by the AGENCY may be another element to consider when making business decisions, but decisions will not be made based solely on it; that being the case the AGENCY will not be held responsible for the lack of suitability. In addition, the use of the information before courts and/or tribunals, public administrations, or any other public body or private third party for any reason shall be solely the User's responsibility and the AGENCY shall not be held responsible for any liabilities on the grounds of inappropriateness of the information's contents.

Copyright © 2022 ETHIFINANCE RATINGS, S.L. All Rights Reserved.

C/ Benjamin Franklin S/N, Edificio Camt, 1º Izquierda, 18100, Granada, España

C/ Velázquez nº18, 3º derecha, 28001 - Madrid.