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## Rating Action

*EthiFinance Ratings ("the Agency") upgrades the rating of the Notes from "BBB" to "BBB+" issued by CiMA Finance 2022-6, DAC.*

## Executive Summary

CiMA Finance 2022-6, 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.

The Series 2022-6 had as underlying assets the Credit Rights consisting of 29 contracts for a total of €98,437,236 ("Hurtado Credit Rights") as of June 2022, whereas as of June 30, 2023, the outstanding amount of the contracts add up to €46,753,430. At inception, the total amount of contracts was 29, however, as of June 2023, six contracts have been fully amortized, resulting in 23 contracts remaining. These contracts were derived from contracts assigned from Banco Santander, S.A. "The Assignor" to CiMA Finance, DAC "The Assignee" through the Assignment Agreement. Previously, the Credit Rights have been sold from "The Sellers" & "Originators" to Banco Santander, S.A., while the "Holding Company" stays as "Guarantor" in the Credit Rights Sale and Purchase Agreement.

**One Originator is known to be in a sale process, so, if this Originator is sold (or other Originators), this could imply the termination of the Fund.** On June 23<sup>rd</sup>, 2023, the EthiFinance rating of the "Holding Company" was upgraded from BB+ to BBB- with a stable outlook due to the boost in its strategic plan 2023 and the sale of 100% of one subsidiary, which is not an Originator in this transaction.

The upgrade in this rating is mainly because of the upgrade of the "Holding Company" or "Guarantor" rating from BB+ to BBB-, this is due to the fact that the Fund has a high dependence on the solvency and operational capacity of the Holding Company and its Originators, and also there is a first demand guarantee granted by the Guarantor. In addition, the Fund has shown higher revenue than expected and despite the fact that the DSCR is lower due to higher interest payments, it remains at solid levels.

Class	Issuance Amount	Outstanding Amount	Rating	Maturity Date	Interest Rate	Underlying
Series 2022-6	€ 55,000,000	€ 28,259,045	BBB+	June 2026	Spanish Treasury Bond 2 years + 168 bps	23 Operation and Maintenance Contracts

Source: Series Memorandum and series 2022-6 termsheet

## Rating Fundamentals

- **The DSCR decreases from 1.589x in the initial rating to 1.522x in June 2023.** The variables that were used at inception remain the same, except for the increase in the interest rate that stood at 5.1% in June 2023, being this the main factor in the decrease of the DSCR. As of June 2023, the structure is expected to receive €46,753,430 from Credit Rights and has €28,259,045 of outstanding debt. Additionally, the structure has a tail of 12 months in case payments of the Credit Rights

are not made in time and are received later.

- **Dependence on the Holding Company.** The Originators are subsidiaries owned by the Holding Company/Guarantor. They rely on it to provide operations and maintenance (O&M) services. Thus, changes in the performance and creditworthiness of the Guarantor will also impact the subsidiaries. In June 2023, EthiFinance upgraded the Rating of the Holding Company from BB+ to BBB- which benefits the subsidiaries and ultimately the Fund.
- **Cash flow analysis withstands a lower stress level of 35.9% in June 2023 compared to 39.3% in June 2022.** Due to the fact of being in an increasingly high-interest rate environment, the Fund has now less capacity to withstand in case of defaults. The main reason is that the Fund receives a fixed income from the Credit Rights and at the same time has a variable interest to pay on its notes. Also, the ratio of Credit Rights compared to the debt outstanding has declined compared to the initial rating.
- **The Fund received €53,385,621 in revenues from Credit Rights, which is 3.29% more than it was expected to be received up to June 2023.** Although payments of the Credit Rights are scheduled on a semiannual basis, amounts are expected to be received monthly. Up to June 2023, the expected amount from inception was € 51,683,805 and the total that has been received is €53,385,621.
- **Closure of the Fund in the event of the sale of the Originators.** The Originators are the parties that deliver the agreed services in the Credit Rights. In case the Originators are sold by the Holding Company/Guarantor, this could trigger the controlling clause leading to the termination of the FT.
- **Decline in the PD of the portfolio, from 2.13% in the initial rating to 0.64% in June 2023.** The main reason for the decline is the changes in the Idealized Corporate Default Curve in this review. This has led to a decrease in the PD of the Credit Rights, as well, the upgrade of the credit assessment of some Credit Rights, albeit to a lesser extent.
- **Low levels of risk due to the nature of the final payers as public entities.** Most of the final payers are Spanish public entities that are evaluated through an internal assessment. The majority of the final payers are rated very similar to the last review performed, with the exception of one entity that performed better due to lower forecasted results in the first rating.
- **The Holding Company or Guarantor has the responsibility of guaranteeing all payment obligations.** According to the framework agreement between the Originators, the Guarantor is responsible for all payment obligations (principal, interest, fees...) and provides a joint guarantee in favor of any assignee. It is specified that the guarantee remains in place even if there are any changes in the company's structure.
- **The remediation and substitution mechanism provides flexibility to the structure.** This mechanism would allow to substitute Credit Rights which are already included in the structure for others. If it is not possible to replace them, the Originator and the Guarantor undertake to purchase them.

## Sensitivity analysis

### Factors that could (individually or collectively) impact the rating

- **Positive factors (↑).**

The improvement of the rating of the Holding Company, as well as an outstanding increase in the rating of the public entities which are the final payers.

- **Negative factors (↓).**

A decrease in the DSCR below 1.15x would impact adversely the rating of the structure. As well, any delay in payments by public entities that cause liquidity problems in the structure.

### Description of the Transaction

The transaction currently has a portfolio of 23 O&M and facility contracts with an estimated value of €46,753,430 which are located in Spain (roads and highways, hydraulic dams, waterways, public buildings, and old age assistance). All the contracts are Spanish contracts celebrated by “the Originators” 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 (66.5%):** (22.7% Ministries - Spanish State risk-, 25.8% Autonomous Communities, 17.9% Local Governments)
- **Shadow Toll Concessions (33.5%):** Shadow tolls in which the O&M payments are Super Senior on the contractual cash waterfall.

The issuer is CiMA Finance, DAC Ireland which is a vehicle sponsored by Banco Santander, which has acquired the present and future rights of the O&M and Facility contracts paying in exchange the price of the portfolio measured according to the agreed sizing.

Main Figures	
<b>Issuer</b>	CiMA Finance, DAC
<b>Purpose</b>	Financing of O&M Agreements
<b>Fund Type</b>	Closed for the assets and closed for the liabilities
<b>Underlying</b>	Payment Rights assigned to the Issuer from Banco Santander
<b>Incorporation Date</b>	June 2022
<b>Maturity Date</b>	June 2026
<b>Assets as of June 2023</b>	€ 46,753,431
<b>Liabilities as of June 2023</b>	€ 28,259,045
<b>Depreciation Method</b>	Pass-through
<b>Prepayment Protection</b>	Make Whole
<b>Interest Payment Schedule</b>	Semi-annual (June and December)
<b>Market Listing</b>	Can be listed in the Vienna Stock Exchange

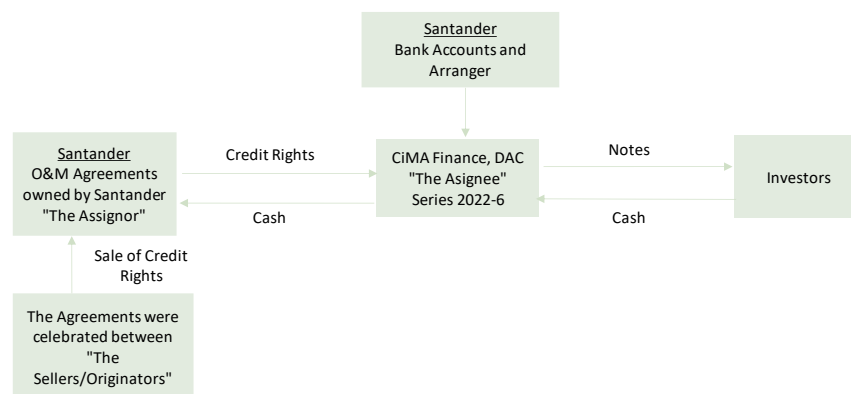
Source: Information provided by Santander.

## Participants

Participants	
<b>Assignor</b>	Banco Santander, S.A.
<b>Asignee</b>	CiMA Finance, DAC
<b>Arranger</b>	Banco Santander, S.A. London Branch
<b>Trustee</b>	BNY Mellon Corporate Trustee Services Limited
<b>Servicer</b>	Apex Financial Services Spain, S.L.U.
<b>Paying Agent</b>	The Bank of New York Mellon, London Branch
<b>Bank Accounts</b>	Banco Santander, S.A.
<b>Lawyers</b>	J&A GARRIGUES, S.L.P

Source: Transaction Termsheet.

## Operation Diagram



\*Source: Transaction Termsheet.

## Description of the Guarantor

The Guarantor/Holding Company has a rating of BBB- with a positive outlook affirmed on June 23<sup>rd</sup> 2023, by EthiFinance Ratings. It (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. It is positioned as the fourth-largest public-private partnership infrastructure developer.

It is important to mention that even though the Guarantor/Holding Company has a BBB- rating and is the one in charge of providing the maintenance services, the rating of the notes is not capped at BBB-. Thus, it is our view that in case of financial problems, the Guarantor 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

As of June 2023, the underlying assets are 23 contracts that have been specially selected from the entire Holding Company portfolio. These contracts are concluded between the Guarantor and various Spanish government entities; the contracts involve tasks with low technical requirements 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. The average maturity of these contracts is 1.1 years. Contract extensions are not considered in this structure, however, there could be extensions of up to 10 years.

There was a novation of the Credit Rights of the Fund, whereby the Credit Right regarding the Ayuntamiento of Bilbao was removed from the structure and substituted by new contracts of Ayuntamiento de Vitoria-Gasteiz, Ayuntamiento de Coslada and Concello de Sada signed with one originator. These contracts were signed and started to be deployed in the first half of 2022 and totaled an amount of €7,295,688. By the month of June 2023, the remaining amount of the above-mentioned contracts is €1,276,398.

### Credit Enhancement

The contracts of the Originators are backed by the Holding Company/Guarantor. 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. In any case, the Guarantor does not cover the insolvency of the underlying debtors.

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 similar risk and nominal amount within the following 3 months. In the meantime, it 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 <https://www.ethifinance.com/en/ratings/methodologies> and according to the Structured Finance Rating scale available at <https://www.ethifinance.com/en/ratings/ratingScale>.
- 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.

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