US Commercial Credit Risk
Portfolio Management

Multifamily "SREC"

Monthly Update

May 2015

U.S. Head of Credit & Market Risk

Santander

May 2015 YTD Snapshot

($ in Millions)

Metric ($MM)	May-14	Jun-14	Sep-14	Dec-14	Mar-15	Apr-15	May-15	MAY '15 Budget	MAY'15 vs. Budget
Exposure	10,938	10,900	10,550	10,249	9,958	9,858	**9,749**	--	--
Outstandings	10,714	10,672	10,326	10,030	9,742	9,639	**9,530**	**9,801**	-271
Delinquency	2.9	9.2	12.3	17.2	6.6	9.1	**0.6**	--	--
Ratio	0.03%	0.09%	0.12%	0.17%	0.07%	0.09%	0.01%	--	--
Nonaccrual	18.6	12.7	16.0	12.3	11.6	11.6	**8.0**	**11.9**	-3.9
Ratio	0.17%	0.12%	0.15%	0.12%	0.12%	0.12%	0.08%	0.12%	-0.04%
Criticized Outstandings	352	330	374	371	328	314	**301**	--	--
Ratio	3.28%	3.09%	3.62%	3.70%	3.37%	3.26%	3.16%	--	--
Classified	174	152	115	110	98	92	**86**	--	--
Ratio	1.63%	1.43%	1.12%	1.09%	1.00%	0.95%	0.90%	--	--
NPL	38.3	0.0	34.7	31.0	23.4	23.4	**19.8**	--	--
Ratio	0.36%	0.00%	0.34%	0.31%	0.24%	0.24%	0.21%	--	--
Net Charge-Offs YTD	0.6	0.4	-0.6	0.5	-1.4	-1.4	**-1.8**	**1.1**	-2.9
YTD Annualized Ratio	0.01%	0.01%	-0.01%	0.00%	-0.06%	-0.04%	-0.05%	0.03%	-0.07%
VMG (local) YTD	-8.5	-14.7	-12.4	-14.9	-2.1	-2.1	**-6.1**	--	--
Risk Premium	-0.18%	-0.22%	-0.03%	-0.14%	-0.14%	-0.07%	-0.12%	--	--
Provision YTD	5.1	-71.9	-76.1	-78.6	-4.2	-6.0	**-7.3**	**8.2**	-15.6
Cost of Credit	-0.27%	-1.03%	-0.74%	-0.75%	-0.88%	-0.89%	-0.90%	-0.77%	-0.13%
ALLL	138.1	65.6	62.5	58.9	56.1	54.3	**53.4**	**66.0**	-12.6
Ratio	1.29%	0.62%	0.60%	0.59%	0.58%	0.56%	0.56%	0.67%	-0.11%
ALLL/Nonaccrual	741%	516%	391%	477%	481.45%	467.66%	667.61%	554%	113.46%
Mora	18.6	12.7	16.0	12.3	11.6	11.6	**8.0**	--	--

Note: Budget data as of 3/18/15.

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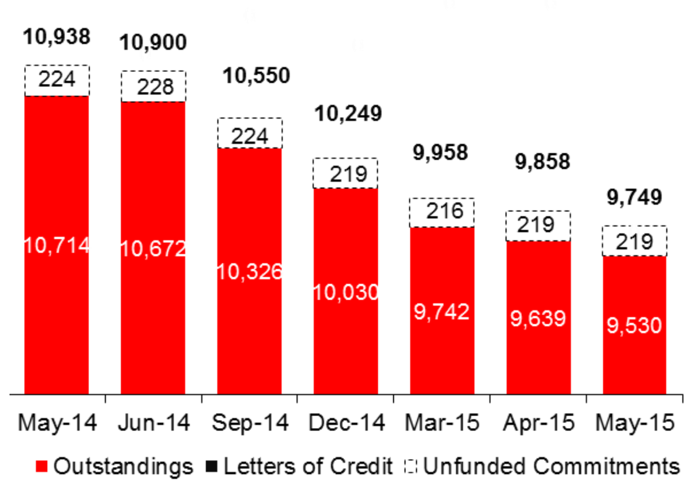
SREC: Credit Exposure Overview

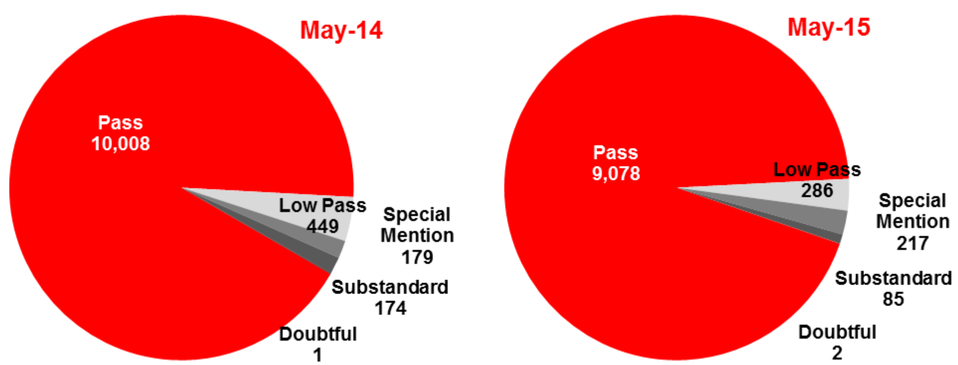
($ in Millions)

- The size of the portfolio is declining steadily. Exposure decreased by $1,189M y-o-y while Outstandings decreased by $1,184M (-11%) due to below-budget originations that were impacted by a highly competitive market environment with very tight market pricing. SREC lost $109MM in outstandings since 4/30/15.
- While the recent approval of a Fannie Mae portfolio purchase (“Phoenix III”) may add up to $1.38BN in outstandings, the incremental exposure will be just enough to make up for the rapid run-off and still meet the year-end budget.
- Large portfolio exits included University Plaza Associates ($17MM, SRR 6.1), Short Hills Clubs Village ($16MM, SRR 6.3) and Kings Manor Apartments ($12MM, SRR 5.6) – all three groups sought financing with other institutions. New entrants include 2801 Beverly Realty ($3.6MM, SRR 5.6, No FEVE), and 8820 Whitney Corp. ($6MM, SRR 5.4, No FEVE).
- The rating distribution reveals a strong skew towards the higher rating categories, with 94% of exposure rated “Pass”, in line with 93% in May-14.

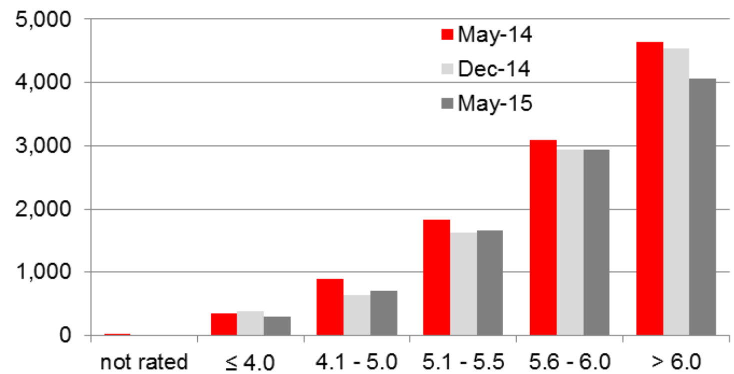
Exposure



Exposure by Regulatory Rating



Exposure by Obligor Rating



- Sources: The Exposure Chart on the top right is based on the 5/31/15 Credit Metrics report. The Exposure by ORR and Regulatory Rating is derived from Monitoring’s FEVE report as of 5/31/15.

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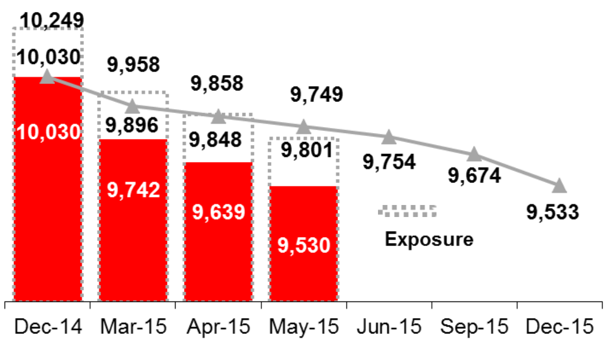
SREC: Performance vs. Budget

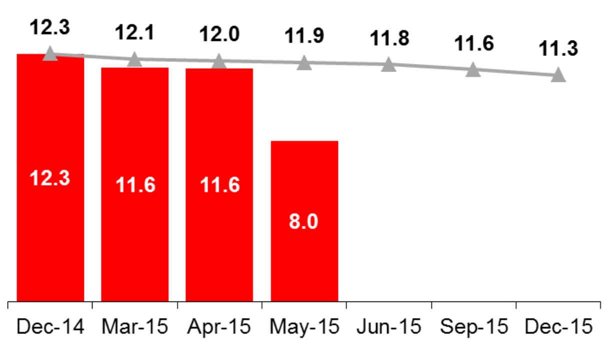
($ in Millions)

- While the portfolio contraction has been budgeted, the decline has been more accelerated than anticipated as the portfolio has reached its year-end target already by 5/31/15, underperforming its May budget for outstandings by 3% due to lower-than-expected growth of new business that did not keep up with portfolio run-offs.
- SREC maintains its good credit quality and remains above budget in almost every respect. There are no major credit concerns at this point. The May decline in Nonaccruals and Provisions is the result of the sale of two Eric Stern (sponsor) assets. The remaining Eric Stern asset, Congress Financial, was sold without UPB loss on 6/3/15 which will further decrease nonaccruals in June.

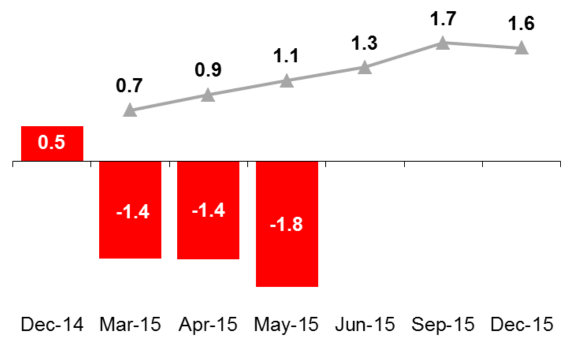
Outstandings



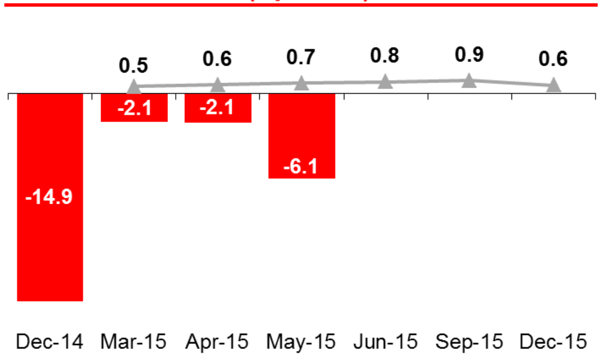
Nonaccrual Loans



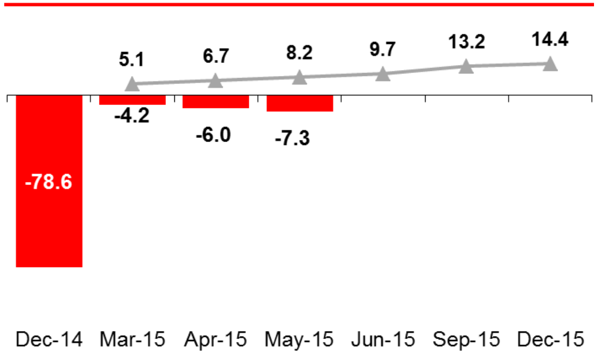
Net Charge-Offs YTD



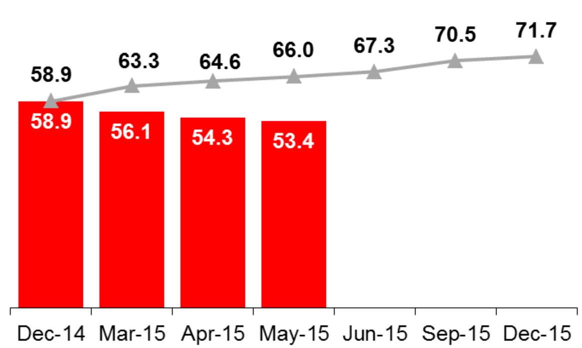
VMG (Spanish) YTD



Provision for Credit Losses YTD



ALLL



Actual (YTD) Budget (YTD)

Source: SBNA Solvency - Budget data as of 3/18/15.

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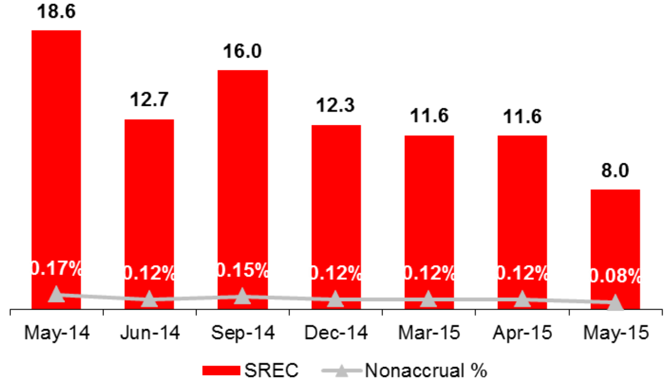
SREC: Credit Quality Metrics (1 of 2)

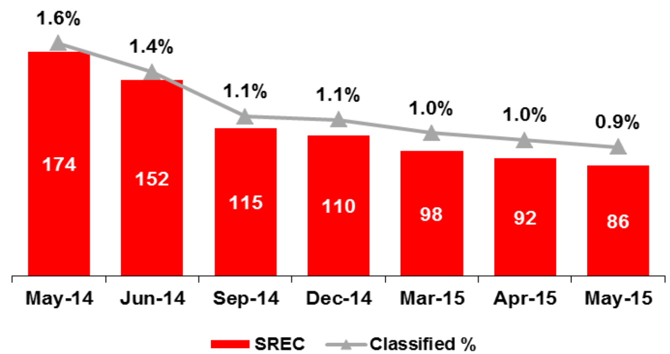
($ in Millions)

- Criticized and Classified balances continued to develop favorably in May due to a decline in Special Mention assets and the previously noted sale of two substandard nonaccrual assets.
- Delinquency is down after some administrative issues were resolved.

Nonaccrual Loans

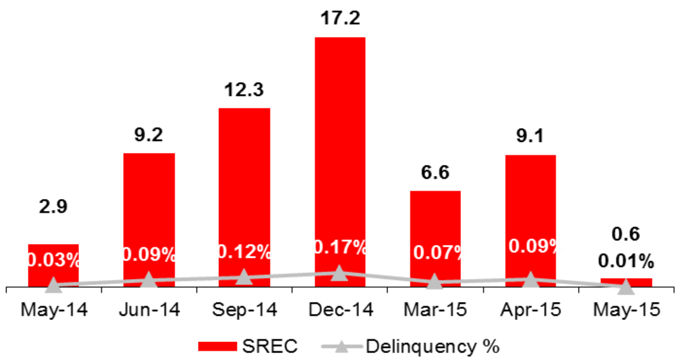


Classified Loans - outstandings

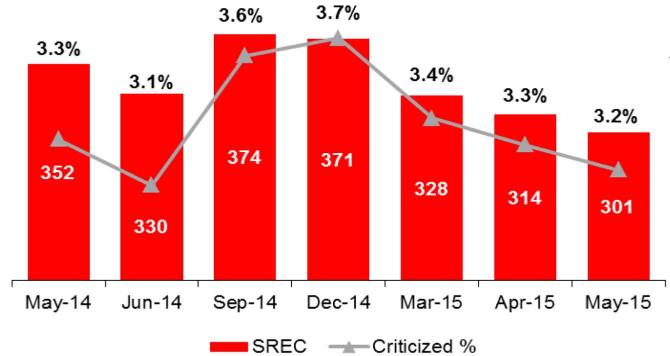


Outstandings of $86MM on $87MM of Exposure.

Delinquency



Criticized Loans - outstandings



Outstandings of $301MM on $304M of Exposure.

Source: SBNA Solvency - Budget data as of 3/18/15.
Note: Classified = Substandard + Doubtful + Loss.
Criticized = Classified + Special Mention.
Delinquency refers to 30+ days delinquent.

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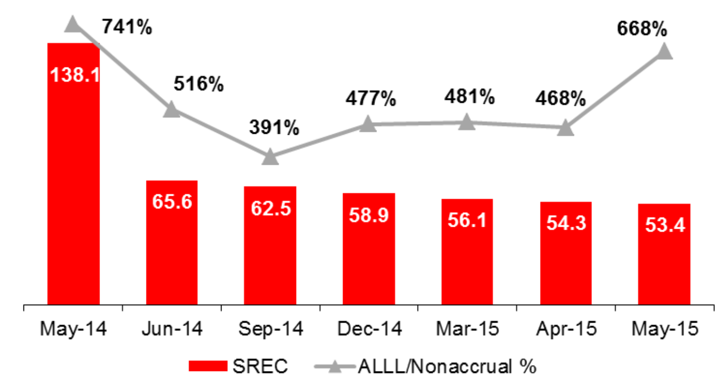
SREC: Credit Quality Metrics (2 of 2)

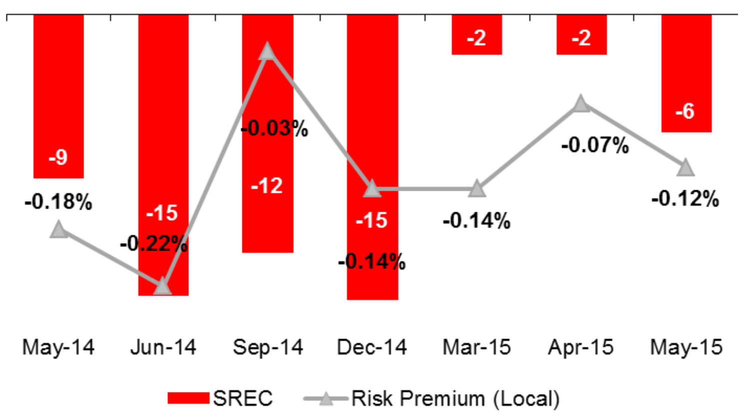
($ in Millions)

- There are three potential NPL entries for 3Q15 (all SRR 1.5/Extinguish): Renaissance Shopping Center ($9.0MM) located in Atlantic City; Glyndon Investments ($4.2MM), an office building in Maryland; and Lenox 137 ($3.6MM), a current but weakly performing multifamily building in Harlem. Right now, two of the three assets are performing and not expected to default. Only Glyndon Investments is considered for a discretionary downgrade to NPL based on conversations with the borrower and a perceived (albeit low) risk of payment default.
- The ALLL/Nonaccrual ratio remains elevated at over 600% as Nonaccruals have declined by 57% year-over-year to $8MM, and also due to a sizeable management adjustment.

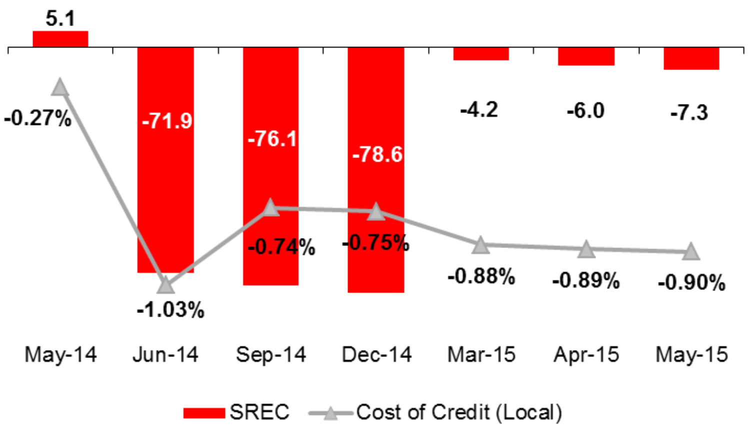
Allowance & Coverage



VMG & Risk Premium



Provision & Cost of Credit



Source: SBNA Solvency - Budget data as of 3/18/15.

VMG = Change in Mora (Nonaccrual including letters of credit) plus Net Charge-Offs
Cost of Credit = Rolling 12 months Provision / Average 12 months Utilizations
Risk Premium = Rolling 12 months VMG / Average 12 months Utilizations

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SREC: FEVE Trends

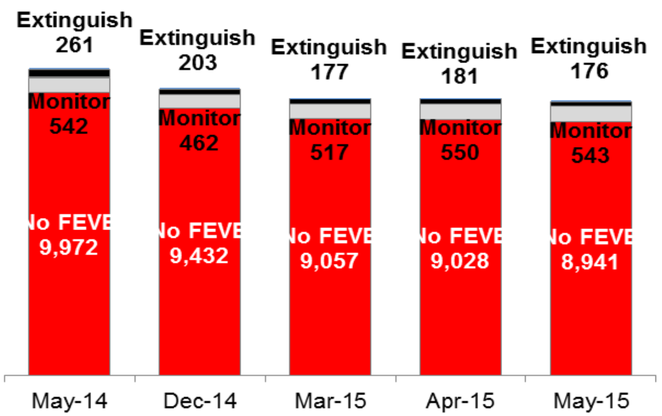
($ in Millions)

- The quality of the portfolio continues to be stable and satisfactory, with 92% of Binding Exposure rated No FEVE, reflecting the strong Multifamily market especially in NY.
- SREC did not have any names rated “Secure” as of 5/31/15; only 2% are in FEVE Grave.

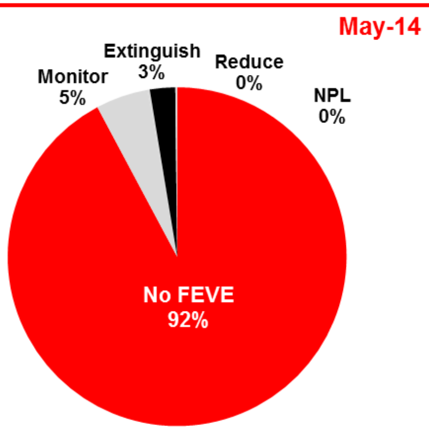
Major FEVE Status Changes in May-15

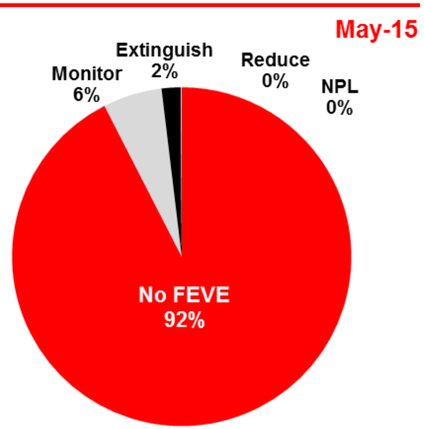
Master One Obligor	Apr'15 FEVE	May'15 FEVE	May'15 ORR	Binding Exp.	Comment
UPGRADES				**$45**	
MLK Realty Corp	Monitor	No FEVE	5.4	$6	DSCR 1.15x, LTV 65%, 95% occupied
Bldg HH Superior, LL(	Monitor	No FEVE	4.2	$39	DSCR 1.20x/1.14x str., LTV 68%, 99% occupied
DOWNGRADES				**$35**	
Hi-tech Properties I LL	No FEVE	Monitor	4.5	$5	DSCR 1.46x/1.47x str., LTV 74%, 47% occupied
Kranbro Realty LLC, Epic Equities LLC	No FEVE	Monitor	4.5	$16	DSCR 1.38x/1.05x str., LTV 81%/117% str., 84% occupied
Park Crest LLC	No FEVE	Monitor	4.5	$15	DSCR 1.16x/1.09x str., LTV 71%, 97% occupied

Historical FEVE Distribution



FEVE Distribution





Source: FEVE Monitoring Report as of 5/31/15. Status changes only include exposure changes > $5MM.

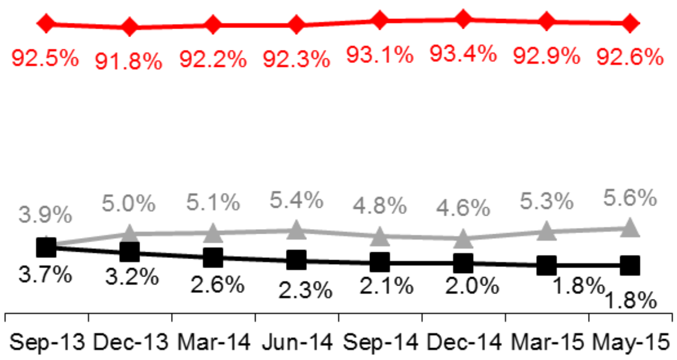
SREC: FEVE History

($ in Millions)

	Multifamily							
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	May-15
No FEVE	$9,247	$9,194	$9,996	$9,876	$9,599	$9,432	$9,057	$8,941
In FEVE	$755	$822	$840	$829	$712	$668	$694	$719
Monitor	$388	$504	$555	$578	$493	$462	$517	$543
FEVE Grave	$367	$318	$285	$251	$219	$207	$178	$176
Reduce	$39	$33	$22	$12	$8	$4	$1	$0
Extinguish	$328	$285	$263	$240	$211	$203	$177	$176
Grand Total	**$10,001**	**$10,016**	**$10,836**	**$10,705**	**$10,311**	**$10,101**	**$9,751**	**$9,659**

The quality of the FEVE SREC portfolio continues to be **satisfactory** with no issues to be commented and in line with the strong Multifamily market in NY.

	Multifamily							
	Sep-13	Dec-13	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Mar-15
No FEVE	92.5%	91.8%	92.2%	92.3%	93.1%	93.4%	92.9%	92.6%
In FEVE	7.5%	8.2%	7.8%	7.7%	6.9%	6.6%	7.1%	7.4%
Monitor	3.9%	5.0%	5.1%	5.4%	4.8%	4.6%	5.3%	5.6%
FEVE Grave	3.7%	3.2%	2.6%	2.3%	2.1%	2.0%	1.8%	1.8%
Reduce	0.4%	0.3%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
Extinguish	3.3%	2.8%	2.4%	2.2%	2.0%	2.0%	1.8%	1.8%
Grand Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**



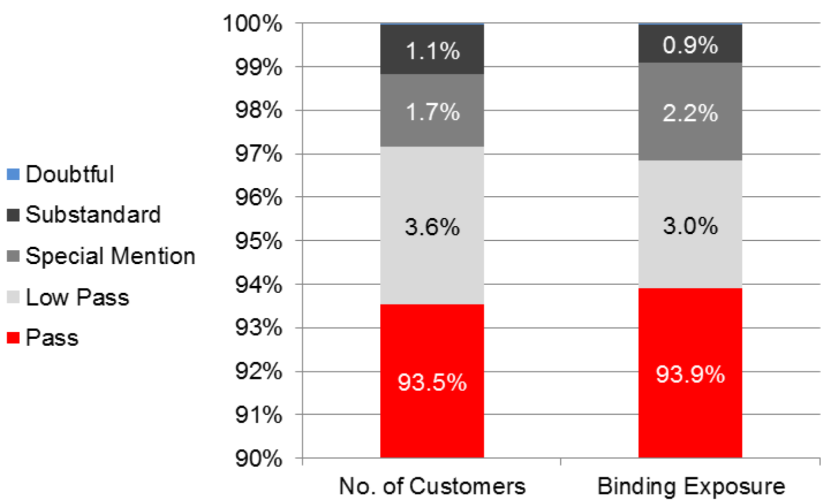
Exposure by Number of Customers

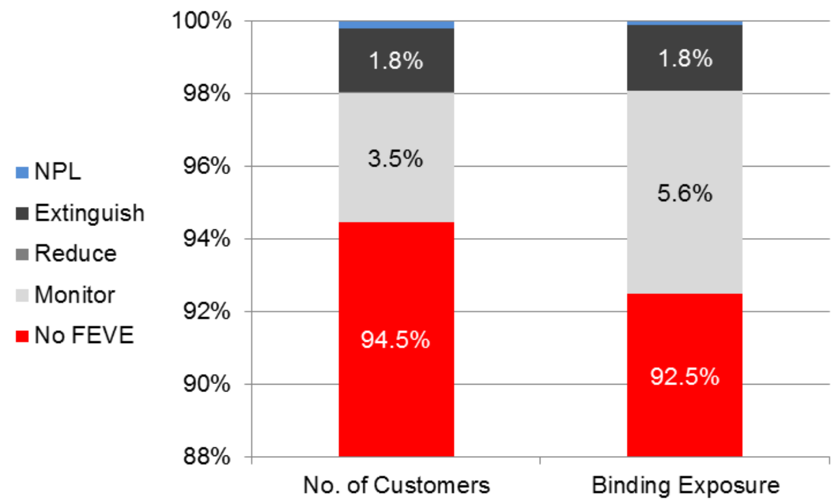
($ in Millions)

The FEVE and Regulatory rating distribution by customer count is quite similar than the distribution by Binding exposure. The credit quality seems to be somewhat fairly distributed between the different sizes of customers; i.e. smaller customers have a similar likelihood of good credit ratings as larger customers.

Regulatory Rating	No. of Customers		Binding Exposure	
Pass	2405	93.5%	$9,078	93.9%
Low Pass	93	3.6%	$286	3.0%
Special Mention	43	1.7%	$217	2.2%
Substandard	29	1.1%	$85	0.9%
Doubtful	1	0.0%	$2	0.0%
	2,571		**$9,667**	

FEVE Rating	No. of Customers		Binding Exposure	
No FEVE	2429	94.5%	$8,941	92.5%
Monitor	91	3.5%	$543	5.6%
Reduce	1	0.0%	$0	0.0%
Extinguish	45	1.8%	$176	1.8%
NPL	5	0.2%	$8	0.1%
	2,571		**$9,667**	





Source: Monitoring FEVE report as of 3/31/15.

SREC: New Originations

($ in Millions)

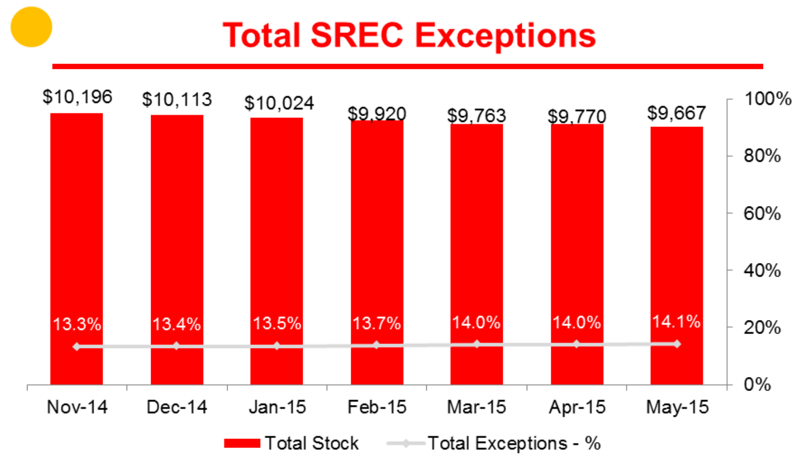
- While New Originations have not been able to balance the rapid portfolio run-off, they are still significant at $0.42 BN YTD.
- SREC originates only a relatively small amount of exceptions, all related to Underwriting guidelines; in particular, non compliance with Term/Maturity/Amortization, covenant guidelines, and in two cases the LTV guideline.
- Exception specific to the Strategic Commercial Plan are outlined on the following slide and mostly related to risk rating exceptions.

YTD 5/31/15 Stats		
	#	Binding Exp. $
Total Facilities booked	92	416,437,552
Thereof Facilities with Exceptions	8	39,370,000
Total Exceptions recorded	9	39,370,000
Thereof CP	0	-
Thereof UG	9	39,370,000
Total Obligors	81	
Total WARR	5.7	
Average Tenor	5.79 years	
Average Deal Size		4,526,495
Total Obligors w/Exceptions	8	
Total WARR on Facilities w/Exceptions	5.4	
Average Tenor on Facilities w/Exceptions	7.26 years	
Average Deal Size of Facilites w/Exceptions		4,921,250

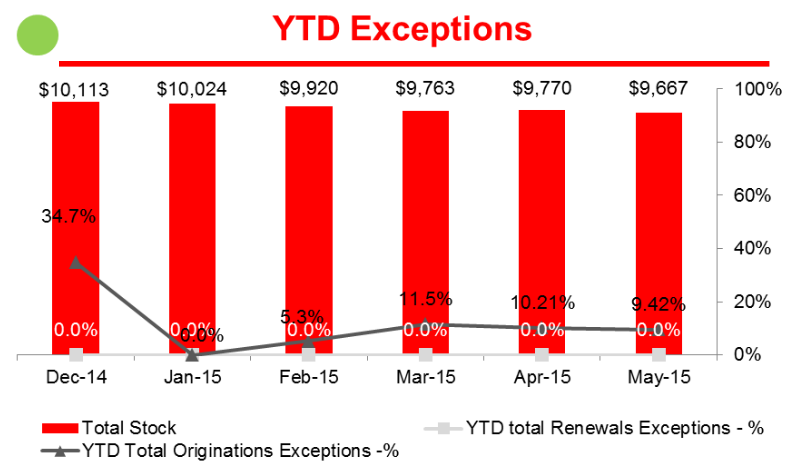
SREC: Exception Management

($ in Millions)

- SREC accounts for a reasonable amount of exceptions (16.1% of SBNA Exceptions Binding Exposure) based on the size of the portfolio (15.6% of overall Binding Exposure).
- Of the exceptions reported on a facility level as of YTD 5/31/15, more than 99% are related to Underwriting Guideline exceptions.
- Underwriting Guidelines exceptions were mostly related to Non-Compliance with Term, Maturity, Renewal and Amortization Guidelines, which affected 191 facilities.
- The only Credit Policy exception is related to JC Broadway ($11.4MM), due to a FDICIA exception (LTV exceeds limit).



5/31/2015	BANK	SREC	% of Portfolio
Total Facilities	73,593	9,000	12.2%
Total Portfolio $MM	$62,145	$9,667	15.6%
Total Exceptions Facilities	1,320	192	14.5%
Total Exceptions Exposure $MM	$8,479	$1,365	16.1%
Policy Exceptions	11	1	9.1%
Policy Exceptions $MM	$48	$11	23.8%
UW Guideline Exceptions	1,309	191	14.6%
UW Guideline Exceptions $MM	$8,433	$1,353	16.0%



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APPENDIX

- Top 20
- SRR vs. FEVE – Rating Review
- Exposure Size by Obligor Group

SREC: Top 20

($ in Millions)

- The Top 20 customers reflect less than 1% of the 2,500+ SREC customers, but account for 9.6% of SREC Binding Exposure and 1.1% of Total Bank exposure.
- Rating changes were minor with the exception of Camelot at Cinnaminson Harbor, a 405-unit apartment complex in NJ, which was downgraded to 4.5/Monitor due to low occupancy (80%), low DSCR (1.0x at 6.5%), and stagnant rents in a competitive market.
- The WARR of 5.8 indicates a good Pass rating, but the Top 20 include two Special Mention Exposures: (1) Metropolitan Sutton, a Manhattan extended stay hotel to be converted to condominiums, recently upgraded to 3.5, and (2) 440-34 Mamaroneck Ave, an office building in Westchester county that is slowly stabilizing its tenant base (stressed DSCR: 1.05x).

Rank	Obligor Name	MAY-15 ORR	APR-15 ORR	MAY-15 FEVE	APR-15 FEVE	Binding Exposure	Utilization	Usage
1	Whitehall Properties II LLC	6.6	6.6	No FEVE	No FEVE	75.0	75.0	100%
2	Trans World Equities Co., L.P.	6.7	6.7	No FEVE	No FEVE	65.0	65.0	100%
3	CP IV 15 CLIFF LLC	5.5	5.5	No FEVE	No FEVE	58.6	58.6	100%
4	59 Maiden Lane Associates LLC	6.5	6.5	No FEVE	No FEVE	57.6	57.6	100%
5	Rockwood Fort Totten LLC	5.5	5.5	No FEVE	No FEVE	57.0	57.0	100%
6	340 West 87 St LLC	**6.5**	6.6	No FEVE	No FEVE	52.9	52.9	100%
7	Hawthorne Village, LLC	**6.5**	6.2	No FEVE	No FEVE	50.0	50.0	100%
8	Lindy-Meadowbrook LP	5.5	5.5	No FEVE	No FEVE	45.8	45.8	100%
9	554 EUO LLC	6.1	6.1	No FEVE	No FEVE	43.0	43.0	100%
10	KSB Broadway Associates, LLC	6.5	6.5	No FEVE	No FEVE	41.8	41.8	100%
11	Metropolitan Sutton Associates LLC	3.5	3.5	Monitor	Monitor	40.0	40.0	100%
12	Hatfield VillageAssociates	6.4	6.4	No FEVE	No FEVE	39.9	39.9	100%
13	Camelot At Cinnaminson Harbour, LLC	**4.5**	5.4	Monitor	Monitor	39.0	39.0	100%
14	1 Dalmeny, LLC	5.8	5.8	No FEVE	No FEVE	38.8	38.8	100%
15	Bldg HH Superior, LLC	4.2	4.2	**No FEVE**	Monitor	38.7	38.7	100%
16	350 Central ParkWest Associates LLC	6.8	6.8	No FEVE	No FEVE	37.4	37.4	100%
17	Greenville Place, LLC	6.0	6.0	No FEVE	No FEVE	37.4	37.4	100%
18	440-34 Mamaroneck Ave LLC	2.7	2.7	Monitor	Monitor	37.1	37.1	100%
19	New 56-79 IG Associates, L.P.	**6.5**	6.4	No FEVE	No FEVE	35.4	35.4	100%
20	Brooklyn TillaryLLC	6.2	6.2	No FEVE	No FEVE	35.3	35.3	100%
SUBTOTAL		**5.8**				**926**	**926**	

Source: Monitoring FEVE report as of 3/31/15.

Rating Review: SRR vs. FEVE

($ in Millions)

Overall, ratings appear to be fairly distributed with a few exceptions.

- The distribution of FEVE grades is concentrated in No FEVE, Monitor, and Extinguish with very little use of "Reduce" and no use of "Secure". Especially for some of the lower ORR categories, a more diversified use of FEVE grades might be appropriate.

	Pass	Low Pass	Sp. Mention	Substandard	Doubtful	TOTAL	
No FEVE	$8,855	$80	$2	$3	$0	$8,941	92%
Monitor	$134	$202	$207	$0	$0	$543	6%
Reduce	$0	$0	$0	$0	$0	$0	0%
Extinguish	$88	$3	$9	$76	$0	$176	2%
NPL	$0	$0	$0	$6	$2	$8	0%
TOTAL	**$9,078**	**$286**	**$217**	**$85**	**$2**	**$9,667**	**100%**
	94%	3%	2%	1%	0%	**100%**	

- Potential rating mismatches:

FEVE	ORR	Reg. Rating	Exposure	Customers
No FEVE	1.5	Substandard	$3	1
	3.9	Sp. Mention	$2	1
	4.1	Low Pass	$18	39
	4.2	Low Pass	$41	3
	4.3	Low Pass	$1	1
Monitor	2.0	Sp. Mention	$18	10
	2.5	Sp. Mention	$4	2
	5.8	Pass	$1	1
	5.9	Pass	$1	1
	6.0	Pass	$7	1
	6.3	Pass	$2	2
Extinguish	5.1	Pass	$14	1
	5.2	Pass	$10	1
	5.4	Pass	$7	1
	5.5	Pass	$37	2
	5.7	Pass	$10	1
	5.8	Pass	$5	1

Source: Monitoring FEVE report as of 5/31/15.

Exposure Size by Obligor Group

($ in Millions)

- A large portion of SREC's portfolio are relatively small credit lines.
  - Approximately 27% of One Obligor Groups, i.e. 487 of 1,801 groups, have exposure of less than $1MM. Together, they account for only 2.0% of the portfolio's Binding Exposure with an average group exposure of $409M.

Group Exposure	Groups	%	Binding Exposure	%	Average Exposure
< $100M	98	5.4%	$5	0.1%	$0.1
< $250M	107	5.9%	$20	0.2%	$0.2
< $500M	126	7.0%	$51	0.5%	$0.4
< $1,000M	156	8.7%	$123	1.3%	$0.8
< $2,500M	475	26.4%	$809	8.3%	$1.7
< $5,000M	371	20.6%	$1,323	13.6%	$3.6
> $5,000M	468	**26.0%**	$7,432	**76.1%**	$15.9
	1,801		**$9,763**		

APPENDIX – Eric Stern Group

($ in Millions)

- Customer of the bank's since 2010 (fully exited relationship as of May 2015).
- SAN had exposure of 6 loans owned by Eric Stern (Sponsor). Difficult relationship due to character issues for which $2.4MM of losses incurred as loans were exited through foreclosure, note sales and short sales.
- **Congress Financial** – $2,386M, last remaining exposure sold in May **without loss of UPB or contract interest.**
  - Loan secured by a 7-story elevator apartment building (36 units/3 commercial) located in Baltimore, MD.
  - Property was part of a 20-year PILOT (Payment in Lieu of Taxes) program as part of the re-development of the City. However, after the 10th anniversary, taxes were recalculated (from 2011 forward) which resulted in total unpaid taxes of $388M.
  - Loan was kept current by co-owners Isaac and Jon Levy who removed Stern from Management.
- **North Avenue Equities** - $2,769M – loan sale in Mar-15 with **Charge-Off of $392M.**
  - Loan secured by a 4 story walk-up apartment building containing 67 units (57 one BR and 10 two BR) located in Baltimore, MD.
  - Transfer to workout in March 2013 due to the related credit West of Etting.
  - The Borrower had been making late payments since the loan was originated. Lack of Financial reporting.
  - YE13 DSCR of 0.68x. Occupancy as of May 2014 is 86%, down from 100% at origination attributed to a murder at the property in early 2013.
- **2436 North Charles St** - $2,563M – loan sale in Mar-15 with **Charge-Off of $460M.**
  - Loan secured by 3-story mixed use building with 8 retail units on ground floor and 35 apartment units.
  - Transfer to workout in March 2013 due to the related credit West of Etting.
  - Outstanding water and sewer tax liens – paid by SAN af Borrower did not redeem lien sale. Lack of financials.
- **IS SOV I and II** ("Infinity Stern") – underlying properties were sold 2014. **In REO with deficiency of > $1MM** against Stern.
  - Joint venture real estate acquisitions and management vehicle focusing on multi-unit residential, and mixed use assets. Owned 9 residential properties in Baltimore,
  - Downgrade to SRR 2.0/Extinguish on 1/18/11 following the receipt of the appraisal reports, with the LTV exceeding the loan policy.
  - Transfer to Workout in May 2011, resulting in late payments by borrowers.
  - Several refinancing options in May/Aug 2013 were not pursued. SAN decided to move forward with the foreclosure on both loans. Foreclosure sale held on 5/22/14 sold all but two properties to PBE Companies, LLC (Santander subsidiary).
- **West of Etting** – short sale in Jan-14. Total net proceeds to SAN were $498K or 43% of the UPB which resulted in a **$657K charge off**.
  - Loan secured by two-story brick rowhouse-style multifamily building containing 19 units located in Baltimore, MD.
  - Transferred into workout in March 2013 as a result of the Borrowers request for modification in December 2012, 60+days past due, and discovery of lien sale related to past due water bills. No financials received.

Source: Monitoring FEVE report as of 3/31/15.

APPENDIX – Top 20 Detail

($ in Millions)

Rank	Obligor Name	MAY-15 ORR	MAY-15 FEVE	Type (units)	Location	LTV	DSCR (stressed)	Occupancy	Binding Exposure
1	Whitehall Properties II LLC	6.6	No FEVE	Apt. Building (431)	Manhattan, NY	54%	2.94x / 1.91x	99%	75.0
2	Trans World Equities Co., L.P.	6.7	No FEVE	Apt. Building (417)	Manhattan, NY	46%	2.60x / 2.0x	99%	65.0
3	CP IV 15 CLIFF LLC	5.5	No FEVE	Apt. Building (159)	Manhattan, NY	62%	1.33x / 0.99x	100%	58.6
4	59 Maiden Lane Associates LLC	6.5	No FEVE	Commercial (1MM SF)	Manhattan, NY	47%	2.60x / 1.96x	97%	57.6
5	Rockwood Fort Totten LLC	5.5	No FEVE	Apt. Building	Washington, DC	64%	1.43x / 1.17x	95%	57.0
6	340 West 87 St LLC	**6.5**	No FEVE	4 Apt. Buildings (445)	Manhattan/Queens, NY	43%	3.44x / 2.59x	97%	52.9
7	Hawthorne Village, LLC	**6.5**	No FEVE	Apt. Building	Brooklyn, NY	51%	1.75x / 1.57x	96%	50.0
8	Lindy-Meadowbrook LP	5.5	No FEVE	Apt. Buildings (532)	Montgomery County, PA	66%	1.29x / 1.29x	n/a	45.8
9	554 EUO LLC	6.1	No FEVE	Apt. Building (126)	Manhattan, NY	53%	2.68x / 1.38x	n/a	43.0
10	KSB Broadway Associates, LLC	6.5	No FEVE	Apt. Building (156)	Manhattan, NY	28%	2.95x / 3.17x	90%	41.8
11	Metropolitan Sutton Associates LLC	3.5	Monitor	Hotel	Manhattan, NY	73%	1.6x / 0.4x	77%	40.0
12	Hatfield Village Associates	6.4	No FEVE	Apt. Building (997)	Hatfield, PA	52%	2.00x / 1.78x	90%	39.9
13	Camelot At Cinnaminson Harbour, LLC	**4.5**	Monitor	Apt. Building (405)	Burlington County, NJ	62%	1.30x	n/a	39.0
14	1 Dalmeny, LLC	5.8	No FEVE	Apt. Building (616)	Parkville, MD	71%	1.41x / 1.36x	97%	38.8
15	Bldg HH Superior, LLC	4.2	**No FEVE**	Apt. Building (241)	Queens, NY	72%	1.07x / 1.07x	99%	38.7
16	350 Central Park West Associates LLC	6.8	No FEVE	Apt. Building (159)	Manhattan, NY	39%	2.04x / 1.83x	99%	37.4
17	Greenville Place, LLC	6.0	No FEVE	Apt. Building (515)	Wilmington, DE	66%	1.88x / 1.41x	89%	37.4
18	440-34 Mamaroneck Ave LLC	2.7	Monitor	Office (238M SF)	Harrison, NY	71%	1.31x / 1.05x	72%	37.1
19	New 56-79 IG Associates, L.P.	**6.5**	No FEVE	Apt. Building (233)	Manhattan, NY	32%	2.56x / 2.75x	97%	35.4
20	Brooklyn Tillary LLC	6.2	No FEVE	Apt. Building (138)	Manhattan, NY	62%	1.40x / 1.53x	90%	35.3
SUBTOTAL		**5.8**							**926**

Source: Monitoring FEVE report as of 3/31/15.

APPENDIX – Detail on Top 20 Special Mention Credits

Metropolitan Sutton Associates (SRR 3.5, upgraded from 2.7 in March-15)

- $40.0MM First mortgage secured by 17-story extended stay luxury hotel with 76 units. Midtown East, Manhattan.
- Originated in 2006 ($58MM), refinanced in 2011 with paydown to $40MM with a 5-year term and IO at L+1.75%.
- Collateral value: $55.1MM as extended stay hotel (Mar-14) – LTV 73%.
- History:
  - Continuous decline of NOI in 2012/13.
  - Stressed DSCR insufficient, but actual DSCR 1.57x (2014)
  - Borrower did update building (new safety codes) which led to a restriction of stays to more than > 30 days only. Loss of income.
- Current Situation
  - Asset is "transitional" with plan to convert the property into condominiums for sale with a capital injection of $8.2MM for upgrades.
  - Condo sale launching in the fall with an estimated $150 million proceeds (LTV 29%).
  - Loan remains current. The recent upgrade was due to the sponsor's commitment and equity contribution.
  - Mitigant of Risk: Calsters is an 80% investor.
- Action Plan:
  - Close monitoring of budget and marketing plan and occupancy
  - Monitor NY approval process of condo plan

440-34 Mamaroneck Ave (SRR 2.7, down from 3.4 in Oct-14)

- $37.4MM First mortgage secured by a 238K SF, 5-story, Class A office Building in Harrison, NY (Westchester County).
- Originated in 2011 with 7-year term, interest-only for 2 years, then amortizing on 30-year schedule.
- Collateral value (Jul-13): $53MM as-is, $58.5MM as-stabilized
- Stressed LTV of 123% based on stress value of $30MM and 8% cap rate.
- History:
  - Drop in occupancy from 97% to 72% as Bank of NY vacated premises in May-13 and other tenants renegotiated leases (10-2014)
  - Stressed DSCR insufficient (2/2014)
- Current Situation
  - Occupancy up to 79% (two new tenants), improved cash flows. DSCR improved to an estimated at 1.05x stressed
  - Loan remains current
- Action Plan: Close monitoring of leasing activity

Source: Monitoring FEVE report as of 3/31/15.

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