

**Hecho Relevante de RURAL HIPOTECARIO XVII FONDO DE TITULIZACIÓN DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XVII FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **DBRS Ratings GmbH (“DBRS”)**, con fecha 12 de diciembre de 2019, comunica que confirma la calificación asignada a los Bonos emitidos por el Fondo:
  - **Bonos: AA (high) (sf)**

Se adjunta la comunicación emitida por DBRS.

Madrid, 17 de diciembre de 2019.

PRESS RELEASE

DECEMBER 12, 2019

## DBRS Morningstar Confirms Rating on Rural Hipotecario XVIII Fondo de Titulización

### RMBS

DBRS Ratings GmbH (DBRS Morningstar) confirmed its AA (high) (sf) rating on the Series A notes issued by Rural Hipotecario XVIII Fondo de Titulización (the Issuer).

The rating addresses the timely payment of interest and ultimate payment of principal on or before the final maturity date.

The confirmation follows an annual review of the transaction and is based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies, defaults, and losses.
- Portfolio default rate (PD), loss given default (LGD) and expected loss assumptions on the remaining receivables.
- Current available credit enhancement to the Series A notes to cover the expected losses at their AA (high) (sf) rating level.

The Issuer is a securitisation of residential mortgage loans secured by first-lien mortgages originated by Caja Rural de Aragón, Sociedad Cooperativa de Crédito (Bantierra or the Seller) in Spain. At closing, the Issuer used the proceeds of the Series A and Series B notes to fund the purchase of the mortgage portfolio from the Seller. In addition, Bantierra provided separate additional subordinated loans to fund both the initial expenses and the reserve fund. The securitisation took place in the form of a fund in accordance with Spanish securitisation law.

On 13 November 2019, DBRS Morningstar transferred the ongoing coverage of the ratings assigned to the Issuer to DBRS Ratings GmbH from DBRS Ratings Limited. The lead analyst responsibilities for this transaction have been transferred to Shalva Beshia.

Both DBRS Ratings Limited and DBRS Ratings GmbH are registered with the European Securities and Markets Authority (ESMA) under Regulation (EC) No. 1060/2009 on Credit Rating Agencies, as amended, and are registered Nationally Recognized Statistical Rating Organization (NRSRO) affiliates in the United States and Designated Rating Organization (DRO) affiliates in Canada.

### PORTFOLIO PERFORMANCE

As of September 2019, loans with two- to three-months in arrears and the 90+ days delinquency ratios were 0.06% and 0.04% of the outstanding portfolio balance, respectively. The cumulative default ratio remained at 0.0%, given the 18-month transaction definition of defaults.

### PORTFOLIO ASSUMPTIONS

DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and updated its base case PD and LGD assumptions to 7.1% and 19.0%, respectively.

### CREDIT ENHANCEMENT

The Series A notes benefit from credit enhancement of 13.8%, up from 13.0% at closing. It comprises EUR 21.7 million subordination of the Series B notes and EUR 11.5 million of the reserve fund, which is available to cover senior expenses as well as

interest and principal of the Series A notes until paid in full. The reserve fund was at its target amount as of the September 2019 payment date and is available to cover interest and principal for the Series B notes, once the Series A notes are fully amortised. The reserve fund will not amortise if certain performance triggers are breached. The Series A notes principal is senior to the Series B notes interest payments in the priority of payments.

Société Generale, Spanish branch acts as the account bank for the transaction. Based on DBRS Morningstar's private rating of the account bank, the downgrade provisions outlined in the transaction documents, and other mitigating factors inherent in the transaction structure, DBRS Morningstar considers the risk arising from the exposure to the account bank to be consistent with the rating assigned to the Series A notes, as described in DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the rating is the "Master European Structured Finance Surveillance Methodology". DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent rating action.

Other methodologies referenced in this transaction are listed at the end of this press release. These may be found on [www.dbrs.com](http://www.dbrs.com) at: <http://www.dbrs.com/about/methodologies>.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Credit Ratings" of the "Global Methodology for Rating Sovereign Governments" at: <https://www.dbrs.com/research/350410/global-methodology-for-rating-sovereign-governments>.

The sources of data and information used for this rating include investor reports provided by the management company Europea de Titulización, S.A., S.G.F.T., and loan-level data provided by the European DataWarehouse GmbH.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial rating, DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purpose of providing this rating to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on this transaction took place on 13 December 2018, when DBRS Morningstar finalised its AA (high) (sf) provisional ratings on the Series A notes.

The lead analyst responsibilities for this transaction have been transferred to Shalva Beshia.

Information regarding DBRS Morningstar ratings, including definitions, policies and methodologies is available at [www.dbrs.com](http://www.dbrs.com).

To assess the impact of changing the transaction parameters on the rating, DBRS Morningstar considered the following stress scenarios as compared with the parameters used to determine the rating (the Base Case):

- DBRS Morningstar expected a lifetime base case PD and LGD for the pool based on a review of the current assets. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings.
- The base case PD and LGD of the current pool of loans for the Issuer are 7.1% and 19.0%, respectively.
- The risk sensitivity overview below illustrates the ratings expected if the PD and LGD increase by a certain percentage over the base case assumption. For example, if the LGD increases by 50%, the rating of the Series A notes would be expected to fall to A (sf), assuming no change in the PD. If the PD increases by 50%, the rating of the Series A would be expected to fall to A (high) (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating of the Series A would be expected to fall to BBB (high) (sf).

Series A Notes Risk Sensitivity:

- 25% increase of the PD, expected rating of A (high) (sf)
- 50% increase of the PD, expected rating of A (sf)
- 25% increase of the LGD, expected rating of AA (low) (sf)
- 50% increase of the LGD, expected rating of A (high) (sf)
- 25% increase of the PD and 25% increase of the LGD, expected rating of A (high) (sf)
- 50% increase of the PD and 25% increase of the LGD, expected rating of A (low) (sf)
- 25% increase of the PD and 50% increase of the LGD, expected rating of A (low) (sf)
- 50% increase of the PD and 50% increase of the LGD, expected rating of BBB (high) (sf)

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see:

<http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

Ratings assigned by DBRS Ratings GmbH are subject to EU and US regulations only.

Lead Analyst: Shalva Beshia, Assistant Vice President

Rating Committee Chair: Alfonso Candelas, Senior Vice President

Initial Rating Date: 7 December 2018

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Ratings issued and monitored by DBRS Ratings GmbH are noted as such on the DBRS Morningstar website; however, the language and related statements in previously published press releases in respect of the relevant rating will not be changed retroactively and will remain as part of DBRS Morningstar's historical record. The ratings issued and monitored in the European Union are marked as such in their respective rating tables. As part of this transfer, these markings will remain unchanged on all active ratings related to the Issuer.

The rating methodologies used in the analysis of this transaction can be found at: <http://www.dbrs.com/about/methodologies>.


- Legal Criteria for European Structured Finance Transactions
- Master European Structured Finance Surveillance Methodology
- Operational Risk Assessment for European Structured Finance Servicers
- European RMBS Insight Methodology
- European RMBS Insight: Spanish Addendum
- Interest Rate Stresses for European Structured Finance Transactions

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at: <http://www.dbrs.com/research/278375>.

For more information on this credit or on this industry, visit [www.dbrs.com](http://www.dbrs.com) or contact us at [info@dbrs.com](mailto:info@dbrs.com).

## Ratings

### Rural Hipotecario XVIII Fondo de Titulización

Date Issued	Debt Rated	Action	Rating	Trend	Issued
12-Dec-19	Series A	Confirmed	AA (high) (sf)	--	

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