Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Otra Información Relevante de RURAL HIPOTECARIO XVIII FONDO DE TITULIZACIÓN

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XVIII FONDO DE TITULIZACIÓN** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES la presente información relevante:

- La Agencia de Calificación **DBRS Ratings GmbH ("DBRS Morningstar")**, con fecha 11 de diciembre de 2020, comunica que confirma la calificación asignada a los Bonos emitidos por el Fondo:

    - **Bonos: AA (high) (sf)**

Se adjunta la comunicación emitida por DBRS Morningstar.

Madrid, 21 de diciembre de 2020.

PRESS RELEASE DECEMBER 11, 2020

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 the ultimate payment of principal on or before the legal final maturity date in December 2057.

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 as of the September 2020 payment date.
-- 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 the AA (high) (sf) rating level.
-- Current economic environment and an assessment of sustainable performance, as a result of the Coronavirus Disease (COVID-19) pandemic.

The Issuer is a securitisation of residential mortgage loans secured by first-lien mortgages originated by Caja Rural de Aragón, Sociedad Cooperativa de Crédito (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, the Seller 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.

PORTFOLIO PERFORMANCE
As of September 2020, loans two- to three-month in arrears represented 0.2% of the outstanding portfolio balance, up from 0.1% in September 2019; the 90+ delinquency ratio was 0.6%, up from 0.0% in the same period; and the cumulative default ratio remained at 0.0%.

PORTFOLIO ASSUMPTIONS AND KEY DRIVERS
DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and has updated its base case PD and LGD assumptions to 8.0% and 20.8%, respectively, including Covid-19 adjustments.

CREDIT ENHANCEMENT
As of September 2020, credit enhancement to the Series A notes was 15.1%, up from 13.8% at the previous annual review. 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 September 2020 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.

Banco Santander S.A. (Santander) acts as the account bank for the transaction. Based on the account bank's reference rating of A (high), which is one notch below the DBRS Morningstar Long Term Critical Obligations Rating (COR) of Santander of AA (low), 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.

The Coronavirus Disease (COVID-19) and the resulting isolation measures have caused an economic contraction, leading to sharp increases in unemployment rates and income reductions for many borrowers. DBRS Morningstar anticipates that delinquencies may continue to increase in the coming months for many RMBS transactions, some meaningfully. The ratings are based on additional analysis and adjustments to expected performance as a result of the global efforts to contain the spread of the coronavirus.

For this transaction, DBRS Morningstar increased the expected default rate for self-employed borrowers, incorporated a moderate reduction in residential property values, and conducted additional sensitivity analysis to determine that the transaction benefits from sufficient liquidity support to withstand potential high levels of payment holidays in the portfolio.

On 16 April 2020, the DBRS Morningstar Sovereign group released a set of macroeconomic scenarios for the 2020-22 period in select economies. These scenarios were last updated on 2 December 2020. For details, see the following commentaries: https://www.dbrsmorningstar.com/research/370672/global-macroeconomic-scenarios-december-update and https://www.dbrsmorningstar.com/research/359903/global-macroeconomic-scenarios-application-to-credit-ratings. The DBRS Morningstar analysis considered impacts consistent with the moderate scenario in the referenced reports.

On 5 May 2020, DBRS Morningstar published a commentary outlining how the coronavirus crisis is likely to affect DBRS Morningstar-rated RMBS transactions in Europe. For more details, please see: https://www.dbrsmorningstar.com/research/360599/european-rmbs-transactions-risk-exposure-to-coronavirus-covid-19-effect and https://www.dbrsmorningstar.com/research/362712/european-structured-finance-covid-19-credit-risk-exposure-roadmap.

For more information regarding rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: https://www.dbrsmorningstar.com/research/357883.

For more information regarding structured finance rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: https://www.dbrsmorningstar.com/research/358308.

Notes:
All figures are in euros unless otherwise noted.

The principal methodology applicable to the rating is the “Master European Structured Finance Surveillance Methodology” (22 April 2020). 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 at: https://www.dbrsmorningstar.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 Morningstar Credit Ratings" of the "Global Methodology for Rating Sovereign Governments" at: https://www.dbrsmorningstar.com/research/364527/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 12 December 2019, when DBRS Morningstar confirmed the rating of the Series A notes at AA (high) (sf).

Information regarding DBRS Morningstar ratings, including definitions, policies, and methodologies is available at www.dbrsmorningstar.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 the credit rating.
-- The base case PD and LGD of the current pool of loans for the Issuer are 8.0% and 20.8%, 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 Series A would be expected to fall to A (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of 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 Series A would be expected to fall to BBB (high) (sf).

Series A Risk Sensitivity:
-- 25% increase in LGD, expected rating of AA (sf)
-- 50% increase in LGD, expected rating of A (high) (sf)
-- 25% increase in PD, expected rating of A (high) (sf)
-- 50% increase in PD, expected rating of A (high) (sf)
-- 25% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)
-- 25% increase in PD and 50% increase in LGD, expected rating of A (low) (sf)
-- 50% increase in PD and 25% increase in LGD, expected rating of A (low) (sf)

-- 50% increase in PD and 50% increase in 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: https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml.

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

Lead Analyst: Shalva Beshia, Assistant Vice President
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Initial Rating Date: 7 December 2018

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

-- Master European Structured Finance Surveillance Methodology (22 April 2020), https://www.dbrsmorningstar.com/research/354616/master-european-structured-finance-surveillance-methodology
-- Legal Criteria for European Structured Finance Transactions (11 September 2019), https://www.dbrsmorningstar.com/research/350234/legal-criteria-for-european-structured-finance-transactions
-- Operational Risk Assessment for European Structured Finance Servicers (19 November 2020), https://www.dbrsmorningstar.com/research/370270/operational-risk-assessment-for-european-structured-finance-servicers
-- Interest Rate Stresses for European Structured Finance Transactions (28 September 2020), https://www.dbrsmorningstar.com/research/367292/interest-rate-stresses-for-european-structured-finance-transactions
-- European RMBS Insight Methodology (2 April 2020) and European RMBS Insight Model v 4.3.1.0, https://www.dbrsmorningstar.com/research/359192/european-rmbs-insight-methodology
-- European RMBS Insight: Spanish Addendum (26 August 2020), https://www.dbrsmorningstar.com/research/366107/european-rmbs-insight-spanish-addendum

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

For more information on this credit or on this industry, visit www.dbrsmorningstar.com or contact us at info@dbrsmorningstar.com.

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