

DBRS Morningstar Confirms Rating on Rural Hipotecario XIX, Fondo de Titulización

RMBS

DBRS Ratings GmbH (DBRS Morningstar) confirmed its AAA (sf) rating on the Class A notes issued by Rural Hipotecario XIX, Fondo de Titulización (the Issuer).

The rating on the Class A notes addresses the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date in August 2058.

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 May 2023 payment date;
- Portfolio default rate (PD), loss given default (LGD), and expected loss assumptions on the remaining receivables; and
- Current available credit enhancement to the Class A notes to cover the expected losses at their AAA (sf) rating level.

The notes were issued to fund the purchase of a portfolio of first-lien residential mortgage loans originated by Caja Rural de Aragon, S.C.C., Caja Rural Central, S.C.C., Caja Rural de Zamora, S.C.C., and Cajasieta, Caja Rural, S.C.C. The mortgage loans are secured over residential properties in Spain. The originators act as servicers of their relevant portfolios with Banco Cooperativo Español S.A. acting as the backup servicer.

PORTFOLIO PERFORMANCE

As of May 2023, loans two to three months in arrears represented 0.3% of the outstanding portfolio balance, up from 0.2% in May 2022. The 90+ delinquency ratio was 0.6%, down from 2.7%, and the cumulative default ratio was 0.1%, down from 0.2%, in the same period. According to the transaction documents, defaulted loans are defined as loans more than 18 months in arrears.

PORTFOLIO ASSUMPTIONS AND KEY DRIVERS

DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and updated its base case PD and LGD assumptions to 1.6% and 8.9%, respectively.

CREDIT ENHANCEMENT

As of the May 2023 payment date, credit enhancement to the Class A notes was 20.1%, up from 17.4% last year. The credit enhancement to the Class A notes is provided by the subordination of the Class B notes and a reserve fund.

The transaction benefits from a reserve fund of EUR 17.9 million, which is available to cover senior expenses as well as interest and principal on the Class A notes until they are paid in full. The reserve fund is currently slightly below its target level, which equals to the lower of 9.0% of the outstanding balance and 4.5% of the initial balance of the Class A notes and Class B notes, subject to a floor of EUR 9.09 million. The reserve fund amortises only if certain performance triggers are not breached.

Banco Santander SA (Banco Santander) acts as the account bank for the transaction. Based on the account bank reference rating of

A (high) on Banco Santander (which is one notch below its DBRS Morningstar Long Term Critical Obligations Rating of AA (low)), the downgrade provisions outlined in the transactions documents, and other mitigating factors inherent in the transaction's structure, DBRS Morningstar considers the risk arising from the exposure to the account bank to be consistent with the rating assigned to the Class A notes, as described in DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.

ENVIRONMENTAL, SOCIAL, GOVERNANCE CONSIDERATIONS

There were no Environmental/Social/Governance factors that had a significant or relevant impact on the credit analysis.

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at: <https://www.dbrsmorningstar.com/research/396929>.

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" (7 February 2023), <https://www.dbrsmorningstar.com/research/409485/master-european-structured-finance-surveillance-methodology>.

Other methodologies referenced in this transaction are listed at the end of this press release.

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.

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/401817/global-methodology-for-rating-sovereign-governments>.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

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 purposes 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 23 June 2022, when DBRS Morningstar upgraded its rating on the Class A notes to AAA (sf) from AA (sf).

Information regarding DBRS Morningstar ratings, including definitions, policies, and methodologies, is available at www.dbrsmorningstar.com.

Sensitivity Analysis: 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 1.6% and 8.9%, 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 on the Class A notes A would be expected to remain at AAA (sf), assuming no change in the PD. If the PD increases by 50%, the rating on the Class A notes would be expected to remain at AAA (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating on the Class A notes would be expected to remain at AAA (sf).

Class A Risk Sensitivity:

- 25% increase in LGD, expected rating of AAA (sf)
- 50% increase in LGD, expected rating of AAA (sf)
- 25% increase in PD, expected rating of AAA (sf)
- 50% increase in PD, expected rating of AAA (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of AAA (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of AAA (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of AAA (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of AAA (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>. For further information on DBRS Morningstar historical default rates published by the Financial Conduct Authority (FCA) in a central repository, see <https://data.fca.org.uk/#/ceres/craStats>.

This rating is endorsed by DBRS Ratings Limited for use in the United Kingdom.

Lead Analyst: Shalva Beshia, Assistant Vice President

Rating Committee Chair: Alfonso Candelas, Senior Vice President

Initial Rating Date: 19 June 2020

DBRS Ratings GmbH

Neue Mainzer Straße 75

60311 Frankfurt am Main Deutschland

Tel. +49 (69) 8088 3500

Geschäftsführer: Detlef Scholz

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

- Legal Criteria for European Structured Finance Transactions (22 July 2022), <https://www.dbrsmorningstar.com/research/400166/legal-criteria-for-european-structured-finance-transactions>.
- Master European Structured Finance Surveillance Methodology (7 February 2023), <https://www.dbrsmorningstar.com/research/409485/master-european-structured-finance-surveillance-methodology>.
- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (17 May 2022), <https://www.dbrsmorningstar.com/research/396929/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.
- European RMBS Insight Methodology (27 March 2023) and European RMBS Insight Model v 6.0.0.0, <https://www.dbrsmorningstar.com/research/411634/european-rmbs-insight-methodology>.
- European RMBS Insight: Spanish Addendum (1 March 2023), <https://www.dbrsmorningstar.com/research/410420/european-rmbs-insight-methodology>.
- Operational Risk Assessment for European Structured Finance Servicers (15 September 2022), <https://www.dbrsmorningstar.com/research/402774/operational-risk-assessment-for-european-structured-finance-servicers>.
- Interest Rate Stresses for European Structured Finance Transactions (22 September 2022), <https://www.dbrsmorningstar.com/research/402943/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 <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.

Ratings

Rural Hipotecario XIX, Fondo de Titulización

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
23-Jun-23	Class A	Confirmed	AAA (sf)	--	EU U

ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE [DISCLAIMERS AND LIMITATIONS](#). ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON WWW.DBRSMORNINGSTAR.COM.

Contacts

Shalva Beshia

Assistant Vice President, Credit Ratings - European Surveillance

+49 (69) 8088 3528

shalva.beshia@dbrsmorningstar.com

Baran Cetin, CFA

Senior Analyst, Credit Ratings - European Surveillance

+49 17 3485 2312

baran.cetin@morningstar.com

Alfonso Candelas

Head of European Structured Finance Surveillance - European Structured Finance and Covered Bonds

+49 69 8088 3512

alfonso.candelas@dbrsmorningstar.com

The DBRS Morningstar group of companies consists of DBRS, Inc. (Delaware, U.S.)(NRSRO, DRO affiliate); DBRS Limited (Ontario, Canada)(DRO, NRSRO affiliate); DBRS Ratings GmbH (Frankfurt, Germany)(EU CRA, NRSRO affiliate, DRO affiliate); and DBRS Ratings Limited (England and Wales)(UK CRA, NRSRO affiliate, DRO affiliate). DBRS Morningstar does not hold an Australian financial services license. DBRS Morningstar credit ratings, and other types of credit opinions and reports, are not intended for Australian residents or entities. DBRS Morningstar does not authorize their distribution to Australian resident individuals or entities, and accepts no responsibility or liability whatsoever for the actions of third parties in this respect. For more information on regulatory registrations, recognitions and approvals of the DBRS Morningstar group of companies, please see: <https://www.dbrsmorningstar.com/research/highlights.pdf>.

The DBRS Morningstar group of companies are wholly-owned subsidiaries of Morningstar, Inc. © 2023 DBRS Morningstar. All Rights Reserved.

The information upon which DBRS Morningstar credit ratings and other types of credit opinions and reports are based is obtained by DBRS Morningstar from sources DBRS Morningstar believes to be reliable. DBRS Morningstar does not audit the information it receives in connection with the analytical process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. DBRS Morningstar credit ratings, other types of credit opinions, reports and any other information provided by DBRS Morningstar are provided "as is" and without representation or warranty of any kind and DBRS Morningstar assumes no obligation to update any such ratings, opinions, reports or other information. DBRS Morningstar hereby disclaims any representation or warranty, express or implied, as to the accuracy, timeliness, completeness, merchantability, fitness for any particular purpose or non-infringement of any of such information. In no event shall DBRS Morningstar or its directors, officers, employees, independent contractors, agents, affiliates and representatives (collectively, DBRS Morningstar Representatives) be liable (1) for any inaccuracy, delay, loss of data, interruption in service, error or omission or for any damages resulting therefrom, or (2) for any direct, indirect, incidental, special, compensatory or consequential damages arising from any use of credit ratings, other types of credit opinions and reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS Morningstar or any DBRS Morningstar Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. IN ANY EVENT, TO THE EXTENT PERMITTED BY LAW, THE AGGREGATE LIABILITY OF DBRS MORNINGSTAR AND THE DBRS MORNINGSTAR REPRESENTATIVES FOR ANY REASON WHATSOEVER SHALL NOT EXCEED THE GREATER OF (A) THE TOTAL AMOUNT PAID BY THE USER FOR SERVICES PROVIDED BY DBRS MORNINGSTAR DURING THE TWELVE (12) MONTHS IMMEDIATELY PRECEDING THE EVENT GIVING RISE TO LIABILITY, AND (B) U.S. \$100. DBRS Morningstar does not act as a fiduciary or an investment advisor. DBRS Morningstar does not provide investment, financial or other advice.

Credit ratings, other types of credit opinions and other analysis and research issued by DBRS Morningstar (a) are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness, investment, financial or other advice or recommendations to purchase, sell or hold any securities; (b) do not take into account your personal objectives, financial situations or needs; (c) should be weighed, if at all, solely as one factor in any investment or credit decision; (d) are not intended for use by retail investors; and (e) address only credit risk and do not address other investment risks, such as liquidity risk or market volatility risk. Accordingly, credit ratings, other types of credit opinions and other analysis and research issued by DBRS Morningstar are not a substitute for due care and the study and evaluation of each investment decision, security or credit that one may consider making, purchasing, holding, selling, or providing, as applicable.

A report with respect to a DBRS Morningstar credit rating or other credit opinion is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities.

DBRS Morningstar may receive compensation for its credit ratings and other credit opinions from, among others, issuers, insurers, guarantors and/or underwriters of debt securities.

This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS Morningstar. ALL DBRS MORNINGSTAR CREDIT RATINGS AND OTHER TYPES OF CREDIT OPINIONS ARE SUBJECT TO DEFINITIONS, LIMITATIONS, POLICIES AND METHODOLOGIES THAT ARE AVAILABLE ON <https://www.dbrsmorningstar.com>. Users may, through hypertext or other computer links, gain access to or from websites operated by persons other than DBRS Morningstar. Such hyperlinks or other computer links are provided for convenience only. DBRS Morningstar does not endorse the content, the operator or operations of third party websites. DBRS Morningstar is not responsible for the content or operation of such third party websites and DBRS Morningstar shall have no liability to you or any other person or entity for the use of third party websites.