MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades two tranches' ratings in RURAL HIPOTECARIO GLOBAL I, FTA, two affirmed

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Madrid, December 22, 2017 -- Moody's Investors Service ("Moody's") has today downgraded the rating of two notes in RURAL HIPOTECARIO GLOBAL I, FTA. At the same time, 2 notes' ratings have been affirmed. The rating action reflects the deterioration in the levels of credit enhancement for the affected notes. Moody's affirmed the ratings of the notes that had sufficient credit enhancement to maintain current rating on the affected notes.

....EUR 1008.1M Class A Notes, Affirmed Aa2 (sf) ; previously on Feb 24, 2017 Affirmed Aa2 (sf)

....EUR 36.3M Class B Notes, Downgraded to Baa1 (sf) ; previously on Feb 24, 2017 Upgraded to Aa2 (sf)

....EUR 8M Class C Notes, Downgraded to Ba2 (sf) ; previously on Feb 24, 2017 Upgraded to Baa2 (sf)

....EUR 12.8M Class D Notes, Affirmed Caa2 (sf) ; previously on May 14, 2016 Affirmed Caa2 (sf)

RATINGS RATIONALE

The rating action is prompted by the decrease of the Reserve Fund from EUR 12.8mln to the EUR 6.4mln floor in April 2017 resulting from the decrease of the 90 days plus arrears below 1.0%. The decrease of the Reserve Fund led to the deterioration in the level of available credit enhancement. For instance, the credit enhancement for the Class B and C notes respectively decreased from 13.71% and 10.44% in January 2017 to 10.41% and 8.10% in April 2017.

In addition, the Class D notes started to amortize pro-rata with the more senior notes in October 2017 resulting from the decrease of the 90 days plus arrears below 0.75%. The reduction of the outstanding amount of the Class D notes negatively impacted the level of available credit enhancement for the Class B and C notes.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in September 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

The analysis undertaken by Moody's at the initial assignment of these ratings for RMBS securities may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see Moody's Approach to Rating RMBS Using the MILAN Framework for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) performance of the underlying collateral that is better than Moody's expected (2) deleveraging of the capital structure (3) improvements in the credit quality of the transaction counterparties and (4) a decrease in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk (2) performance of the underlying collateral that is worse than Moody's expected (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

Please see the ratings tab on the issuer/entity page on www.moodys.com for additional regulatory disclosures for each credit rating.

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