



Date of Release: 27 January 2015

DBRS Confirms Rating of Rural Hipotecario XII, FTA

Bloomberg: DBRS Confirms Rating of Rural Hipotecario XII, FTA

Industry Group: Structured Finance

Sub-Industry: RMBS

DBRS Ratings Limited (DBRS) has today confirmed its rating of the Series A notes of Rural Hipotecario XII, Fondo de Titulización de Activos (the Issuer) at A (sf).

The confirmation of the rating of the Series A notes is based upon the following analytical considerations:

- Portfolio performance, in terms of delinquencies and defaults, as of the September 2014 payment date.
- Updated portfolio default rate, loss given default and expected loss assumptions for the remaining collateral pool.
- Incorporation of a sovereign-related stress component to address the impact of macroeconomic variables on collateral performance given the long-term foreign and local currency rating of A (low) for the Kingdom of Spain.
- Current available credit enhancement for the Series A notes to cover the expected losses at the A (sf) rating level.

Rural Hipotecario XII, FTA is a securitisation of first-ranking residential mortgage loans originated by 16 Spanish rural savings banks and serviced by the respective originators. The transaction follows the standard structure under the Spanish Securitisation Law and closed in November 2009.

The portfolio is performing in line with DBRS's initial expectations. As of the September 2014 payment date, the 90+ delinquency ratio (excluding defaulted loans) as a percentage of the performing balance of the portfolio was 1.26% and has been decreasing from 2.85% in September 2013. As per the September 2014 delinquency report, the gross cumulative default ratio increased to 1.94%, but it is still within DBRS's initial expectations.

Credit enhancement for the Series A Notes is provided by subordination of the Series B and Series C notes and an amortising Cash Reserve (currently equal to 6.29% of the outstanding principal balance of the Series A Notes). The credit enhancement for the Series A notes increased to 12.95% in September 2014, up from 11.86% in September 2013. The Cash Reserve is currently at €36,386,242, i.e. 86.92% of its target balance. As more loans rolled into default in recent periods, the Cash Reserve drew down due to the provisioning mechanism for defaulted loans.

Copyright © 2015, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be accurate and reliable. DBRS does not audit the information it receives in connection with the rating 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 ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS 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 or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS 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 ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating 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 receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.



Insight beyond the rating.

Barclays Bank Plc (Spanish Branch) is the Treasury Account Bank for the transaction. The DBRS private rating of Barclays Bank Plc (Spanish Branch) is at least equal to the Minimum Institution Rating given the rating assigned to the Series A notes, as described in the DBRS Legal Criteria for European Structured Finance Transactions. Additionally, Banco Cooperativo Español is the Swap Counterparty for the transaction. The DBRS public rating of Banco Cooperativo Español complies with the DBRS Derivative Criteria for European Structured Finance Transactions.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable is the Master European Structured Finance Surveillance Methodology. Other methodologies and criteria referenced in this transaction are listed at the end of this press release.

This can be found on www.dbrs.com at:

<http://www.dbrs.com/about/methodologies>

For a more detailed discussion of sovereign risk impact on Structured Finance ratings, please refer to DBRS commentary “The Effect of Sovereign Risk on Securitisations in the Euro Area” on: <http://www.dbrs.com/industries/bucket/id/10036/name/commentaries/>.

The sources of information used for this rating include monthly investor reports provided by Europea de Titulización, S.A., S.G.F.T. and data from the European DataWarehouse. DBRS considers the information available to it for the purposes of providing this rating to be of satisfactory quality.

DBRS does not audit the information it receives in connection with the rating process, and it does not and cannot independently verify that information in every instance.

The last rating action on this transaction took place on 27 January 2014, when DBRS confirmed the rating of the Series A notes at A (sf).

Information regarding DBRS ratings, including definitions, policies and methodologies are available on www.dbrs.com.

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

-- DBRS expected a lifetime base case Probability of Default (PD) and Loss Given Default (LGD) for the pool based on a review of the current receivables. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings.

Copyright © 2015, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be accurate and reliable. DBRS does not audit the information it receives in connection with the rating 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 ratings, reports and any other information provided by DBRS are provided “as is” and without representation or warranty of any kind. DBRS 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 or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS 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 ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating 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 receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.



Insight beyond the rating.

-- The base case PD and LGD of the current pool of mortgages for the Issuer are 5.82% and 23.56%, respectively. At the A (sf) rating level, the corresponding PD is 18.43% and the LGD is 36.98%.

-- 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 decrease to BBB (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Series A notes would be expected to decrease to BBB (high) (sf), assuming no change in the LGD. Furthermore, if both PD and LGD increase by 50%, the rating would be expected to decrease to BBB (low) (sf).

Series A Notes Risk Sensitivity:

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

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

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

Ratings assigned by DBRS Ratings Limited are subject to EU regulations only.

Initial Lead Analyst: Kali Sirugudi
Initial Rating Date: 8 February 2013
Initial Rating Committee Chair: Quincy Tang

Lead Surveillance Analyst: Elisa Scalco
Rating Committee Chair: Quincy Tang

DBRS Ratings Limited
1 Minster Court, 10th Floor
Mincing Lane
London
EC3R 7AA
United Kingdom

Registered in England and Wales: No. 7139960.

Copyright © 2015, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be accurate and reliable. DBRS does not audit the information it receives in connection with the rating 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 ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS 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 or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS 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 ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating 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 receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.



Insight beyond the rating.

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

Legal Criteria for European Structured Finance Transactions
Derivative Criteria for European Structured Finance Transactions
Master European Structured Finance Surveillance Methodology
Operational Risk Assessment for European Structured Finance Servicers
Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda
Unified Interest Rate Model for European Securitisations

<u>Issuer</u>	<u>Debt Rated</u>	<u>Rating Action</u>	<u>Rating</u>	<u>Trend</u>
Rural Hipotecario XII, Fondo de Titulización de Activos	Series A	Confirmed	A (sf)	-

Contacts

Elisa Scalco
Senior Financial Analyst – EU Structured Finance
+44 20 7855 6681
Escalco@dbrs.com

Vito Natale
Senior Vice President – EU Structured Finance
+44 20 7855 6649
Vnatale@dbrs.com

Copyright © 2015, DBRS Limited, DBRS, Inc. and DBRS Ratings Limited (collectively, DBRS). All rights reserved. The information upon which DBRS ratings and reports are based is obtained by DBRS from sources DBRS believes to be accurate and reliable. DBRS does not audit the information it receives in connection with the rating 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 ratings, reports and any other information provided by DBRS are provided "as is" and without representation or warranty of any kind. DBRS 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 or its directors, officers, employees, independent contractors, agents and representatives (collectively, DBRS 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 ratings and rating reports or arising from any error (negligent or otherwise) or other circumstance or contingency within or outside the control of DBRS or any DBRS Representative, in connection with or related to obtaining, collecting, compiling, analyzing, interpreting, communicating, publishing or delivering any such information. Ratings and other opinions issued by DBRS are, and must be construed solely as, statements of opinion and not statements of fact as to credit worthiness or recommendations to purchase, sell or hold any securities. A report providing a DBRS rating 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 receives compensation for its rating activities from issuers, insurers, guarantors and/or underwriters of debt securities for assigning ratings and from subscribers to its website. DBRS is not responsible for the content or operation of third party websites accessed through hypertext or other computer links and DBRS shall have no liability to any person or entity for the use of such third party websites. This publication may not be reproduced, retransmitted or distributed in any form without the prior written consent of DBRS. ALL DBRS RATINGS ARE SUBJECT TO DISCLAIMERS AND CERTAIN LIMITATIONS. PLEASE READ THESE DISCLAIMERS AND LIMITATIONS AT <http://www.dbrs.com/about/disclaimer>. ADDITIONAL INFORMATION REGARDING DBRS RATINGS, INCLUDING DEFINITIONS, POLICIES AND METHODOLOGIES, ARE AVAILABLE ON <http://www.dbrs.com>.