

RMBS

Rural Hipotecario XVII, FTA

Closing Date
8 July 2014

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Ratings

Debt	Current Balance €	Size ¹	Credit Enhancement	Investor Coupon (p.a.)	ISIN	DBRS Rating	DBRS Action
Bonds	90,000,000	89.00%	20.50% ²	3m Euribor + 1.5%	ES0305033005	A (high) (sf)	Provisional Rating - Finalised
B Loan	11,124,000	11.00%	9.50% ³	3m Euribor +0.25%		NR	Provisional Rating - Finalised
Principal cash reserve fund	9,606,780						
Interest cash reserve fund ⁴	10,112,400						

Notes:

1. Bonds is expressed as a percentage of the total Bonds and B Loan.
2. Bonds credit enhancement consists of the subordinated B Loan plus principal cash reserve fund.
3. B Loan credit enhancement consists of the principal cash reserve fund.
4. The Bonds also benefit from the liquidity support of the interest cash reserve fund.
5. Subordinated loans provided by the Sellers will fund the principal and interest cash reserve fund.

Transaction Summary

Rural Hipotecario XVII FTA (the 'Issuer', 'Fund') is a securitisation of prime residential mortgage loans originated by Caja Rural de Aragón ("Bantierra"), Caja Rural de Granada, S.C.C., Caja Rural de Navarra, S.C.C. and Caja Rural de Teruel, S.C.C. (the 'Cajas', 'Sellers', 'Servicers', 'Originators'). The Issuer has been established as a securitisation fund under Spanish securitisation law. At closing, the portfolio was sold to the Issuer with the proceeds of the senior bonds (the 'Bonds') and B Loan issuance financing the purchase. The transaction is managed by Europea de Titulizacion, S.A., S.G.F.T. ("the Management Company") and the Portfolio will be serviced by the four Cajas.

The Bonds benefit from 20.50% credit enhancement that consists of the €11.12 million (11.00%) B Loan and €9.60 million principal cash reserve fund. The B Loan benefits from 9.50% credit enhancement consisting of the principal cash reserve fund.

The principal cash reserve fund is available to meet payments on the senior fees, interest and principal on the Bonds and B Loan. The Bonds also benefit from the €10.11 million interest cash reserve fund. The interest cash reserve fund provides liquidity support to cover for senior fees and interest shortfall on the Bonds. The main and interest cash reserve fund will be fully funded at transaction closing via the subordinated loans provided by the Sellers.

Notable Features:

- The weighted average margin ('WAM') of the portfolio (1.24%) is lower than the WAM paid under the Bonds (1.5%) and the 1.36% WAM of the Bonds and B Loan.
- The Bonds will amortise sequentially with respect to B Loan, with no amortisation of principal on B Loan until the Bonds are redeemed in full.

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Strengths

- 97.06% of loans originated between 2008 and 2013. Typically loans originated after the collapse of the housing market in Spain were granted under stricter lending criteria. This may have a positive influence on the future performance of the portfolio.
- The Bonds benefit from fully sequential amortisation.
- The principal cash reserve fund provides credit support to cover senior fees and any shortfalls on interest and principal under the Bonds and B Loan.
- The Bonds benefit from the interest cash reserve fund to cover senior fees and interest shortfall of the Bonds.

Challenges and Mitigating Factors

- The mortgage portfolio weighted average spread (1.24% over 100% of the collateral) is lower than weighted average spread of the Bonds (1.5% over 86.00% tranche). **Mitigants:** The interest cash reserve fund provides liquidity support to cover interest shortfalls on the Bonds. At closing, the interest cash reserve fund will be equal to 10% of the initial collateral balance. Moreover, the principal cash reserve fund and B Loan will also cover any shortfall of interest on the Bonds.
- The Servicers are able to grant borrowers within the securitised portfolio certain loan modifications without the consent of the Management Company. The main forms of loan modifications take the form of interest rate renegotiations and maturity extensions. As a result, there is the potential that the interest and principal generated from the portfolio may not be enough to meet payments due on the rated notes. **Mitigant:** For the purposes of its cash flow analysis, DBRS has stressed the weighted average spread generated by the mortgage portfolio to factor in potential margin reductions. In addition, DBRS stressed the maturity date for 10% of the mortgage loans.
- Macroeconomic conditions in Spain remain weak, with uncertainty in financial markets and unemployment standing at 25.93% as of Q1 2014 (INE data). Austerity measures implemented by the Government of Spain have negatively impacted borrowers and are consequently having an adverse effect on the mortgage credit performance. **Mitigants:** (i) The Bonds are able to withstand stressed cash flow assumptions relating to defaults and recovery assumptions, (ii) the principal cash reserve fund provides credit support to the Bonds and (iii) DBRS applied a sovereign stress in its portfolio default analysis.
- Property values continued to decrease in 2014. This trend is not expected to reverse in the medium term and is expected to negatively impact recovery rates on foreclosed properties. DBRS calculated Spanish house prices declined by 37.05% from the peak to date (INE data as of Q4 2013). Utilising Tinsa data, DBRS calculates a peak to date Spanish house price decline of 40.05% (as of February 2014). **Mitigant:** DBRS stresses Spanish market value decline to reflect its outlook on the Spanish house market.
- While the mortgage loans are indexed to 12 Months Euribor, the Bonds are indexed to 3 Months Euribor. As such, basis risk exists within the transaction. The issuer has not entered into hedge agreements to mitigate this risk. **Mitigants:** (i) Basis risk within the transaction is limited as the entire collateral pays 12 Month Euribor and 100% of the mortgage loans have scheduled monthly payments. 74.47% of the loans have an interest rate reset period of 6 months, while the remaining portfolio resets each 12 months. Historically, the 12 Month Euribor rate has been significantly higher than the 3 Month Euribor rate. (ii) The transaction cash flows have been stressed using standards DBRS interest rate assumptions. (iii) The principal and interest cash reserve fund are also available to help mitigate against the potential basis risk.



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Rating Rationale

The rating addresses the timely payment of interest and full payment of principal by the legal final maturity date in accordance with the terms and conditions of the Notes. DBRS has based the rating on:

- The transaction's capital structure and form and sufficiency of available credit enhancement.
- The ability of the transaction to withstand stressed cash flow assumptions and repay investors according to terms in which they have invested.
- The transaction parties' capabilities with respect to originations, underwriting, servicing and financial strength.
- The credit quality of the collateral
- A review of the legal structure, transaction documents and opinions.

Sovereign Assessment

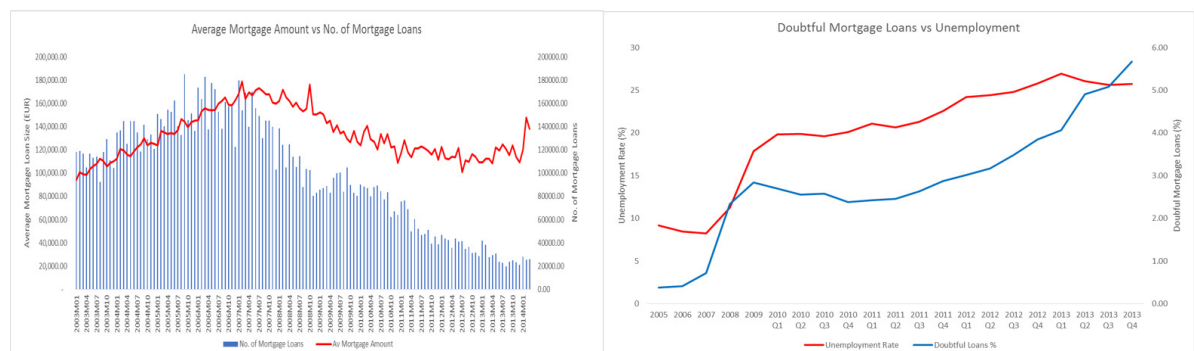
As of 11th of April 2014, DBRS rates the Kingdom of Spain A (Low) with a Negative Trend. For more information, please refer to the most recent published press release by DBRS on www.dbrs.com.

Sector Analysis

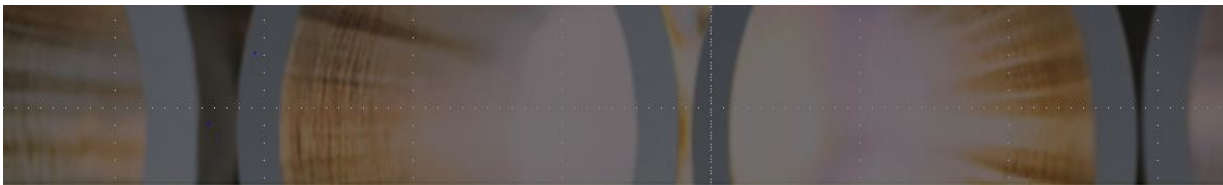
The macroeconomic situation in Spain remains weak with unemployment at high levels and borrowers' delinquency rates steadily rising. The austerity measures implemented by the government of Spain also contributed to negatively affect borrower ability to service mortgage payments which has led to an increase in delinquencies and defaults.

Mortgage Market

The Bank of Spain doubtful mortgages rate for financial institutions reached its initial peak in 2009 at 2.84%, thereafter doubtful mortgages declined to 2.38% in Q4 2010. Since then doubtful mortgages have steadily increased to reach a new peak of 5.67% as of Q4 2013 (Bank of Spain, Statistical Bulletin - Credit Institution Lending). This upward trend is not expected to change in the medium term as the unemployment rate is still expected to remain at high levels in the short to medium term. Although the unemployment rate has fallen by 1.01% on an annual basis (26.94%, Q1 2013, INE), it is has risen consecutively for two quarters from Q3 2013. The unemployment rate as of Q1 2014 stands at 25.93% (INE, Q1 2014). The overall level of doubtful mortgage loans appears to be correlated to unemployment albeit the gap between arrears and the level of unemployment and arrears is larger than might be expected.



Source: Instituto Nacional de Estadística (INE) and Bank of Spain

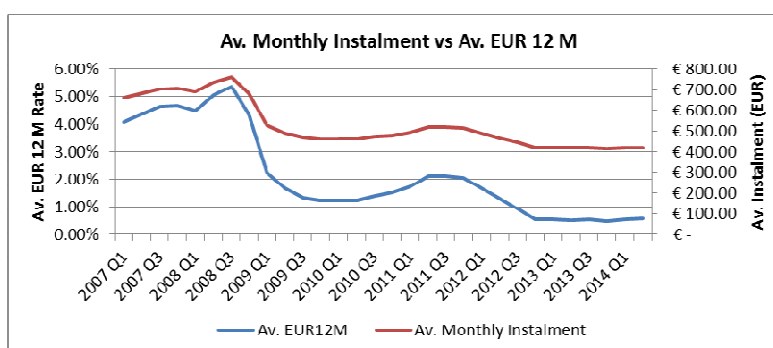


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Housing demand and housing credit supply remains constrained. The number of mortgages originated increased from the figure of 19,646 for mortgages originated in August 2013 (average amount = EUR 120,900.95), to 25,938 mortgage loans as of March 2014 (average amount = EUR 137,844.48). This amount is significantly lower when compared to the same month in 2007 where 168,947 mortgages were originated with an average loan amount of EUR 163,576.78. Although, the average mortgage amount has decreased since the peak of the market in 2007, the graph above indicates a spike in the value over the course of the end of 2013 and early 2014.

The current performance trends and future expectations are also linked to the low interest rate environment. This has allowed mortgage borrowers in Spain to remain current. The low interest rate environment is particularly relevant in Spain as mortgages are generally variable rate. Spanish mortgage loans are typically referenced to 3, 6 or 12 month Euribor/Mibor. Spanish borrowers have benefited from approximately 44.7% decrease on their monthly instalments since Q3 2008 (assuming: Mortgage loan= EUR 125,000, Term=25 years, 12 months Euribor = 5.37% in Q3 2008 versus 0.57% in Q2 2014).

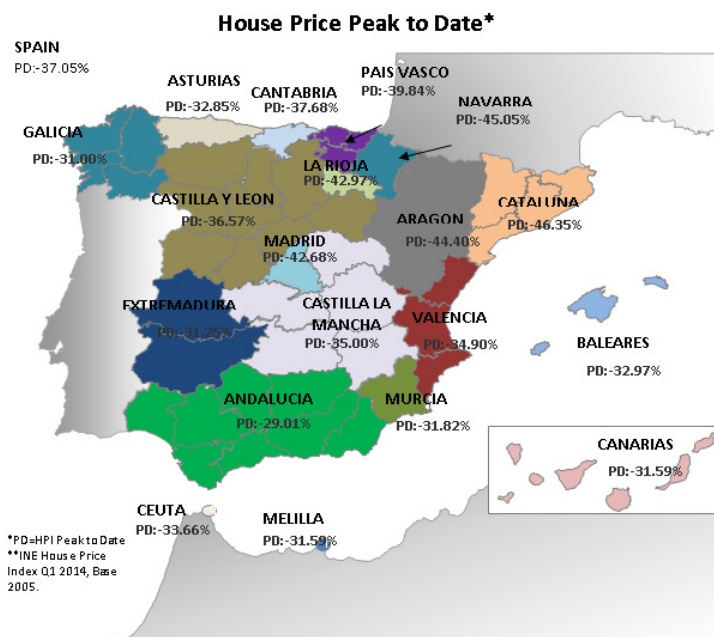


Housing Market

Following the burst of the housing bubble in Spain, house prices have declined by 37.05% from the peak value, Q4 2013. Although the rate at which house prices are declining has slowed, the Spanish housing market has not bottomed out as the house price decline of 37.05% is the highest observed over the course of 2013. It should be noted that house price declines are not homogeneous across Spain. Madrid and the north east autonomous communities are regions where house price declines, from peak values, are above the national level.

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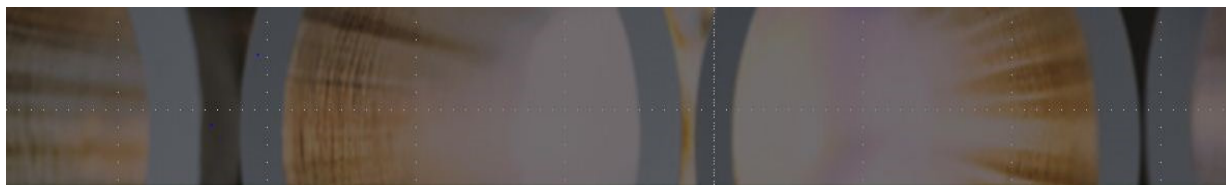
The total number of properties in Spain is 25.21¹ million, from which second homes are 3.68 million and empty properties 3.4 million. Empty properties are deemed to be properties available for sale, rent or abandoned. Due to low housing demand and the limited supply of finance, it is expected the oversupply of properties will remain high and consequently prevent recovery of house prices in the near future.

Transaction Parties and Relevant Dates

Transaction Parties

Type	Name	Rating
Issuer	Rural Hipotecario XVII FTA	N/A
Originators/Sellers	Bantierra (Caja Rural de Aragón, S.C.C.)	NR
	Caja Rural de Granada, S.C.C.	BBB (low) /Neg. / R-2(low)/ Neg.
	Caja Rural de Navarra, S.C.C.	DBRS Private Rating
	Caja Rural de Teruel, S.C.C.	NR
Servicers	Bantierra (Caja Rural de Aragón, S.C.C.)	NR
	Caja Rural de Granada, S.C.C.	BBB (low) /Neg. / R-2(low)/ Neg.
	Caja Rural de Navarra, S.C.C.	DBRS Private Rating
	Caja Rural de Teruel, S.C.C.	NR
Back-Up Servicer	Banco Cooperativo Español S.A.	BBB (high) /Neg. /R-1(low)/Neg
Treasury Account Bank	Barclays Bank Plc (Spanish Branch)	DBRS Private Rating
Paying Agent	Barclays Bank Plc (Spanish Branch)	DBRS Private Rating
Subscription Entity	European Investment Bank	A /Neg Trend/R-1L/Stable
Arranger and Management Company	Europea de Titulizacion, S.G.F.T.	NR

¹ 2011 Census of population and properties published by INE on April 2013



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Relevant Dates

Type	Date
Closing Date	8 July 2014
First Interest Payment Date	14 October 2014
Payment Frequency	Quarterly
Payment Dates	The 14th day of January, April, July and October in each year
Collection Period	Each day of any calendar month
Legal Final Maturity Date	14 January 2057

Origination and Servicing

DBRS conducted operational reviews of four regional Spanish cooperative banks - Caja Rural de Granada (CRG), Caja Rural de Teruel (CR Teruel or CRT), Caja Rural De Aragon (CRA) and Caja Rural de Navarra (CRN).

DBRS considers the originations and servicing practices of the Cajas to be fairly consistent with other small, regional Spanish banks. However, given the relatively small size of the Cajas, the origination, underwriting and/or servicing systems as well as the overall control environment may not be as robust as those observed at larger Spanish banks.

The Caja Rural network was established in 1989 with 23 rural saving banks and has since expanded to include 73 rural saving banks and nearly the entire network excluding the cajas that have merged with Cajamar in 2012 to form Cajas Rurales Unidas. Banco Cooperativo Español (BCE) was created in 1990 to serve as a central, support bank for the rural cajas which are also BCE's shareholders. BCE provides various services to the cajas including a share IT system provided by Rural Servicios Informaticos (RSI).

The typical rural caja has less than €2bn in total assets and only a few cajas have balance sheets exceeding €5bn. The cajas included in RH17 are considered 'medium-sized' rural saving banks with total assets ranging from €1.2m to €6m. The cajas were established over 40 years ago and over 75% of their branch networks are located within their respective home provinces.

DBRS does not rate CRT, CRA or CRN. DBRS rates CRG (BBB (low) /Neg. / R-2(low)/ Neg.). In April 2013, DBRS assigned a long-term and short-term debt rating of 'BBB(high)' / 'R-1 (Low)' to Banco Cooperativo Español (BCE) which acts as a central, supporting bank for the caja rural network and provides various services to the cajas including a share IT system provided by Rural Servicios Informaticos (RSI). BCE also provides a back-up servicing role for the RH programme in which the cajas participate. For more information on BCE, please see the most recent rating report at www.dbrs.com.

1. Origination & Underwriting

Origination

All originations for the cajas are internally sourced through their respective branch networks with oversight and support from the regional or territory offices particularly for the larger cajas. The branches are responsible for managing the relationship with the borrower as well as collecting data, the required documentation and inputting the information into the respective credit scoring system and rating model, where applicable.

The cajas offer the standard mortgage products common in the Spanish market and such loans are generally capped at an 80% LTV although higher LTVs are possible with additional guarantees and approval outside the branch office. The maximum lending amount for non-owner occupied residential



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assets is typically below 80% including new builds and commercial properties. Variable and fixed rates are available and nearly all loans are on monthly payment schedules.

Underwriting

The underwriting and loan approval process is generally consistent across the cajas and performed at the branch level although the credit process is somewhat more centralised across the cajas due in part to their small size and concentration within a particular province. The overall underwriting process at all the cajas includes an analysis of financial statements, historical analysis of the debtor's exposure to each bank and the wider Spanish banking system and valuations for secured loans. As consistent with the overall Spanish market, full income verification is conducted on all customers including collection of pay stubs, review of bank accounts as well as last two years' audited financial statements, tax returns, acts of incorporation and lists of outstanding loans for self-employed borrowers.

Each caja employs credit scoring and rating models provided by RSI that incorporate credit bureau data, sector data, financial statements and qualitative elements although such models are somewhat less developed at the smaller banks and may, for instance, lack the qualitative component. The internal ratings apply mainly to SMEs and corporates and some self-employed borrowers. Ratings are based on a standard probability of default calculation and have been reviewed and approved by the Bank of Spain. The internal rating systems are also regularly back-tested and validated by RSI. The ratings (and credit scores for individual borrowers) are mainly used for assessing the borrower's creditworthiness and overall risk profile and are used as an on-going monitoring tool including some behavioural scoring functionality with monthly or quarterly updates of credit bureau data.

Each caja collects bureau data from the national database as well as Experian, and the caja's credit policy has no tolerance for negative credit events requiring review and approval at the head office regardless of loan amount or LTV ratio.

The cajas' approval authority limits are fairly conservative compared to the wider Spanish market. Approval levels are set according to competency and size, particularly branch level authority, as well as the risk profile of the borrower and the complexity of the loan driven by LTV and property type. The branch manager approval limit is generally capped below €200,000 for small and medium offices and lower for 'part-time' branches which typically have no more than two employees. In the case of CRT, branch approval is very conservative and limited to just €60,000 and considerably lower for part-time offices particularly important given the sizable percentage of part-time branches for CRT (32%). The LTV limit for branch approval ranges from 70-80%. The approval limits for non-housing mortgages (excluded from the chart) are considerably lower both in terms of LTV requirement and loan size.

Valuations

Real estate valuations are carried out for all secured loans. All appraisals are performed by external valuers and comply with Bank of Spain regulatory guidelines. Assets are re-valued once every three years per Bank of Spain guidelines although values are checked more frequently using statistical models.

Summary strengths

- All loan activity is sourced internally with no external intermediary or broker network.
- Conservative branch approval limits across the cajas, particularly CRT, and more centralisation of underwriting process compared to larger Spanish banks.



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Summary weaknesses

- Weaker financial condition compared to larger Spanish banks.

Mitigant(s): The banks have healthy presence within respective regions particularly home provinces.

Sizeable percentage of part-time branches with only one or two employees.

Mitigant(s): Good supervision of branches by head office including internal audit oversight. Approval limits for such branches is generally low.

2. Servicing

Servicing activities within the cajas are fairly consistent, with some centralisation of administrative functions in the respective bank's head office and primary borrower contact including collections and early arrears management activities managed with the local branches. Payments are primarily made through direct debit as most of the borrowers have current accounts with the respective caja.

The cajas follow standard collections and arrears management strategies including compliance with regulatory guidelines surrounding delinquency, watch list and default definitions. Automated, standard letters are generated through the servicing system and sent to the borrower around day 15 and day 30. The internal rating system within each bank is used to monitor the loan including updates to the rating and helps to set the appropriate workout strategy. Once legal proceedings are initiated generally after a loan is officially classified as a default and all previous attempts at an out-of-court resolution have been exhausted.

Like other Spanish banks, the cajas attempt to resolve impaired and non-performing loans (NPL) through extra-judicial means including loan restructurings, modifications, extensions, payment holidays and/or a combination of other strategies. Such strategies also comply with the guidance provided by the Bank of Spain and other government agencies. While re-default rates are not generally available, consistent with the overall Spanish market, the majority of mortgage loans currently in the legal enforcement stage have been restructured, modified and/or entered into a payment arrangement scheme at least once. Regardless of the strategy employed to cure the loan default, timelines and recovery rates are generally consistent with the overall Spanish banking sector.

Summary strengths

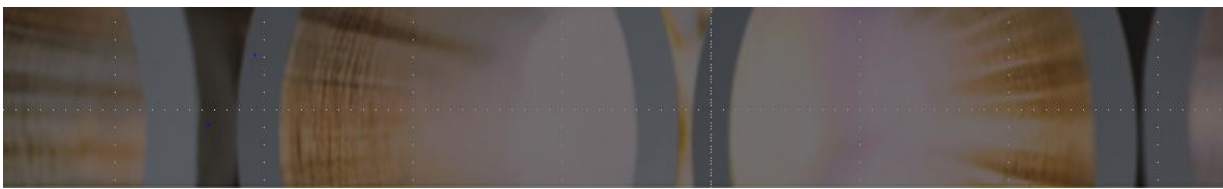
- Majority of loans on monthly payment frequency and pay via direct debit.
- Centralisation of default management activities.
- Low mortgage NPL rate for CRT and below the national average.

Summary weaknesses

- Rising level of non-performing loans across total loan portfolio and mortgage book.

Mitigant(s): Similar trend observed across Spanish market and current levels appear manageable. Less exposure to coastal real estate compared to other banks.

Opinion on Back-Up Servicer: In the event of a servicer event of default, the Management Company is responsible for identifying and engaging a suitable replacement servicer. If such a replacement is not found, BCE will assume the existing servicer's role. This back-up servicing structure exists in other RH transactions.



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As BCE has existing relationships with the cajas and provides operational support and some reporting capabilities to the bank, the transfer process following a servicer default is expected to be fairly efficient and timely. Rural Servicios Informaticos (RSI), which provides the systems used by the cajas resulting in numerous operational benefits.

BCE estimates the entire transfer process including data transfer and notification to borrowers of new payment instructions to range from 30-90 days. The regular quarterly meetings with the participating banks and the Management company) as well as the daily access to information contained within the RSI systems help ensure an efficient transfer process. As a result of the existing relationships with the cajas, the transfer time and the use of similar IT systems, the back-up arrangement is defined as “warm” per DBRS’s methodology.

Both BCE and RSI have been in business for over 20 years. BCE currently has over 200 employees and is currently servicing a portfolio valued at over €500m with mortgage loans representing approximately 15% of the total. RSI has over 600 employees providing servicing and software support for retail banking operations.

Collateral Analysis Details

Data Quality

Performance data provided to DBRS represents historical performance data of all the loans originated by Bantierra, Caja Rural de Granada, S.C.C., Caja Rural de Navarra, S.C.C. and Caja Rural de Teruel, S.C.C. and prior Rural Hipotecario securitised transactions. Based on the performance history data provided, DBRS was able to assess the benchmark two-year PD for the mortgage portfolio. In addition to historical performance data, legal documentation prepared by the issuer’s legal counsel was provided.

DBRS considered the data to be of satisfactory quality.

Collateral Analysis

Summary characteristics and stratifications for the preliminary portfolio as of 9 June 2014.

Summary*	
Number of Loans	1,182
Number of Borrowers	1,181
Original Balance	137,936,040
Current Balance	126,998,622
Average Loan Size	107,444
Largest Loan	401,999
Smallest Loan	3,577
Largest Property	502,967
Smallest Property	27,700
WA Original Term (years)	29.87
WA Remaining Term (years)	27.30
WA Seasoning (years)	2.65
WAC	2.59%
WAS	1.25%
WA Current LTV	69.94%
WA Original LTV	81.66%
WA Indexed LTV (INE Q2 2014)	90.45%

* DBRS calculated figures. All values listed are in Euros unless otherwise noted.

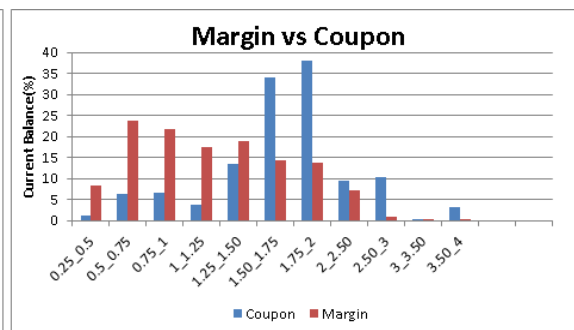
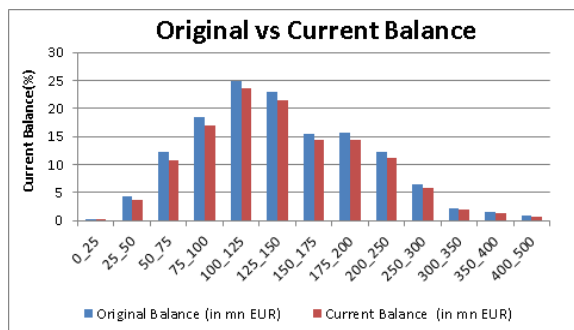


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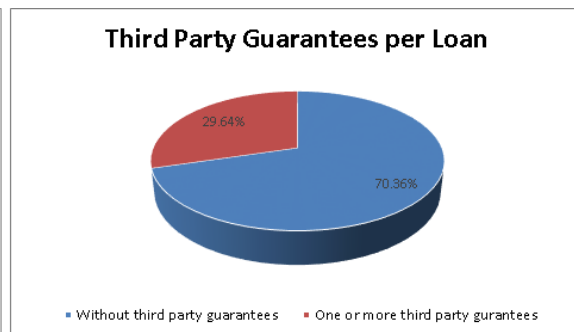
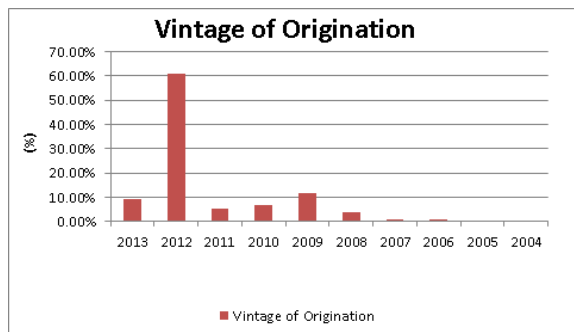
Distribution by balance, margin and coupon

The weighted average spread ('WAS') of the portfolio stands at 1.24% over 12 Month Euribor and 2.59% the weighted average coupon ('WAC'). The pool is granular with 1,182 loans and an average loan size of € 107,444.



Vintage of Origination and Third Party Guarantees per Loan

The portfolio has seasoning of 2.54 years.. Loans originated between years 2010 to 2013 are 81.93%. Recent vintages are expected to perform better than loans originated at the peak of the housing market in Spain from 2005 to 2007.



Self-Employed and Second Homes

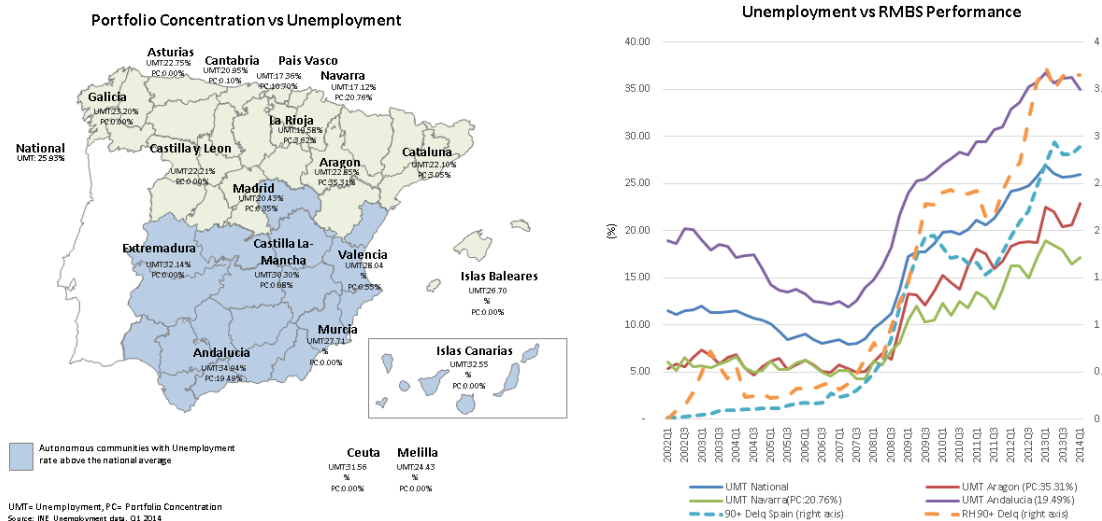
The portfolio is 15.06% concentrated to self-employed borrowers and 5.11% to mortgages loans financing the purchase of second home properties. DBRS has stressed the provability of default of self-employed and second home loan.

Geographical Distribution and Unemployment

The portfolio is well geographically distributed throughout the main autonomous communities of Spain where each of the Cajas concentrate their business. The main geographical distributions include; Aragon (35.51%), Navarra (20.76%) and Andalucía (19.49%).

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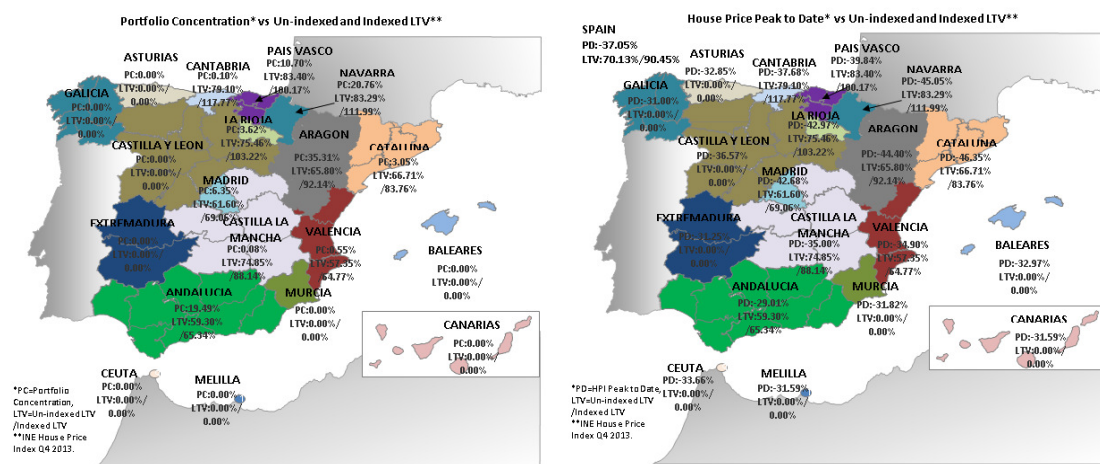


Source: INE, Intex

Although the unemployment rate in Spain has slightly decreased from its peak in Q1 2013 (26.69%) to 25.93% as of Q1 2014 (INE Index), on a quarterly basis the unemployment rate has increased. Autonomous communities such as Cataluña and Madrid - representing a total of 34.87% of the loan portfolio - have an unemployment rate below the national average at 22.10% and 17.93% respectively (Q1 2014, INE). The autonomous community of Andalucía has experienced the highest unemployment rate in Spain at 34.94% (Q1 2014, INE). The graph above highlights the positive correlation between residential mortgage performance and unemployment rates.

LTV analysis by autonomous communities

DBRS calculates the weighted average un-indexed CLTV of the portfolio as 70.13%. Considering the most concentrated autonomous regions in the mortgage portfolio, Aragón (35.51%), Navarra (20.76%) and Andalucía (19.49%), only Andalucía has experienced peak to date decline (-29.01%) lower than the national average observed for Spain (-37.05%).



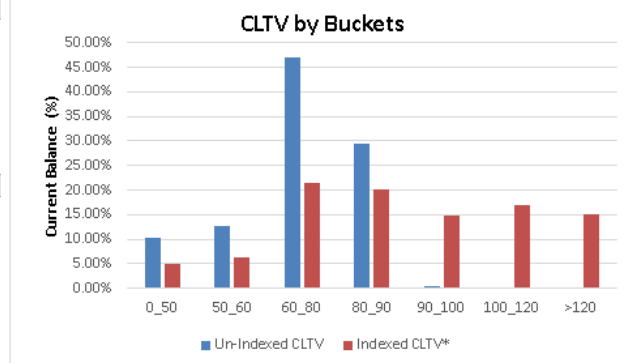
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The weighted indexed CLTV of the portfolio is 70.13%. 47% of the pool have an indexed CLTV higher than 80%.

Buckets	Un-Indexed CLTV	Indexed CLTV*
0_50	10.40%	5.05%
50_60	12.55%	6.41%
60_80	47.05%	21.35%
80_90	29.49%	20.19%
90_100	0.51%	14.89%
100_120	0.00%	17.01%
>120	0.00%	15.10%

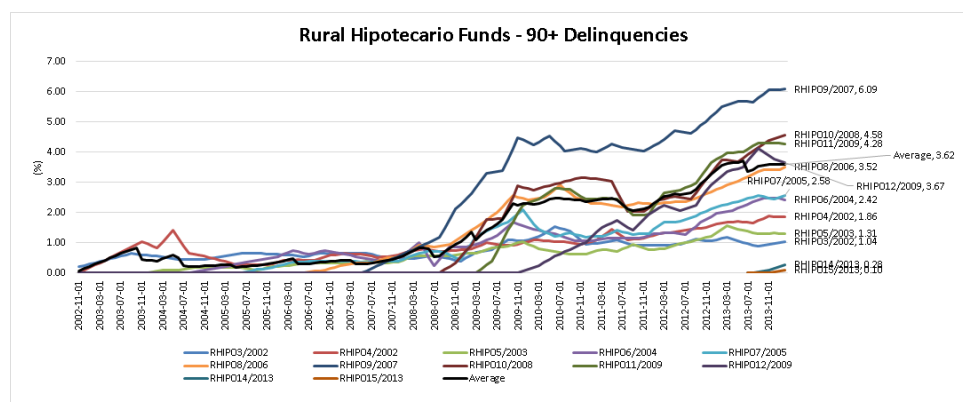
*INE HPI Q4 2013



See stratification tables in appendix.

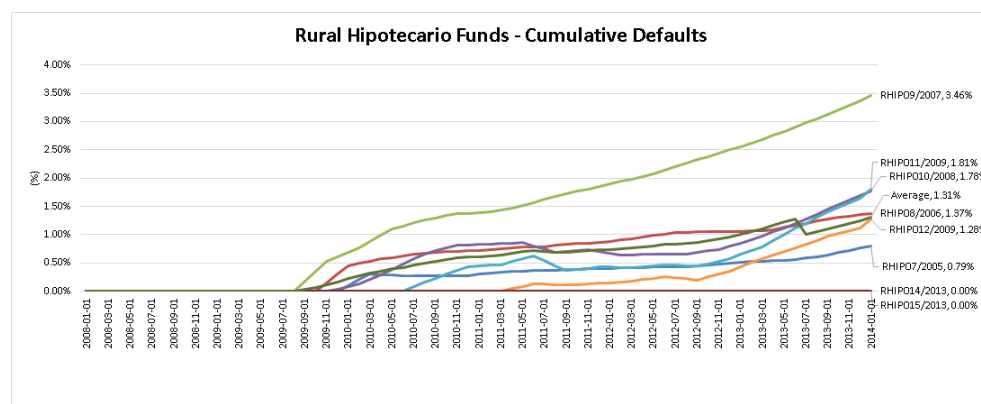
Historical Performance

The chart below plots 90+ dynamic delinquency performance data of all existing Rural Hipotecario securitisations. The average 90+ delinquency stands at 3.62% as of February 2014.



Source: Intex

Cumulative defaults for Rural Hipotecario deals originated at the peak of the housing market perform worse than recently originated transactions. The average cumulative default rate for Rural Hipotecario deals stand at around 1.31%.

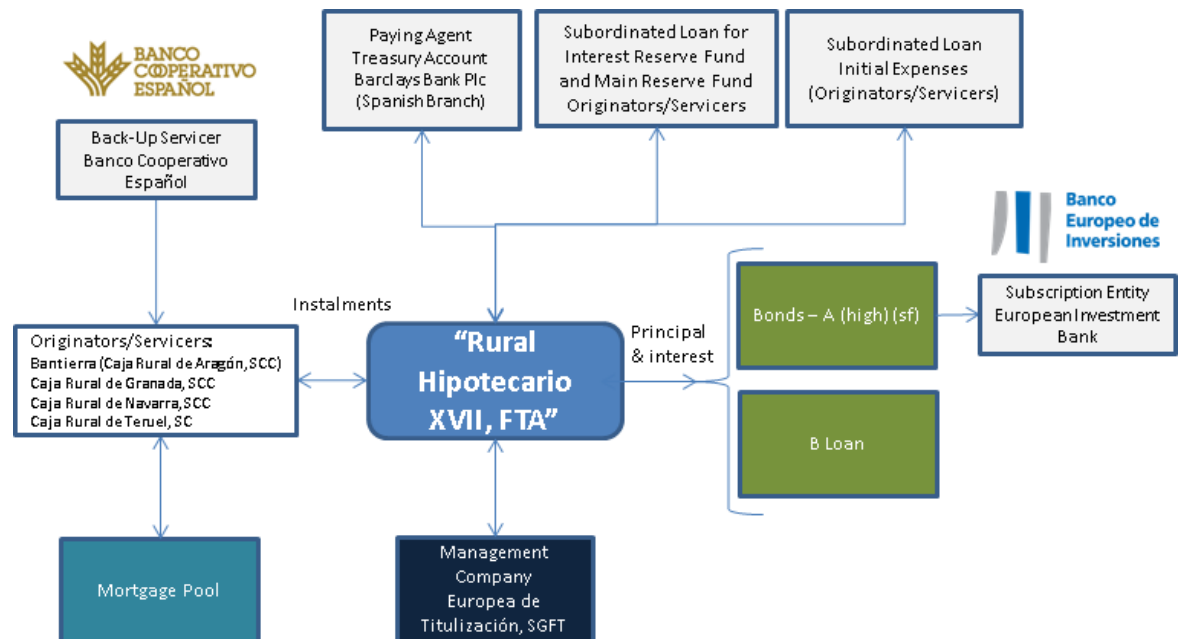


Source: Intex



Transaction Structure

Transaction Diagram



Structural Features

Transaction Overview

At closing, the Bonds and B Loan will be issued to purchase the collateral mortgage pool. In addition, the Servicers will grant the following loans to the Issuer: (a) subordinated loan for the principal cash reserve fund, (b) subordinated loan for interest cash reserve fund and (c) a loan for initial expenses.

Available Funds

The transaction has a combined waterfall, where the available funds are summarised as:

- Principal collections received from the mortgage loans.
- Interest collection received from the mortgage loans.
- The principal cash reserve fund and interest cash reserve fund.
- Return on amounts deposited in the bank account.
- Any amount derived from the collateral mortgage pool, such as the proceeds received from the sales on foreclosed properties.

Credit Enhancement

The Bonds benefit from 20.5% credit enhancement consisting of the €11.12 million (11%) subordinated B Loan and the principal cash reserve fund equal to €9.61 million (9.5%). The Bonds also benefit from the liquidity support of the €10.11 million interest cash reserve fund which covers senior fees and interest shortfalls on the Bonds.



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Pre-Enforcement Waterfall

The available funds are distributed through the following combined waterfall:

1. Senior fees including taxes. Servicing fees to replacement servicer, if applicable, other than Banco Cooperativo;
2. The Bond Interest payments;
3. Replenishment of the interest cash reserve fund;
4. B Loan payment unless payment is deferred to 6th place in the priority of payments. See trigger condition below;
5. Amount equal to the positive difference between the (i) outstanding principal balance of the Bonds and the B Loan and (ii) the outstanding balance of the non-defaulted mortgage loans;
6. Payment of Interest due on the B Loan when this payment is deferred from the 4th place in the priority of payments;
7. An amount to maintain the principal cash reserve fund;
8. Interest due on subordinated loan for interest;
9. Principal due on subordinated loan for interest;
10. Interest due on subordinated loan for initial expenses;
11. Principal due on subordinated loan for initial expenses;
12. Interest due on subordinated loan for principal;
13. Administration fee. In case of substitution of the Servicers, administration fee will be pay in step 1 of the post-enforcement waterfall, unless Banco Cooperativo is appointed as the new servicer;
14. Payment of the financial intermediate margin.

Upon liquidation of the Fund at the legal final maturity date or early termination of the Fund, the following items will be distributed through the Post-Enforcement Waterfall:

- The Available Funds.
- Amount received by the Fund after the sale of the remaining mortgage portfolio.
- Loan provided to liquidate the Fund.

Post-Enforcement Waterfall

1. Amounts to pay liquidation expenses of the Fund.
2. Ordinary and extraordinary expenses and the administration fee.
3. Interest due on the Bonds;
4. Principal due on the Bonds;
5. Payment of the financial expenses and reimbursement of the principal of the loan provided to liquidate the Fund.
6. Interest due on B Loan;
7. Principal due on B Loan;
8. Interest due on subordinated loan for interest;
9. Principal due on subordinated loan for interest;
10. Interest due on loan for initial expenses;
11. Principal due on loan for initial expenses;
12. Interest due on loan for subordinated loan for principal;
13. Principal due on loan for subordinated loan for principal;
14. Administration fee. In case of substitution of the Servicers, administration fee will be pay in step 2 of the post-enforcement waterfall, unless Banco Cooperativo is appointed as the new servicer;
15. Payment of the financial intermediate margin.



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Principal amortisation

Available funds to amortise principal are distributed first to the Bonds until redeemed in full and thereafter available funds are allocated to amortise the B Loan. The amortisation amount of step 5 of the pre-enforcement waterfall shall be the positive difference on each payment date between (i) remaining amount of the Bonds and B Loan and (ii) current balance of non-defaulted mortgage loans.

B Loan Interest Deferral Trigger

Interest due on the B Loan interest will be deferred to step 6 of the pre-enforcement waterfall if the cumulative outstanding amount of no-defaulted loans as a percentage of the original outstanding balance of the mortgage portfolio is above 10%.

Principal Cash Reserve Fund

At closing, the Sellers granted the Issuer with a subordinated loan for principal to fund the €9.60 million principal cash reserve fund. The principal cash reserve fund will cover for shortfalls on senior fees and interest and principal paid under the Bonds and B Loan. The principal cash reserve fund will be maintained through the life of the transaction at the target level of €9.60 million.

Interest Cash Reserve Fund

At closing, the Sellers granted the Issuer with a subordinated loan for interest to fund the €10.11 million interest cash reserve fund. The interest cash reserve fund covers for shortfalls on senior fees and interest paid under the Bonds.

The interest cash reserve fund will amortise after closing. On each interest payment date, the interest cash reserve fund will be equal to the difference between (i) interest cash reserve fund target amount on the previous period and (ii) the amount corresponding to the interest accrued on the principal balance of the Bonds (in the previous period) at an interest rate of 1.20%.

Definitions

Doubtful loans/Default loans: 18 months in arrears

Delinquent loans: 90+ days in arrears

Transaction Accounts

Cash Collection

The Management Company on behalf of the Fund has engaged in a treasury account agreement with Banco Cooperativo Español and Barclays Bank Plc. (Spanish Branch). The treasury account is held with Barclays Bank Plc (Spanish Branch) under the name of the Fund. Barclays Bank Plc. (Spanish Branch) has committed to guaranteeing the Fund a return of 3 month Euribor plus 0,15% for a period of 1 year starting from the closing date. Barclays Bank Plc. (Spanish Branch) will offer the Management Company a new guaranteed interest rate 35 business days before the end of 1 year period. From that point on, the Management Company will have 35 days to agree on the new terms, subject to Banco's Cooperativo Español consent. In the event an agreement is not reached, the Management Company will appoint a new eligible treasury account provider. All cash collections will then transfer from Barclays Plc. (Spanish Branch) account to the new eligible treasury account provider.

Commingling

All mortgage borrower payments of the pool are collected by the servicer under the direct debit scheme. Payments are transferred from the servicer account to the treasury account in the name of the Fund one



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business day after receipt of funds. In the event of insolvency of the Servicers and until notification is delivered to the relevant borrowers to redirect their payment, payment collections may be commingled with other funds belonging to Servicers.

In case of termination of the servicing agreement with the Originators/Servicers, the Management Company is responsible for appointing a new servicer. In case a replacement servicer is not designated, Banco Cooperativo Español S.A will be appointed as the new servicer subject to the same provisions outlined in the current servicing agreement.

DBRS believes that Servicers' current financial condition and the support of Banco Cooperativo Español S.A. as back up servicer mitigates the risk of a disruption in servicing following a servicer event of default including insolvency.

Set-Off Risk

All borrowers have bank accounts at the Servicers. Set off in this transaction is limited as only unpaid instalments that are viewed as fully due and payable prior to the declaration of insolvency may be offset against the deposits held by the originators.

Basis Risk

The basis risk that arises from the floating interest rate due on the notes (3 month Euribor) and the floating interest rate payable by the mortgage pool (12 month Euribor) is unhedged.

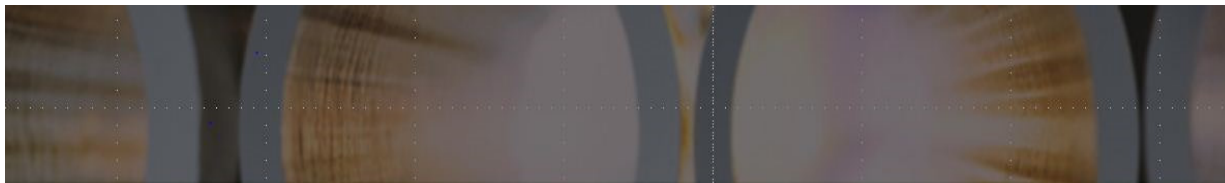
Basis risk within the transaction is limited as the entire collateral pays 12 Month Euribor and 100% of the mortgage loans scheduled payments due on a monthly basis. 74.47% of the loans have an interest rate reset period of 6 months and the remaining portfolio resets each 12 months. Historically, the 12 Month Euribor rate has been significantly higher than the 3 Months Euribor rate. (ii) The transaction cash flows have been stressed using standards DBRS interest rate assumptions. (iii) The Reserve Fund is also available to help mitigate against the potential basis risk.

Cash Flow Analysis

Summary of Cash Flow Analysis

The DBRS cash flow model assumptions focus on the amount and timing of defaults and recoveries, prepayment speeds and interest rates. Based on a combination of these assumptions, a total of 16 cash flow scenarios were applied to test the performance of the rated notes (see table below).

Scenario	Prepayments	Default Timing	Interest Rate
1	0%	Front	Upwards
2	0%	Front	Flat/Down
3	0%	Back	Upwards
4	0%	Back	Flat/Down
5	5%	Front	Upwards
6	5%	Front	Flat/Down
7	5%	Back	Upwards
8	5%	Back	Flat/Down
9	10%	Front	Upwards
10	10%	Front	Flat/Down
11	10%	Back	Upwards



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12	10%	Back	Flat/Down
13	20%	Front	Upwards
14	20%	Front	Flat/Down
15	20%	Back	Upwards
16	20%	Back	Flat/Down

Asset Analysis Results

DBRS calculated a benchmark two years probability of default ('2YR PD') of 2.71%. The 2YR PD of 2.71% is a weighted average between the PD results observed in each originator. The 2YR PD also reflects the sovereign risk associated with the Kingdom of Spain.

Using this benchmark 2 year PD, DBRS calculated the lifetime PD and loss given default by assessing the individual risk characteristics associated with each loan as discussed in the DBRS Master European Residential Mortgage-Backed Securities Rating Methodology. The table below details the lifetime PD, loss given default and expected loss for Bonds at A (high) (sf) and Base case stresses.

	Rating	PD	LGD	Expected Loss
Bonds	A (high) (sf)	26.23%	54.42%	14.27%
Base Case	B(sf)	9.75%	41.27%	4.03%

Prepayment Speeds

The four prepayments stresses applied are 0%, 5%, 10% and 20% CPR. The 0% CPR assumption was applied following the low prepayment rates observed in the Spanish market.

Timing of Defaults and Recoveries

DBRS applied a front- and back-loaded default timing curve.

DBRS assumed recovery proceeds will not be available for the deal until 48 months from the date a loan becomes 90 days past due.

Interest Rate Stresses

DBRS applied its standard interest rate stresses as detailed in the Unified Interest Rate Model for European Securitisations.

Legal Structure

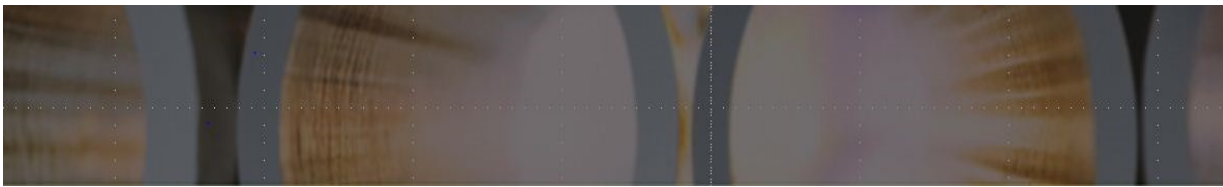
Law(s) Impacting Transaction

Transaction Basis:

True sale pursuant to Spanish securitisation laws

Laws impacting the transaction:

The mortgage loans comprising the Portfolio have been assigned to the Issuer pursuant to the Escritura de Constitución (Issuer Deed of Incorporation Formation) in a True Sale transaction in accordance with Spanish securitisation regulations, Law 19/1992 and Royal Decree 926/1998. In order to avoid re-registering the mortgage loans in the name of the Issuer and incurring a stamp tax, the loans are assigned by way of



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Certificados de Transmisión de Hipoteca (CTH) or “Mortgage Pass-through Certificates” and Participaciones Hipotecarias (PH) “Mortgage Participation Certificates”. The CTH and PH represent an undivided interest in the underlying mortgage loans and assignment to the Issuer all ownership rights as if the mortgage loans were re-registered in the Issuer’s name, in accordance with Law 2/1981 and Royal Decree 716/2009. The Noteholders are unsecured creditors of the Issuer. In Spain there is no nationwide registry where creditors can record their security interest in assets other than in the Land Registry (Registro de la Propiedad) for real estate assets property and the Registry on Movable Property (Registro de Bienes Muebles) for among others, vehicles/equipment, certain credit rights and other type of assets. Thus, a security interest in favour of the Note holders is not possible. In any event, given the limitation on the Issuer’s activities, the lack of a security interest in the Portfolio is not a concern.

The Originator’s counsel rendered an opinion with respect to (a) corporate good standing of Originators, Issuer and Management Company, (b) enforceability of documents against Originators and Issuer, (c) “True Sale” of assets from Originators to Issuer and (d) tax regime of the Issuer and the Notes.

Transaction Counterparty Risk

The Sellers are both the originator and servicer for the transaction. The Sellers may be replaced as servicer following termination by the Management Company, Insolvency of servicer and/or Bank of Spain intervention.

Methodologies Applied

The following are the primary methodologies DBRS applied to assign a rating to the above referenced transaction, which can be found on www.dbrs.com under the heading Methodologies, Alternatively, please contact info@dbrs.com, or contact the primary analysts whose information is listed in this report:

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

Monitoring and Surveillance

The transaction will be monitored in accordance with the Master European Structured Finance Surveillance Methodology, available at www.dbrs.com.

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Appendix:

Stratifications	# Loans	% Loans	# Balance (mn)	% Balance
Top 10 Borrowers				
Borrower 1	1		0.40	0.00%
Borrower 2	1		0.35	0.00%
Borrower 3	1		0.35	0.00%
Borrower 4	1		0.35	0.00%
Borrower 5	1		0.33	0.00%
Borrower 6	1		0.32	0.00%
Borrower 7	1		0.31	0.00%
Borrower 8	1		0.30	0.00%
Borrower 9	1		0.29	0.00%
Borrower 10	1		0.28	0.00%
Purpose				
Purchase	1,152	97.46%	125.21	98.59%
Refurbish	30	2.54%	1.79	1.41%
Third Party Guarantees per Loan				
Without third party guarantees	880	74.45%	89.36	70.36%
One or more third party guarantees	302	25.55%	37.64	29.64%
Lien				
1st Lien	1,182	100.00%	127.00	100.00%
Other	0	0.00%	0.00	0.00%
Number of Borrowers per Loan				
1	531	44.92%	52.39	41.25%
2	632	53.47%	72.72	57.26%
3	14	1.18%	1.13	0.89%
4	2	0.17%	0.28	0.22%
5	3	0.25%	0.49	0.39%
Use of the Property				
First Home	1,095	92.64%	120.51	94.89%
Second Home	87	7.36%	6.49	5.11%
Vintage of Origination				
2013	107	9.05%	11.54	9.09%
2012	787	66.58%	77.17	60.76%
2011	60	5.08%	6.80	5.36%
2010	65	5.50%	8.54	6.72%
2009	93	7.87%	14.59	11.49%
2008	34	2.88%	4.62	3.64%
2007	14	1.18%	1.32	1.04%
2006	11	0.93%	1.22	0.96%
2005	7	0.59%	0.75	0.59%
2004	4	0.34%	0.44	0.35%
Reset Period				
Semi-Annual	906	76.65%	94.58	74.47%
Annual	276	23.35%	32.42	25.53%
Reference Rate				
12 Months Euribor	1,182	100.00%	127.00	100.00%
Other	0	0.00%	0.00	0.00%
Payment Frequency				
Monthly	1,182	100.00%	127.00	100.00%
Other	0	0.00%	0.00	0.00%
Originators/Serviceers				
CAJA RURAL DE GRANADA, S.C.C.	359	30.37%	30.12	23.71%
CAJA RURAL DE ARAGON, S.C.C.(Bantierra)	266	22.50%	31.67	24.94%
CAJA RURAL DE NAVARRA, S.C.C.	299	25.30%	43.46	34.22%
CAJA RURAL DE TERUEL, S.C.C.	258	21.83%	21.75	17.13%
Employment Status				
Employed	1,007	85.19%	107.88	84.94%
Self-Employed	175	14.81%	19.12	15.06%



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Note:

All figures are in **EUR** unless otherwise noted.

This report is based on information as of May and June 2014, unless otherwise noted. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

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