Press Release

Insight beyond the rating.

Date of Release: 8 July 2015

DBRS Confirms Rating of Rural Hipotecario XVII, Fondo de Titulización de Activos

Bloomberg: DBRS Confirms Rating of Rural Hipotecario XVII, FTA
Industry Group: Structured Finance
Sub-Industry: RMBS

DBRS Ratings Limited (DBRS) has today confirmed its rating of the following notes issued under Rural Hipotecario XVII, Fondo de Titulización de Activos (the Issuer):

-- Bonds at A (high) (sf).

Confirmation of the rating for the Bonds is based upon the following analytical considerations, as described more fully below:
-- Portfolio performance, in terms of delinquencies and defaults, as of the April 2015 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 in the rating analysis 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 to Bonds to cover the expected losses at the A (high) (sf) rating level.

Rural Hipotecario XVII is a multi-originator securitisation of Spanish residential mortgage loans originated and serviced by the following Rural Cooperative Banks: Caja Rural de Granada SCC (24.53%), Caja Rural de Navarra SCC (22.78%), Caja Rural de Teruel SCC (29.28%) and Bantierra (Caja Rural de Aragón SCC (23.41%)). The assets backing the notes are mortgage loans secured by residential properties located in Spain. The transaction closed in July 2014.

The current 90+ delinquency ratio, as a percentage of the performing balance of the portfolio was 0.05%, as of April 2015. Defaults, defined as loans in arrears for more than 18 months, have not materialised yet.

As the servicers are able to conduct permitted variations within the mortgage portfolio, subject to the limits described in the prospectus, and these modifications can be made without the Management Company consent, DBRS applies a margin compression in its Cash Flow analysis.

The Bonds are supported by subordination of the B Loan and Principal Cash Reserve fund. Additionally, the Interest Reserve Fund can be applied towards payments of principal on the Bonds on the last payment date. Credit enhancement for the Bonds (as a percentage of the performing portfolio) has increased to 31.25% from 20.5% at closing in July 2014.

The Principal Cash Reserve fund is available to cover the shortfalls on senior fees and interest and principal paid under the Bonds and B loan. The principal Cash Reserve fund will be maintained throughout the life of the transaction at its target level of €9.6 million (10% of the current balance).

The transaction also benefits from a €9.287 million (9.67% of the current balance) Interest Reserve Fund to provide additional support to the Bonds. The Interest Reserve Fund covers for senior fees and interest shortfalls of the Bonds, and is amortising. On each interest payment date, the Interest Reserve Fund Target Amount will be equal to the difference between (1) the Interest Reserve Fund Target Amount in the previous period and (2) 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%. The Interest Reserve Fund is currently at its target level.

Banco Cooperativo Español S.A., whose Senior Long-Term Debt & Deposit is rated BBB (high) by DBRS, was appointed as back-up servicer of the transaction at closing. Barclays Bank PLC is the Treasury Account Bank provider and an eligible counterparty according to DBRS's "Legal Criteria for European Structured Finance Transactions" methodology.

The notes are floating rate, as are all the loans in the pool. The notes are indexed to 3 Months Euribor, whereas the loans are indexed to 12 Months Euribor, with different reset dates. No swaps are in place.

Notes:
All figures are in euros unless otherwise noted.

The principal methodology applicable is the "Master European Structured Finance Surveillance Methodology". A review of the transaction legal documents was not conducted as the documents have remained unchanged since the most recent rating action.

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's "The Effect of Sovereign Risk on Securitisations in the Euro Area" commentary on: http://www.dbrs.com/industries/bucket/id/10036/name/commentaries/.

The sources of information used for this rating include investor reports provided by Europea de Titulización, SGFT and data from the European DataWarehouse. DBRS does not rely upon third-party due diligence in order to conduct its analysis; DBRS was not supplied with third-party

Insight beyond the rating.

assessments. However, this did not impact the rating analysis. Data checks were performed and DBRS did not apply additional cash flow stresses in its scenarios.

DBRS considers the information available to it for the purposes of providing this rating was 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 8 July 2014, when DBRS assigned a rating of A (high) (sf) to the Bonds.

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

To assess the impact of 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 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 mortgages for the Issuer are 9.36% and 43.29%, respectively. At the A (high) (sf) rating level, the corresponding PD is 25.43% and the LGD is 56.48%.
-- 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 Bonds would be expected to remain at A (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Bonds would be expected to fall to A (sf), assuming no change in the LGD. Furthermore, if both PD and LGD increase by 50%, the rating would be expected to fall to BBB (sf).

Bonds Risk Sensitivity:
-- 25% increase in LGD, expected rating of A (high) (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 (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 BBB (high) (sf)
-- 50% increase in PD and 50% increase in LGD, expected rating of BBB (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: David Sanchez
Initial Rating Date: 8 July 2014
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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
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

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

Issuer	Debt Rated	Rating Action	Rating	Trend
Rural Hipotecario XVII, Fondo de Titulización de Activos	Bonds	Confirmed	A (high) (sf)	-

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