Date of Release: January 27, 2014

Insight beyond the rating.

DBRS Confirms Ratings to Rural Hipotecario X, FTA

Industry: Sec.--RMBS

DBRS Ratings Limited (“DBRS”) has reviewed Rural Hipotecario X, FTA (the “Issuer”) and confirms the ratings to the following Series of Notes:
- Series A confirmed at ‘A’ (sf)
- Series B confirmed at BBB (sf)
- Series C confirmed at ‘B’ (sf)

Rural Hipotecario X, FTA is a securitisation of first-ranking residential mortgage loans originated by 21 Spanish rural savings banks and serviced by the respective originators. The transaction follows the standard structure under Spanish Securitisation Law and closed in June 2008.
Confirmation of the ratings for Series A, Series B and Series C Notes is based upon the following analytical considerations:
- Portfolio performance, in terms of defaults and level of delinquencies, as of the 25 November 2013 Payment Date.
- Updated Portfolio Default Rate, Loss Given Default and Expected Loss for the remaining collateral pool.
- Current available credit enhancement to the rated notes to cover the expected losses at their respective rating levels.

The Series A Notes are rated for timely payment of interest and ultimate payment of principal. The Series B and Series C Notes are rated for ultimate payment of interest as the terms and conditions for these Series allow for deferment of interest to be paid based on certain trigger conditions. Series B and Series C Notes, are also rated for ultimate payment of principal.

As of the 25 November 2013 payment date, current 90+ delinquency ratio (excluding defaulted loans) as a percentage of the performing balance of the portfolio is 2.83% and has been decreasing from 3.24% since the initial DBRS rating. The cumulative default ratio is 1.01% and is within DBRS expectations since the initial rating analysis.

Credit enhancement for Series A Notes is provided by the subordination of Series B and Series C Notes and an amortising Cash Reserve (currently equal to 2.5% of the outstanding principal balance of the rated notes). Credit enhancement for Series B Notes is provided by the subordination of Series

C Notes and the Cash Reserve, whereas credit enhancement for Series C Notes is provided by the Cash Reserve only. The current credit enhancement for Series A, Series B and Series C Notes is 11.22%, 8.00% and 3.40%, respectively. The balance of the Cash Reserve is €28,948,622 which is below the target balance of €41,360,000.

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

Notes:
All figures are in Euro unless otherwise noted.

The principal methodology applicable is the Master European Residential Mortgage-Backed Securities Rating Methodology and Jurisdictional Addenda. 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 investor reports provided by Europea de Titulización S.G.F.T., S.A. and data from the European DataWarehouse. 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 27 June 2013, when DBRS assigned the ratings of BBB (sf) to Series B Notes and of 'B' (sf) to Series C Notes.

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.
• The base case PD and LGD of the current pool of mortgages for the Issuer are 5.64% and 24.08%, respectively. At the 'A' (sf) rating level, the corresponding PD is 18.21% and the LGD is 37.46%. At the BBB (sf) rating level, the corresponding PD is 14.07% and the LGD is 32.54%. At the 'B' (sf) rating level, the corresponding PD is 5.64% and the LGD is 24.08%.
• 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 Series A Notes would be expected to decrease to A (low) (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' (sf)
• 50% increase in LGD, expected rating of A (low) (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 BBB (high) (sf)
• 25% increase in PD and 50% increase in LGD, expected rating of BBB (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)

Series B Notes Risk Sensitivity:
• 25% increase in LGD, expected rating of BBB (sf)
• 50% increase in LGD, expected rating of BBB (sf)
• 25% increase in PD, expected rating of BBB (sf)
• 50% increase in PD, expected rating of BBB (low) (sf)
• 25% increase in PD and 25% increase in LGD, expected rating of BBB (sf)
• 25% increase in PD and 50% increase in LGD, expected rating of BBB (low) (sf)
• 50% increase in PD and 25% increase in LGD, expected rating of BBB (low) (sf)

• 50% increase in PD and 50% increase in LGD, expected rating of BB (high) (sf)

Series C Notes Risk Sensitivity:
• 25% increase in LGD, expected rating of ‘B’ (sf)
• 50% increase in LGD, expected rating of ‘B’ (sf)
• 25% increase in PD, expected rating of ‘B’ (sf)
• 50% increase in PD, expected rating of ‘B’ (sf)
• 25% increase in PD and 25% increase in LGD, expected rating of ‘B’ (sf)
• 25% increase in PD and 50% increase in LGD, expected rating of ‘B’ (sf)
• 50% increase in PD and 25% increase in LGD, expected rating of ‘B’ (sf)
• 50% increase in PD and 50% increase in LGD, expected rating of ‘B’ (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.

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Initial Rating Date: 8 February 2013
Initial Rating Committee Chair: Quincy Tang

Last Rating Date: 27 June 2013

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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
• 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

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Rural Hipotecario X, Fondo de Titulización de Activos	Series A	Confirmed	A (sf)	--	Jan 27, 2014
Rural Hipotecario X, Fondo de Titulización de Activos	Series B	Confirmed	BBB (sf)	--	Jan 27, 2014
Rural Hipotecario X, Fondo de Titulización de Activos	Series C	Confirmed	B (sf)	--	Jan 27, 2014

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