



Insight beyond the rating.

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DBRS Confirms Ratings on Rural Hipotecario XV, Fondo de Titulizacion de Activos

Industry: Sec.--RMBS

DBRS Ratings Limited ("DBRS") has reviewed Rural Hipotecario XV, Fondo de Titulizacion de Activos (the "Issuer" or "RH XV") and has confirmed the following ratings:

- Series A at 'A' (sf)
- Series B at 'BB' (sf)

The rating on the Series A Notes addresses timely payment of interest and full payment of principal by the legal maturity date. The rating on the Series B Notes addresses ultimate payment of interest and principal by the legal maturity date.

The rating actions are based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies and defaults, as of May 2014 payment date.
- Updated portfolio default rate, loss given default and expected loss assumptions for the remaining collateral pool. Legal framework and current transaction capital structure.
- Originators' capabilities with respect to origination and servicing of the underlying assets.

The Series A & B Notes are backed by a static portfolio of first-ranking mortgage loans secured by residential properties in Spain which were originated and continue to be serviced by three Rural Cooperative Banks: Globalcaja (Caja Rural de Albacete, Ciudad Real y Cuenca S.C.C) representing 37.4% of the pool, Caja Rural de Asturias S.C.C 28.4% and Caja Rural de Granada S.C.C. 34.2%. The portfolio has roughly 5.4 years of seasoning and a weighted average unindexed current loan-to-value of 55%. The current 90+ delinquency ratio, as a percentage of the performing balance of the portfolio, was 0.14%, as of May 31, 2014, and defaults, defined as loans in arrears for more than 18 months, have not occurred yet.

The portfolio is performing within DBRS expectations and the available credit enhancement for the Series A & Series B Notes is sufficient to cover DBRS expected losses at the current rating levels. The rating analysis incorporates 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.

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Credit enhancement for the Series A Notes consists of subordination of the Series B Notes (10.58%) and a Reserve Fund (5.29%), initially funded via a subordinated loan. Credit enhancement of the Series B Notes consists solely of a Reserve Fund (5.29%). The Reserve Fund is fully funded and, given the current level of arrears and its non-amortising nature, is expected to keep on providing support to the notes.

This is a multi-originator transaction, the three Rural Cooperative Banks are the originators and servicers while Banco Cooperativo Español S.A., whose Senior Long-Term Debt & Debt is rated BBB (high) by DBRS, was appointed as back-up servicer of the transaction at closing. Barclays Bank, Sucursal España is the Treasury Account Bank provider and an eligible counterparty according to the DBRS Legal 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 Data Warehouse. 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 23 July 2013, when the ratings on the Series A and Series B Notes were assigned.

Information regarding DBRS ratings, including definitions, policies and methodologies are available

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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 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 5.29% and 22.97%, respectively. The corresponding levels at the AAA (sf) rating level are 27.72% and 52.13%.
- 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 remain at ‘A’ (sf), assuming no change in the PD. If the PD increases by 50%, the rating for the Series A Notes would be expected to remain at ‘A’ (sf), assuming no change in the LGD. Furthermore, if both PD and LGD increase by 50%, the rating would be expected to remain at ‘A’ (sf).

Series A Notes Risk Sensitivity:

- 25% increase in LGD, expected rating of ‘A’ (sf)
- 50% increase in LGD, expected rating of ‘A’ (sf)
- 25% increase in PD, expected rating of ‘A’ (sf)
- 50% increase in PD, expected rating of ‘A’ (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of ‘A’ (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of ‘A’ (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of ‘A’ (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of ‘A’ (sf)

Series B Notes Risk Sensitivity:

- 25% increase in LGD, expected rating of BB (sf)
- 50% increase in LGD, expected rating of BB (sf)
- 25% increase in PD, expected rating of BB (sf)
- 50% increase in PD, expected rating of BB (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of BB (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of BB (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of BB (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of BB (sf)

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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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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

Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Rural Hipotecario XV, Fondo de Titulización de Activos	Series A	Confirmed	A (sf)	--	Jul 23, 2014

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Issuer	Debt Rated	Rating Action	Rating	Trend	Latest Event
Rural Hipotecario XV, Fondo de Titulización de Activos	Series B	Confirmed	BB (sf)	--	Jul 23, 2014

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