

Otra Información Relevante de

RURAL HIPOTECARIO XVIII FONDO DE TITULIZACIÓN

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XVIII FONDO DE TITULIZACIÓN** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES la presente información relevante:

- La Agencia de Calificación **DBRS Ratings GmbH (“DBRS Morningstar”)**, con fecha 9 de diciembre de 2021, comunica que confirma la calificación asignada a los Bonos emitidos por el Fondo:
 - **Bonos: AA (high) (sf)**

Se adjunta la comunicación emitida por DBRS Morningstar.

Madrid, 10 de diciembre de 2021.

DBRS Morningstar Confirms Rating on Rural Hipotecario XVIII Fondo de Titulización

RMBS

DBRS Ratings GmbH (DBRS Morningstar) confirmed its AA (high) (sf) rating on the Series A notes issued by Rural Hipotecario XVIII Fondo de Titulización (the Issuer).

The rating addresses the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date in December 2057.

The confirmation follows an annual review of the transaction and is based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies, defaults, and losses, as of the September 2021 payment date;
- Portfolio default rate (PD), loss given default (LGD), and expected loss assumptions on the remaining receivables;
- Current available credit enhancement to the Series A notes to cover the expected losses at the AA (high) (sf) rating level; and
- Current economic environment and an assessment of sustainable performance, as a result of the Coronavirus Disease (COVID-19) pandemic.

The transaction is a securitisation of residential mortgage loans secured by first-lien mortgages originated by Caja Rural de Aragón, Sociedad Cooperativa de Crédito (the Seller) in Spain. At closing, the Issuer used the proceeds of the Series A and Series B notes to fund the purchase of the mortgage portfolio from the Seller. In addition, the Seller provided separate additional subordinated loans to fund both the initial expenses and the reserve fund. The securitisation closed in December 2018 and took place in the form of a fund in accordance with Spanish securitisation law.

PORTFOLIO PERFORMANCE

As of September 2021, loans two to three months in arrears represented 0.2% of the outstanding portfolio balance, stable since September 2020; the 90+ days delinquency ratio was 0.3%, down from 0.5% in the same period; and the cumulative default ratio increased to 0.2%.

PORTFOLIO ASSUMPTIONS AND KEY DRIVERS

DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and updated its base case PD and LGD assumptions to 5.1% and 8.1%, respectively, including COVID-19 adjustments.

CREDIT ENHANCEMENT

As of September 2021 payment date, credit enhancement to the Series A notes was 17.0%, up from 15.1% in September 2020. Credit enhancement comprises EUR 21.7 million in subordination of the Series B notes and EUR 11.5 million of the reserve fund, which is available to cover senior expenses as well as interest and principal of the Series A notes until paid in full. The reserve fund was at its target amount as of September 2021 and is available to cover interest and principal for the Series B notes once the Series A notes are fully amortised. The reserve fund will not amortise if certain performance triggers are breached. The Series A notes' principal is senior to the Series B notes' interest payments in the priority of payments.

Banco Santander SA (Santander) acts as the account bank for the transaction. Based on the account bank's reference rating of A (high), which is one notch below the DBRS Morningstar Long Term Critical Obligations Rating of AA (low) on Santander, the downgrade provisions outlined in the transaction documents, and other mitigating factors inherent in the transaction structure, DBRS Morningstar considers the risk arising from the exposure to the account bank to be consistent with the rating on the Series A notes, as described in DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

The coronavirus pandemic and the resulting isolation measures caused an immediate economic contraction, leading in some cases to increases in unemployment rates and income reductions for many borrowers. DBRS Morningstar anticipates that delinquencies may continue to increase in the coming months for many residential mortgage-backed securities (RMBS) transactions. These ratings are based on additional analysis to expected performance as a result of the global efforts to contain the spread of the coronavirus.

For this transaction, DBRS Morningstar increased the expected default rate for self-employed borrowers, assumed a moderate decline in residential property prices, and conducted additional sensitivity analysis to determine that the transaction benefits from sufficient liquidity support to withstand potential high levels of payment holidays in the portfolio.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. These scenarios were last updated on 9 December 2021. DBRS Morningstar analysis considered impacts consistent with the baseline scenario in the below referenced report. For details, see the following commentaries: <https://www.dbrsmorningstar.com/research/389454/baseline-macroeconomic-scenarios-for-rated-sovereigns-december-2021-update> and <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

On 14 June 2021, DBRS Morningstar updated its 5 May 2020 commentary outlining the impact of the coronavirus crisis on performance of DBRS Morningstar-rated RMBS transactions in Europe one year on. For more details, please see: <https://www.dbrsmorningstar.com/research/380094/the-impact-of-covid-19-on-european-mortgage-performance-one-year-on> and <https://www.dbrsmorningstar.com/research/360599/european-rmbs-transactions-risk-exposure-to-coronavirus-covid-19-effect>.

ESG CONSIDERATIONS

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at: <https://www.dbrsmorningstar.com/research/373262>.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the rating is the "Master European Structured Finance Surveillance Methodology" (8 February 2021).

Other methodologies referenced in this transaction are listed at the end of this press release. These may be found at: <https://www.dbrsmorningstar.com/about/methodologies>.

DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent rating action.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to “Appendix C: The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings” of the “Global Methodology for Rating Sovereign Governments” at: <https://www.dbrsmorningstar.com/research/381451/global-methodology-for-rating-sovereign-governments>.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

The sources of data and information used for this rating include transaction reports provided by the management company, Europea de Titulización, S.A., S.G.F.T., and loan-level data provided by the European DataWarehouse GmbH.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial rating, DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purpose of providing this rating to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on this transaction took place on 11 December 2020, when DBRS Morningstar confirmed the rating on the Series A notes at AA (high) (sf).

Information regarding DBRS Morningstar ratings, including definitions, policies, and methodologies, is available at www.dbrsmorningstar.com.

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

- DBRS Morningstar expected a lifetime base case PD and 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 the credit rating.
- The base case PD and LGD of the current pool of loans for the Issuer are 5.1% and 8.0%, respectively.
- 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 AA (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of Series A notes would be expected to remain at AA (high) (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating of Series A notes would be expected to fall to AA (low) (sf).

Series A Risk Sensitivity:

- 25% increase in LGD, expected rating of AA (high) (sf)
- 50% increase in LGD, expected rating of AA (high) (sf)
- 25% increase in PD, expected rating of AA (high) (sf)

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

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see: <https://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>. DBRS Morningstar understands further information on DBRS Morningstar historical default rates may be published by the Financial Conduct Authority (FCA) on its webpage: <https://www.fca.org.uk/firms/credit-rating-agencies>.

This rating is endorsed by DBRS Ratings Limited for use in the United Kingdom.

Lead Analyst: Shalva Beshia, Assistant Vice President

Rating Committee Chair: Alfonso Candelas, Senior Vice President

Initial Rating Date: 7 December 2018

DBRS Ratings GmbH

Neue Mainzer Straße 75

60311 Frankfurt am Main Deutschland

Tel. +49 (69) 8088 3500

Geschäftsführer: Detlef Scholz

Amtsgericht Frankfurt am Main, HRB 110259

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

- Master European Structured Finance Surveillance Methodology (8 February 2021), <https://www.dbrsmorningstar.com/research/373435/master-european-structured-finance-surveillance-methodology>.
- Legal Criteria for European Structured Finance Transactions (29 July 2021), <https://www.dbrsmorningstar.com/research/382171/legal-criteria-for-european-structured-finance-transactions>.
- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (3 February 2021), <https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.
- Operational Risk Assessment for European Structured Finance Servicers (16 September 2021), <https://www.dbrsmorningstar.com/research/384513/operational-risk-assessment-for-european-structured-finance-servicers>.
- Interest Rate Stresses for European Structured Finance Transactions (24 September 2021), <https://www.dbrsmorningstar.com/research/384920/interest-rate-stresses-for-european-structured-finance-transactions>.
- European RMBS Insight Methodology (3 June 2021) and European RMBS Insight Model v 5.3.0.2, <https://www.dbrsmorningstar.com/research/379557/european-rmbs-insight-methodology>.
- European RMBS Insight: Spanish Addendum (6 July 2021), <https://www.dbrsmorningstar.com/research/381224/european-rmbs-insight-spanish-addendum>.

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at <https://www.dbrsmorningstar.com/research/278375>.

For more information on this credit or on this industry, visit www.dbrsmorningstar.com or contact us at info@dbrsmorningstar.com.

Ratings

Rural Hipotecario XVIII Fondo de Titulizacion

Date Issued	Debt Rated	Action	Rating	Trend	Attributes
09-Dec-21	Series A	Confirmed	AA (high) (sf)	--	EU U

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Contacts

Shalva Beshia

Assistant Vice President Analyst - Global Structured Finance

+49 69 8088 3528

shalva.beshia@dbrsmorningstar.com

Helvia Meana

Senior Analyst, Global Structured Finance

+49 69 8088 3688

helvia.meanaramon@dbrsmorningstar.com

Alfonso Candelas

Senior Vice President, Head of European Surveillance

+49 69 8088 3512

alfonso.candelas@dbrsmorningstar.com

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