

Hecho Relevante de RURAL HIPOTECARIO X FONDO DE TITULIZACION DE ACTIVOS

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

- La Agencia de Calificación **Fitch Ratings** (“Fitch”), con fecha 24 de mayo de 2017, comunica que, para corregir un error que cometió en la revisión anual de calificaciones del pasado 17 de junio de 2016, ha bajado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie A:** **A+sf**, perspectiva estable (anterior **AA+sf**, perspectiva estable)

Asimismo, Fitch ha confirmado la calificación asignada a la siguiente Serie de Bonos:

- **Serie B:** **Asf**, perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 26 de mayo de 2017

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada



Fitch Downgrades 3 Senior Rural Hipotecario Notes; Corrects Error

Fitch Ratings-London-24 May 2017: Fitch Ratings has downgraded the class A notes of Rural Hipotecario X, XI and XII, upgraded one tranche and affirmed four tranches, as follows:

Rural Hipotecario X, FTA

Class A (ES0374275008); downgraded to 'A+sf' from 'AA+sf'; Outlook Stable

Class B (ES0374275016); affirmed at 'Asf'; Outlook Stable

Rural Hipotecario XI, FTA

Class A (ES0323975005); downgraded to 'A+sf' from 'AAsf'; Outlook Stable

Class B (ES0323975013); affirmed at 'A+sf'; Outlook Stable

Class C (ES0323975021); upgraded to 'BBB-sf' from 'BB+sf'; Outlook Stable

Rural Hipotecario XII, FTA

Class A (ES0323976003); downgraded to 'A+sf' from 'AAsf'; Outlook Stable

Class B (ES0323976011); affirmed at 'A+sf'; Outlook Stable

Class C (ES0323976029); affirmed at 'BBB-sf'; Outlook Stable

The transactions comprise residential mortgage loans originated and serviced by multiple rural saving banks in Spain. The transactions are part of the Rural Hipotecario RMBS series and closed between 2008 and 2009, with weighted average seasoning of approximately 10 years.

KEY RATING DRIVERS

Error Correction

The downgrade of the class A notes follows the correction of an error that occurred during the last annual surveillance review on 17 June 2016. In accordance with Fitch's counterparty criteria, the notes' ratings should have remained capped at 'A+sf', the highest achievable rating for the transactions considering the account bank replacement trigger defined within the transaction documents at 'BBB+/'F2'.

Credit Enhancement (CE) Trends

The sequential pay down of the notes and the non-amortising reserve funds are allowing CE to increase in most cases, which is reflected in the upgrade of class C notes of Rural Hipotecario XI. The transactions allow pro-rata amortisation of the notes as long as delinquencies remain below certain triggers and tranche thickness levels are maintained. Currently, only Rural Hipotecario XI is amortising class A and B notes on a pro-rata basis. However, it is likely that conditions for pro rata payment will be fulfilled for Rural Hipotecario X over the next payment dates.

Stable Asset Performance

The securitised mortgage portfolios have built some substantial seasoning of approximately 10 years. As such, the weighted average current loan-to-value (LTV) ratios have dropped below 50%, compared with the weighted average original LTV of just below 70%.

Three-month plus arrears (excluding defaults) as a percentage of the current pool balance are in the range of 0.9% and 1.2% for the transactions, broadly in line with Fitch's index of three-months-plus arrears of 0.9%. Gross cumulative defaults remain below the average observed for Spain of 5.6% for the three transactions with 3.5%, 3.3% and 0.3% for Rural Hipotecario X, XI and XII respectively.

Portfolio Risky Attributes

Fitch has applied a 15% increase to the base foreclosure frequency assumption for loans located in regions that represent each more than 35% of the portfolio balance, such as Castilla La Mancha with a 36% exposure in Rural Hipotecario XII. Additionally, the portfolios include between 20-25% of loans to self-employed borrowers, which are considered risky borrowers and are subject to an increased foreclosure frequency of 60%.

Restructured Loan Exposure

Fitch has received additional data on modification of the underlying portfolios and has found that all three transactions have been subject to maturity extensions of between 1.5% (Rural Hipotecario X) and 2.4% (Rural Hipotecario XII) of the outstanding balance. In the absence of sufficient payment history data for such loans, Fitch has added their balance to the three months plus arrears bucket, in line with our Spanish criteria addendum.

RATING SENSITIVITIES

The class A notes' ratings in these transactions could be upgraded to the maximum achievable rating for Spanish structured

finance transactions of 'AA+sf' if the account bank replacement triggers were defined at the 'A-' or 'F1' level as specified in Fitch's counterparty criteria, all else being equal.

A worsening of the Spanish macroeconomic environment, especially employment conditions or an abrupt shift of interest rates could jeopardise the underlying borrowers' affordability. This could have negative rating implications, especially for junior tranches that are less protected by structural CE.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO RULE 17G-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pools and the transactions. There were no findings that affected the rating analysis. Fitch has not reviewed the results of any third party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring.

Fitch did not undertake a review of the information provided about the underlying asset pools ahead of the transactions' initial closing. The subsequent performance of the transactions over the years is consistent with the agency's expectations given the operating environment and Fitch is therefore satisfied that the asset pool information relied upon for its initial rating analysis was adequately reliable.

Overall and together with the assumptions referred to above, Fitch's assessment of the information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

SOURCES OF INFORMATION

The information below was used in the analysis.

- Issuer and servicer reports provided by Europea de Titulización SGFT since close of the deals and until 22 March 2017 for Rural XII, 31 March 2017 for Rural XI and 28 Feb 2017 Rural X.
- Loan level data dated 15 December 2016 for Rural XII, 19 December 2016 for Rural XI and 20 February 2017 for Rural X were used to run the surveillance model and the relevant data source was the European Data Warehouse.
- Communications from trustee during April and May 2017.

MODELS

EMEA RMBS Surveillance Model. (<https://www.fitchratings.com/site/structuredfinance/rmbs/emearsm>)

ResiEMEA. (<https://www.fitchratings.com/site/structuredfinance/rmbs/resiemia>)

EMEA Cash Flow Model. (<https://www.fitchratings.com/site/structuredfinance/emeacfm>)

Contacts:

Lead Surveillance Analyst
Andrea Alexandra Kopp
Analyst
+44 20 3530 1633
Fitch Ratings Limited
30 North Colonnade
London E14 5GN

Committee Chairperson
Juan David Garcia
Senior Director
+34 91 702 5774

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email: athos.larkou@fitchratings.com.

Additional information is available on www.fitchratings.com

Applicable Criteria

Criteria Addendum: Spain Residential Mortgage Assumptions (pub. 02 Dec 2016) (<https://www.fitchratings.com/site/re/891432>)

Criteria for Country Risk in Global Structured Finance and Covered Bonds (pub. 26 Sep 2016)

(<https://www.fitchratings.com/site/re/881269>)

EMEA RMBS Rating Criteria (pub. 29 Nov 2016) (<https://www.fitchratings.com/site/re/891276>)

Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 17 Feb 2017)

(<https://www.fitchratings.com/site/re/894478>)

Global Structured Finance Rating Criteria (pub. 03 May 2017) (<https://www.fitchratings.com/site/re/897411>)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017)

(<https://www.fitchratings.com/site/re/898537>)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017)

(<https://www.fitchratings.com/site/re/898538>)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 17 Feb 2017)

(<https://www.fitchratings.com/site/re/893890>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/1024157>)

Solicitation Status (<https://www.fitchratings.com/site/pr/1024157#solicitation>)

Endorsement Policy (<https://www.fitchratings.com/regulatory>)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings)

(<https://www.fitchratings.com/understandingcreditratings>). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM

(<https://www.fitchratings.com>). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS

SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE

FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE

CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE

AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory) (<https://www.fitchratings.com/site/regulatory>).

FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD

PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-

REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2017 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone:

1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except

by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast

information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes

to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its

ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such

sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of

the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and

practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and

nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing

third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering

reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party

verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other

factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-

party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate

and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch

and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of

experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax

matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody

assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any

verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the

time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not

represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch

rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established

criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective

work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does

not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in

the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved

in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report

providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to

investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at

any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a

recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of

any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch

receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary

from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a

number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single

annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The

assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an

expert in connection with any registration statement filed under the United States securities laws, the Financial Services and

Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of

electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Solicitation Status

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligator being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated, except for the following:

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.