

Hecho Relevante de RURAL HIPOTECARIO XI FONDO DE TITULIZACION DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XI 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 19 de febrero de 2018, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A:** **A+sf**, perspectiva estable
- **Serie C:** **BBB-sf**, perspectiva estable

Asimismo, Fitch ha bajado la calificación asignada a la restante Serie de Bonos:

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

Se adjunta la comunicación emitida por Fitch.

Madrid, 19 de febrero de 2018.

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Apoderado

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Apoderada



Fitch Takes Multiple Rating Actions on Rural Hipotecario Series

Fitch Ratings-Frankfurt/London-19 February 2018: Fitch Ratings has taken multiple rating actions on the Rural Hipotecario series and removed them from Rating Watch Evolving (RWE). The rating actions follow the application of the European RMBS Rating Criteria published on 27 October 2017.

The transactions comprise residential mortgage loans originated and serviced by multiple rural saving banks in Spain.

Rural Hipotecario IX, FTA

Class A2 (ES0374274019); affirmed at 'A+sf'; off RWE; Outlook Stable

Class A3 (ES0374274027); affirmed at 'A+sf'; off RWE; Outlook Stable

Class B (ES0374274035); upgraded to 'A+sf' from 'BBB+sf'; off RWE; Outlook Stable

Class C (ES0374274043); upgraded to 'A+sf' from 'BBsf'; off RWE; Outlook Stable

Class D (ES0374274050); upgraded to 'BBBsf' from 'Bsf'; off RWE; Outlook Stable

Class E (ES0374274068); affirmed at 'CCsf'; off RWE; Recovery Estimate (RE) revised to 0% from 60%

Rural Hipotecario X, FTA

Class A (ES0374275008); affirmed at 'A+sf'; off RWE; Outlook Stable

Class B (ES0374275016); upgraded to 'A+sf' from 'Asf'; off RWE; Outlook Stable

Rural Hipotecario XI, FTA

Class A (ES0323975005); affirmed at 'A+sf'; off RWE; Outlook Stable

Class B (ES0323975013); downgraded to 'Asf' from 'A+sf'; off RWE; Outlook Stable

Class C (ES0323975021); affirmed at 'BBB-sf'; off RWE; Outlook Stable

Rural Hipotecario XII, FTA

Class A (ES0323976003); affirmed at 'A+sf'; off RWE; Outlook Stable

Class B (ES0323976011); downgraded to 'Asf' from 'A+sf'; off RWE; Outlook Stable

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

KEY RATING DRIVERS

European RMBS Rating Criteria

The application of the new European RMBS Rating Criteria has generally led to

smaller expected losses, leading to the upgrade of Rural Hipotecario IX's class B, C and D notes.

Excessive Counterparty

The transactions can hold significant cash amounts in the form of the reserve account floor held at the account bank, Citibank Europe Plc (A/Stable), over a long period of 12 months or more and are thus potentially exposed to excessive counterparty risk.

Fitch tested the model-implied rating of the notes with the reserve fund set at the floor amount against the transaction without reserves to determine and found that the class B notes of Rural Hipotecario XI and XII are not sufficiently isolated to achieve ratings higher than the account bank's rating. This is reflected in today's downgrade.

Account Bank Trigger Set-up

For Rural Hipotecario X, XI and XII the account bank replacement trigger defined within the transaction documents is set at 'BBB+/'F2', which we deem can support ratings in the 'Asf' category. The senior notes of Rural Hipotecario X, XI, XII are thus affirmed at 'A+sf' and the mezzanine note of Rural Hipotecario X upgraded to 'A+sf'.

Payment Interruption Risk

Rural Hipotecario IX faces payment interruption risk in its class A notes. In testing for payment interruption in its cash flow model Fitch found that the reserve fund only just covered senior expenses and interest on the class A notes. However, the collections are transferred from the collection account to the issuing-SPV account on a daily basis and both accounts are held at regulated banks domiciled in developed markets. We therefore deem a 'Asf' rating category as appropriate as the transaction account set-up minimises operational risk. The senior notes of Rural Hipotecario IX are thus affirmed at 'A+sf'.

Portfolio Risk Attributes

All four transaction portfolios are exposed to substantial geographical concentration with the top three regions representing at least 59% of the collateral balance. Fitch applies higher foreclosure frequency rating multiples, where it deems that regional concentration exists.

Additionally, all transactions have a significant exposure to self-employed borrowers of at least 20%, which are considered high-risk borrowers and are subject to an increased foreclosure frequency assumption of 70%.

RATING SENSITIVITIES

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 credit enhancement.

Rural Hipotecario XI and XII mezzanine notes are sensitive to changes in the account bank's rating. Therefore, a change in the account bank's rating might lead to a review of the class B notes' ratings.

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, 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.

- Servicer reports provided by Europea de Titulizacion - Sociedad Gestora de Fondos de Titulizacion since closing of the deals until December 2017.
- Loan level data, dated November 2017 for Rural Hipotecario IX and X and December 2017 for Rural Hipotecario XI and XII, were used to run the asset model and the relevant data sources were the European Datawarehouse.
- Discussions/updates from servicer dated April 2017.

MODELS

The models below were used in the analysis. Click on the link for a description of the model.

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

EMEA Cash Flow Model.

(<https://www.fitchratings.com/site/structuredfinance/emeacfm>)

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Additional information is available on www.fitchratings.com

Applicable Criteria

European RMBS Rating Criteria (pub. 02 Feb 2018)

(<https://www.fitchratings.com/site/re/10018676>)

Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018)

(<https://www.fitchratings.com/site/re/10018863>)

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 Country Risk Rating Criteria (pub. 18 Sep 2017) (<https://www.fitchratings.com/site/re/903496>)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 02 Feb 2018) (<https://www.fitchratings.com/site/re/10018549>)

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(<https://www.fitchratings.com/site/dodd-frank-disclosure/10020827>)

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