

Hecho Relevante de RURAL HIPOTECARIO XV FONDO DE TITULIZACION DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XV 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 29 de noviembre de 2018, comunica que ha confirmado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

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

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

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

Se adjunta la comunicación emitida por Fitch.

Madrid, 29 de noviembre de 2018.



Fitch Upgrades 3 Tranches of Rural Hipotecario RMBS

Fitch Ratings-Madrid-29 November 2018: Fitch Ratings has upgraded the class B notes' ratings of Rural Hipotecario (Rural) XIV, XV and XVI transactions, and affirmed the class A notes' ratings of Rural XIV, XV, XVI, and XVII. A full list of rating actions follows at the end of this ratings action commentary.

The transactions comprise residential mortgages originated and serviced by multiple rural savings banks in Spain that operate a back-up servicer arrangement with Banco Cooperativo Espanol S.A. (BBB/Stable/F3).

KEY RATING DRIVERS

Increasing Credit Enhancement (CE)

Today's actions reflect our view that current and projected levels of CE of the notes are sufficient to mitigate the credit and cash flow stresses under their respective rating scenarios. CE for all the securitisation notes is expected to continue increasing given their continuing sequential amortisation and the availability of non-amortising reserve funds.

Rating Cap due to Counterparty Arrangement

The class A notes' ratings of the four Rural RMBS transactions are capped at 'A+sf' as the account bank replacement triggers are set at 'BBB+' and 'F2', which are insufficient to support 'AAsf' or 'AAAsf' ratings. Moreover, the class B notes' ratings of Rural XIV, XV and XVI are capped at 'A+sf', which is equivalent to the SPV account bank provider's (Societe Generale S.A.) long-term deposit rating. This is because, the only source of structural CE for the class B notes is the reserve fund, which is kept at the account bank.

Stable Asset Performance

The transactions continue to show sound asset performance with three-month plus arrears (excluding defaults) as a percentage of current pool balance at less than 0.5% as of the latest reporting date. However, Fitch has been informed that the originators have repurchased some securitised loans linked to interest rate floor clauses. In line with Fitch's European RMBS Rating Criteria, the agency views the reported default data as insufficiently reliable and has therefore kept the performance adjustment factor parameter within its credit analysis at 100%.

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Regional Concentration
All four transaction portfolios are exposed to substantial geographic concentration risk, mainly to the regions of Aragon, Asturias, Castilla La Mancha and Castilla-Leon. Fitch has applied a set of higher rating multiples to the base foreclosure frequency assumption to the portion of

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the portfolio that exceeds 2.5x the population within these regions.

Additionally, all the transactions have significant exposure to self-employed borrowers, ranging between 15% for Rural XVII and 23% for Rural XVI, which are considered higher-risk borrowers than dependent employees and are subject to a foreclosure frequency adjustment of 1.7x.

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 CE.

The class B notes' ratings of Rural XIV, XV and XVI are sensitive to a change to the account bank rating.

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.

Loan-by-loan data sourced from the European Data Warehouse as at:

June 2018 for Rural XVI and XVII

August 2018 for Rural XIV and XV

Issuer and servicer reports provided by Europea de Titulización SGFT, S.A. as at:

June 2018 for Rural XVI and XVII

July 2018 for Rural XIV and XV

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Communications with the portfolio servicers dated November 2018.

MODELS

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

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

The rating actions are as follows:

Rural Hipotecario XIV, FTA

Class A (ES0374268003); affirmed at 'A+sf'; Outlook Stable

Class B (ES0374268011); upgraded to 'Asf' from 'A-sf'; Outlook Stable

Rural Hipotecario XV, FTA

Class A (ES0323977001); affirmed at 'A+sf'; Outlook Stable

Class B (ES0323977019); upgraded to 'A+sf' from 'Asf'; Outlook Stable

Rural Hipotecario XVI, FTA

Class A (ES0323978009); affirmed at 'A+sf'; Outlook Stable

Class B (ES0323978017); upgraded to 'A+sf' from 'Asf'; Outlook Stable

Rural Hipotecario XVII, FTA

Class A (ES0305033005); affirmed at 'A+sf'; Outlook Stable

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Applicable Criteria

European RMBS Rating Criteria (pub. 05 Oct 2018) (<https://www.fitchratings.com/site/re/10047011>)

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. 15 May 2018) (<https://www.fitchratings.com/site/re/10029600>)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 01 Aug 2018) (<https://www.fitchratings.com/site/re/10039504>)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 01 Aug 2018) (<https://www.fitchratings.com/site/re/10039505>)

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 23 Oct 2018) (<https://www.fitchratings.com/site/re/10047041>)

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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