

FITCH AFFIRMS RURAL HIPOTECARIO IX

Fitch Ratings-London/Madrid-01 February 2012: Fitch Ratings has affirmed Rural Hipotecario IX, as follows:

Class A2 (ISIN ES0374274019) affirmed at 'AAAsf'; Off Rating Watch Negative (RWN); Outlook Negative

Class A3 (ISIN ES0374274027) affirmed at 'AAAsf'; Off RWN; Outlook Negative

The affirmations follow the recovery of the reserve fund on the last payment date, which should allow the transaction to mitigate any commingling and payment interruption risk in case of servicer default. Rural Hipotecario IX is a Spanish RMBS transaction comprising residential mortgage loans originated and serviced by multiple Spanish savings banks. All the originators belong to the Asociacion Espanola de Caja Rurales banking service through Banco Cooperativo ('A'/RWN/'F1').

As the collateral is originated and serviced by multiple institutions, some of which are not Fitch rated entities, the agency had concerns over the transaction's exposure to commingling and payment interruption risk that could occur should any of the servicers default. The structure does not incorporate any liquidity facilities or commingling reserves, which would typically be used to mitigate such exposure. In its analysis of similar transactions, Fitch considers other sources of liquidity which could be used to cover temporary disruptions in cash flows in case of servicer defaults. In Rural Hipotecario IX, the reserve fund is the only source of funds in the structure that could be relied upon to meet senior fees and interest due on the notes should the issuer fail to receive the full amount of proceeds due from borrowers upon the default of any of the servicers. In July 2011, Fitch observed that the reserve fund was increasingly being utilised for provisioning for defaulted loans and the agency expected this declining reserve fund trend to continue over the next quarters. For this reason, it did not give credit to the reserve fund in its analysis of commingling and payment interruption risks, and placed the class A2 and A3 notes on RWN.

Since then, the issuer has reported an improvement in the deal's performance, with the level of arrears stabilising and the period defaults falling to levels where the excess spread remains sufficient to fully provision for their outstanding balances. As a result, the reserve fund has been replenishing towards its target level.

Given the better than expected performance, Fitch considers the reserve fund can once again be considered a structural mitigant against possible commingling and payment interruption risk and has consequently affirmed the notes. The Negative Outlook assigned to the class A2 and A3 notes reflects the Negative Outlook on the Spanish sovereign Issuer Default Ratings ('A'/Negative/'F1').

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Additional information is available at 'www.fitchratings.com'. The ratings above were solicited by, or on behalf of, the issuer, and therefore, Fitch has been compensated for the provision of the ratings.

Sources of information- in addition to those mentioned in the applicable criteria, the sources of information used to assess these ratings were Investor Reports

Applicable criteria, 'EMEA Residential Mortgage Loss Criteria' dated 7 June 2011, and 'EMEA Residential Mortgage Loss Criteria Addendum - Spain' dated 11 August 2011 'Counterparty Criteria for Structured Finance Transactions' and 'Counterparty Criteria for Structured Finance Transactions: Derivative Addendum', dated 14 March 2011

Applicable Criteria and Related Research:

EMEA Residential Mortgage Loss Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=649450

EMEA Criteria Addendum - Spain - Mortgage Loss and Cash Flow Assumptions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=647295

Counterparty Criteria for Structured Finance Transactions

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=605425

Counterparty Criteria for Structured Finance Transactions: Derivative Addendum

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=605427

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