

**Material Event**  
**concerning**

**RURALPYME 2 FTPYME FONDO DE TITULIZACION DE ACTIVOS**

Pursuant to the Prospectus for **RURALPYME 2 FTPYME FONDO DE TITULIZACION DE ACTIVOS** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Moody’s Investors Service** (“**Moody’s**”) advised on November 5, 2014 that it has upgraded the rating assigned to the following Bond Series issued by the Fund:

- **Series B:**                    **A1 (sf)**                    (previously **Baa2 (sf)**, under review)
- **Series C:**                    **Baa1 (sf)**                    (previously **B3 (sf)**, under review)

In addition, Moody’s has affirmed the rating assigned to the following Bond Series:

- **Series A2(G):**            **A1 (sf)**

The rating assigned to the other Bond Series remains unchanged:

- **Series D:**                    **C (sf)**

Enclosed herewith is the communication issued by Moody’s.

Madrid, November 6, 2014.

Mario Masiá Vicente  
General Manager

**Rating Action: Moody's upgrades three notes in two Spanish ABS SME Transactions**

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Global Credit Research - 05 Nov 2014

Madrid, November 05, 2014 -- Moody's Investors Service has today upgraded the ratings of three notes in two Spanish asset-backed securities transactions: IM CAJAMAR EMPRESAS 2 FTPYME, FTA and RURALPYME 2 FTPYME, FTA. At the same time, Moody's affirmed the A1(sf) ratings of three notes in these two transactions.

Today's rating action concludes the review of the ratings of the notes placed on review for upgrade on 17 March 2014, following the upgrade of the Spanish sovereign rating to Baa2 from Baa3 and the resulting increase of the local-currency country ceiling to A1 from A3 ([http://www.moody.com/viewresearchdoc.aspx?docid=PR\\_292078](http://www.moody.com/viewresearchdoc.aspx?docid=PR_292078)). The sovereign rating upgrade reflected improvements in institutional strength and reduced susceptibility to event risk associated with lower government liquidity and banking sector risks.

IM CAJAMAR EMPRESAS 2 FTPYME and RURALPYME 2 FTPYME are both asset backed securitisations (ABS) backed by a pool of loans extended to small, medium enterprises (SMEs) in Spain. IM CAJAMAR EMPRESAS 2 FTPYME was originated by Cajamar Caja Rural, Soc. Coop. de Crédito (NR) in 2008 while RURALPYME 2 FTPYME closed in 2006 and was originated by 14 Spanish rural savings banks (NR).

Please refer to the end of the Ratings Rationale section for a list of affected ratings.

**RATINGS RATIONALE**

Today's rating action reflects (1) the increase in the Spanish local-currency country ceiling to A1 and (2) sufficiency of credit enhancement in the affected transactions which has increased significantly over the last 12 months.

**-- Reduced Sovereign Risk**

The Spanish sovereign rating was upgraded to Baa2 in February 2014, which resulted in an increase in the local-currency country ceiling to A1. The Spanish country ceiling, and therefore the maximum rating that Moody's will assign to a domestic Spanish issuer including structured finance transactions backed by Spanish receivables, is A1 (sf).

The increase of credit enhancement due to deleveraging combined with the reduction in sovereign risk has prompted the upgrade of the notes. Today's affirmations reflect the presence of adequate credit enhancement to address asset default and sovereign risk. New adjustments to Moody's modeling assumptions to account for recent performance trends with regards to defaults and recoveries affected both transactions included in today's rating action.

**-- Key collateral assumptions**

Some of the key collateral assumptions have been updated as part of this review. The performance of the underlying asset portfolios remain broadly in line with Moody's assumptions. Moody's also has a stable outlook ([http://www.moody.com/viewresearchdoc.aspx?docid=PBS\\_SF373727](http://www.moody.com/viewresearchdoc.aspx?docid=PBS_SF373727)) for Spanish ABS and RMBS transactions.

For IM CAJAMAR EMPRESAS 2 FTPYME, Moody's has updated its default probability (DP) assumption to 17.5% of current pool balance to reflect the increased levels of outstanding defaults since 2013. Moody's has increased the recovery rate assumption to 45% from 40% given observed recoveries on previously defaulted loans exceed expectations (50% as of Sep 2014). Moody's has also reduced its volatility assumption to 52.2% given the reduced country risk. The revised DP of 17.5% together with the revised recovery rate of 45% and a volatility of 52.2% corresponds to an increased portfolio credit enhancement of 23.5% from 20%. Moody's default assumption takes into account the large proportion of self employed borrowers (47%).

In RURALPYME 2 FTPYME, Moody's has maintained its DP assumption given stable performance. Moody's has revised the recovery assumption to 55% from 45% given observed recoveries on previously defaulted loans

exceed expectations (63% as of Sep 2014) and lowered the volatility assumption to 65.1% given the reduced country risk. The DP of 16% together with the revised recovery rate of 55% and the volatility of 65.1% corresponds to a reduced portfolio credit enhancement of 22.5% (compared to 25.3% previously). Moody's modeling assumptions take into consideration the moderate concentration to the real estate sector (22.0% of current pool balance).

#### -- Exposure to Counterparties

Moody's rating analysis also took into consideration the exposure to key transaction counterparties. Including the roles of servicer, account bank and swap provider.

Today's rating action takes into account commingling exposure to Cajamar Caja Rural, Soc. Coop. de Credito (NR) for IM CAJAMAR EMPRESAS 2 FTPYME and to the 14 originating Spanish rural savings banks (NR) with regards to RURALPYME 2 FTPYME. The reserve fund representing respectively 32.2% and 29.4% of the current notes balance (as of 30 Sep 2014) in IM CAJAMAR EMPRESAS 2 FTPYME and RURALPYME 2 FTPYME is deposited in Barclays Bank PLC Sucursal en Espana (NR, Barclays Bank PLC rated A2/P-1) and Barclays Bank PLC (A2/P-1) respectively.

Moody's also assessed the exposure to Banco Bilbao Vizcaya Argentaria, S.A. (Baa2/P-2) and Banco Cooperativo Espanol, S.A. (Ba2/NP) acting as swap counterparty for IM CAJAMAR EMPRESAS 2 FTPYME and RURALPYME 2 FTPYME.

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was "Moody's Global Approach to Rating SME Balance Sheet Securitizations" published in January 2014. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) further reduction in sovereign risk, (2) performance of the underlying collateral that is better than Moody's expected, (3) deleveraging of the capital structure and (4) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than Moody's expects, (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

#### LIST OF AFFECTED RATINGS

Issuer: IM CAJAMAR EMPRESAS 2 FTPYME, FTA

...EUR162.9M A2(G) Notes, Affirmed A1 (sf); previously on Mar 17, 2014 Upgraded to A1 (sf)

...EUR41.6M B Notes, Affirmed A1 (sf); previously on Mar 17, 2014 Upgraded to A1 (sf)

...EUR28M C Notes, Upgraded to Baa1 (sf); previously on Mar 17, 2014 Baa3 (sf) Placed Under Review for Possible Upgrade

Issuer: RURALPYME 2 FTPYME, FTA

...EUR53.7M A2(G) Notes, Affirmed A1 (sf); previously on Mar 17, 2014 Upgraded to A1 (sf)

...EUR29.1M B Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 Baa2 (sf) Placed Under Review for Possible Upgrade

...EUR23.2M C Notes, Upgraded to Baa1 (sf); previously on Mar 17, 2014 B3 (sf) Placed Under Review for Possible Upgrade

#### REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Moody's did not receive or take into account a third party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of these transactions in the past six months.

In rating this transaction, Moody's used a cash flow model to model cash flow stress scenarios to determine the extent to which investors would receive timely payments of interest and principal in the stress scenarios, given the transaction structure and collateral composition.

As the section on loss and cash flow analysis describes, Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

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