

**Hecho Relevante de RURAL HIPOTECARIO VII FONDO DE TITULIZACION DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO VII 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 15 de febrero de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A1:** **AAAsf**, perspectiva estable (anterior **AA+sf**, perspectiva positiva)
- **Serie C:** **Asf**, perspectiva estable (anterior **BBB-sf**, perspectiva estable)

Asimismo, Fitch comunica que ha confirmado la calificación asignada a la restante Serie de Bonos:

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

Se adjunta la comunicación emitida por Fitch.

Madrid, 16 de febrero de 2018.

José Luis Casillas González  
Apoderado

Paula Torres Esperante  
Apoderada



## Fitch Upgrades 9 Tranches of Rural Hipotecario VI, VII and VIII

Fitch Ratings-Frankfurt/London-15 February 2018: Fitch Ratings has upgraded nine tranches of Rural Hipotecario VI, VII and VIII, affirmed three tranches and removed all notes from Rating Watch Evolving (RWE), as follows:

### Rural Hipotecario VI, FTA

Class A (ES0374306001); upgraded to 'AAAsf' from 'AA+sf'; off RWE; Outlook Stable

Class B (ES0374306019); upgraded to 'AAsf' from 'A+sf'; off RWE; Outlook Stable

Class C (ES0374306027); upgraded to 'Asf' from 'BBB+sf'; off RWE; Outlook Stable

### Rural Hipotecario VII, FTA

Class A1 (ES0366366005); upgraded to 'AAAsf' from 'AA+sf'; off RWE; Outlook Stable

Class B (ES0366366021); affirmed at 'A+sf'; off RWE; Outlook Stable

Class C (ES0366366039); upgraded to 'Asf' from 'BBB-sf'; off RWE; Outlook Stable

### Rural Hipotecario VIII, FTA

Class A2a (ES0366367011); upgraded to 'AAAsf' from 'AA+sf'; off RWE; Outlook Stable

Class A2b (ES0366367029); upgraded to 'AAAsf' from 'AA+sf'; off RWE; Outlook Stable

Class B (ES0366367037); affirmed at 'A+sf'; off RWE; Outlook Stable

Class C (ES0366367045); upgraded to 'A+sf' from 'BBBs'; off RWE; Outlook Stable

Class D (ES0366367052); upgraded to 'Asf' from 'BB+sf'; off RWE; Outlook Stable

Class E (ES0366367060); affirmed at 'CCsf'; off RWE; Recovery Estimate (RE) revised to 0% from 60%

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

### KEY RATING DRIVERS

Sovereign-Related Cap Lifted

Following Fitch's upgrade of Spain's Long-Term Local-Currency Issuer Default Rating (IDR) to 'A-' on 19 January 2018, and in line with Fitch's Structured Finance

and Covered Bonds Country Risk Rating Criteria, Spanish structured finance transactions are no longer capped at 'AA+sf', but can be rated up to 'AAAsf', i.e. six notches above the sovereign's rating. This is reflected in the upgrade of the transactions' senior notes to 'AAAsf' from 'AA+sf'.

#### European RMBS Rating Criteria

The application of the European RMBS Rating Criteria has generally led to smaller expected losses, contributing to the upgrades.

#### Stable Asset Performance

All three transactions are quite seasoned. As such, the weighted average current loan-to-value (LTV) ratios have dropped below 40%, compared with the weighted average original LTV of around 70%.

The transactions continue to show sound asset performance trends with three-month plus arrears (excluding defaults) ranging between 0.6% and 1.4% of the portfolio outstanding balance, and cumulative gross defaults (defined as loans in arrears for more than 18 months) ranging between 0.8% and 2.1% of the initial portfolio balance at the time of the review.

#### Increasing Credit Enhancement (CE)

All three transactions include pro-rata amortisation mechanisms so long as performance and tranche thickness (tranche size relative to total outstanding) triggers are fulfilled. As the transactions amortise, we expect CE to increase for all rated notes due to the availability of a floored cash reserve. CE is expected to increase only slightly for Rural Hipotecario VI's senior tranches as the pro-rata amortisation of all classes of notes continues, but CE ratios for Rural Hipotecario VIII's senior notes should increase more as the transaction is currently paying pro-rata for both the senior class A2a and A2b notes. The other notes are paid fully sequentially. Rural Hipotecario VII's senior notes should also see only a slight increase in CE as the pro-rata currently applies to senior and mezzanine notes.

CE for the junior notes consists solely of the amounts from the floored cash reserve. As this exposure is present for more than 12 months, in line with Fitch's counterparty criteria, the junior notes' ratings are not viewed as sufficiently isolated to achieve ratings higher than the account bank's (Citibank Europe Plc) 'A' rating.

#### Interest Deferrability

Interest deferrals for mezzanine and junior notes are permitted under the terms of the transaction documents. In line with its Global Structured Finance Rating Criteria, Fitch will not assign ratings in the 'AAsf'-category or higher to notes that it expects would defer interest under stress scenarios associated with those rating categories.

## 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 ratings of the senior notes are sensitive to changes in Spain's Long-Term Foreign-Currency IDR, which affects the highest achievable rating for Spanish structured finance notes. Therefore, a downgrade of the sovereign would lead to a review of the senior notes' ratings.

The junior notes' ratings are sensitive to changes in the account bank's rating. Therefore, a change in the account bank's rating could lead to a review of the junior 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 close of the deals and until January 2018 for Rural Hipotecario VI and VIII and December 2017 for Rural Hipotecario VII.
- Loan level data dated January 2018 for Rural Hipotecario VI, December 2017 for

Rural Hipotecario VII, and October 2017 for Rural Hipotecario VIII were used to run the asset model and the relevant data sources were the European Datawarehouse.  
- Discussions/updates from servicer dated April 2017.

## MODELS

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

## Contacts:

Lead Surveillance Analyst  
Stephan Perng  
Associate Director  
+49 69 768076 263  
Fitch Deutschland GmbH  
Neue Mainzer Strasse 46-50  
60311 Frankfurt am Main

## Committee Chairperson

Robbie Sargent  
Senior Director  
+44 20 3530 1404

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

Additional information is available on [www.fitchratings.com](http://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>)

## **Additional Disclosures**

Dodd-Frank Rating Information Disclosure Form

(<https://www.fitchratings.com/site/dodd-frank-disclosure/10020590>)

Solicitation Status (<https://www.fitchratings.com/site/pr/10020590#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). 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](http://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). 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 © 2018 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

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

#### **Solicitation Status**

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligatory 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.