

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 24 de mayo de 2017, comunica que, para corregir un error que cometió en la revisión anual de calificaciones del pasado 17 de junio de 2016, ha bajado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

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

Asimismo, Fitch ha confirmado la calificación asignada a la siguiente Serie de Bonos:

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

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

- **Serie C:** **BBB-sf**, perspectiva estable (anterior **BB+sf**, perspectiva estable)

Se adjunta la comunicación emitida por Fitch.

Madrid, 26 de mayo de 2017.

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada



Fitch Downgrades 3 Senior Rural Hipotecario Notes; Corrects Error

Fitch Ratings-London-24 May 2017: Fitch Ratings has downgraded the class A notes of Rural Hipotecario X, XI and XII, upgraded one tranche and affirmed four tranches, as follows:

Rural Hipotecario X, FTA

Class A (ES0374275008); downgraded to 'A+sf' from 'AA+sf'; Outlook Stable

Class B (ES0374275016); affirmed at 'Asf'; Outlook Stable

Rural Hipotecario XI, FTA

Class A (ES0323975005); downgraded to 'A+sf' from 'AAsf'; Outlook Stable

Class B (ES0323975013); affirmed at 'A+sf'; Outlook Stable

Class C (ES0323975021); upgraded to 'BBB-sf' from 'BB+sf'; Outlook Stable

Rural Hipotecario XII, FTA

Class A (ES0323976003); downgraded to 'A+sf' from 'AAsf'; Outlook Stable

Class B (ES0323976011); affirmed at 'A+sf'; Outlook Stable

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

The transactions comprise residential mortgage loans originated and serviced by multiple rural saving banks in Spain. The transactions are part of the Rural Hipotecario RMBS series and closed between 2008 and 2009, with weighted average seasoning of approximately 10 years.

KEY RATING DRIVERS

Error Correction

The downgrade of the class A notes follows the correction of an error that occurred during the last annual surveillance review on 17 June 2016. In accordance with Fitch's counterparty criteria, the notes' ratings should have remained capped at 'A+sf', the highest achievable rating for the transactions considering the account bank replacement trigger defined within the transaction documents at 'BBB+'/'F2'.

Credit Enhancement (CE) Trends

The sequential pay down of the notes and the non-amortising reserve funds are allowing CE to increase in most cases, which is reflected in the upgrade of class C notes of Rural Hipotecario XI. The transactions allow pro-rata amortisation of the notes as long as delinquencies remain below certain triggers and tranche thickness levels are maintained. Currently, only Rural Hipotecario XI is amortising class A and B notes on a pro-rata basis. However, it is likely that conditions for pro rata payment will be fulfilled for Rural Hipotecario X over the next payment dates.

Stable Asset Performance

The securitised mortgage portfolios have built some substantial seasoning of approximately 10 years. As such, the weighted average current loan-to-value (LTV) ratios have dropped below 50%, compared with the weighted average original LTV of just below 70%.

Three-month plus arrears (excluding defaults) as a percentage of the current pool balance are in the range of 0.9% and 1.2% for the transactions, broadly in line with Fitch's index of three-months-plus arrears of 0.9%. Gross cumulative defaults remain below the average observed for Spain of 5.6% for the three transactions with 3.5%, 3.3% and 0.3% for Rural Hipotecario X, XI and XII respectively.

Portfolio Risky Attributes

Fitch has applied a 15% increase to the base foreclosure frequency assumption for loans located in regions that represent each more than 35% of the portfolio balance, such as Castilla La Mancha with a 36% exposure in Rural Hipotecario XII. Additionally, the portfolios include between 20-25% of loans to self-employed borrowers, which are considered risky borrowers and are subject to an increased foreclosure frequency of 60%.

Restructured Loan Exposure

Fitch has received additional data on modification of the underlying portfolios and has found that all three transactions have been subject to maturity extensions of between 1.5% (Rural Hipotecario X) and 2.4% (Rural Hipotecario XII) of the outstanding balance. In the absence of sufficient payment history data for such loans, Fitch has added their balance to the three months plus arrears bucket, in line with our Spanish criteria addendum.

RATING SENSITIVITIES

The class A notes' ratings in these transactions could be upgraded to the maximum achievable rating for Spanish structured

finance transactions of 'AA+sf' if the account bank replacement triggers were defined at the 'A-' or 'F1' level as specified in Fitch's counterparty criteria, all else being equal.

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.

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 and together with the assumptions referred to above, 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.

- Issuer and servicer reports provided by Europea de Titulizacion SGFT since close of the deals and until 22 March 2017 for Rural XII, 31 March 2017 for Rural XI and 28 Feb 2017 Rural X.
- Loan level data dated 15 December 2016 for Rural XII, 19 December 2019 for Rural XI and 20 February 2017 for Rural X were used to run the surveillance model and the relevant data source was the European Data Warehouse.
- Communications from trustee during April and May 2017.

MODELS

EMEA RMBS Surveillance Model. (<https://www.fitchratings.com/site/structuredfinance/rmbs/emearsm>)

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

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

Criteria Addendum: Spain Residential Mortgage Assumptions (pub. 02 Dec 2016) (<https://www.fitchratings.com/site/re/891432>)

Criteria for Country Risk in Global Structured Finance and Covered Bonds (pub. 26 Sep 2016)

(<https://www.fitchratings.com/site/re/881269>)

EMEA RMBS Rating Criteria (pub. 29 Nov 2016) (<https://www.fitchratings.com/site/re/891276>)

Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 17 Feb 2017)

(<https://www.fitchratings.com/site/re/894478>)

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 Interest Rate Stresses Rating Criteria (pub. 17 Feb 2017)

(<https://www.fitchratings.com/site/re/893890>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/1024157>)

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