

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

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XVII 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 Serie de Bonos emitidos por el Fondo:

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

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 'AAAsf' or 'AAAAsf' 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%.

We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to manage them are set out in our Privacy Policy (<https://www.thefitchgroup.com/site/privacy>). To agree to our use of cookies click Accept.

**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 **ACCEPT** to the base foreclosure frequency assumption to the portion of

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 Titulizacion SGFT, S.A. as at:

June 2018 for Rural XVI and XVII

July 2018 for Rural XIV and XV

We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to disable them are set out in our Privacy Policy (<https://www.thefitchgroup.com/site/privacy>). To agree to our use of cookies click Accept.

ACCEPT

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

## Contacts:

Lead Surveillance Analyst

Beatriz Gomez

Associate Director

+34 917 025 775

Fitch Ratings Espana S.A.U.

Plaza Colon 2, Torre II

28046 Madrid

Committee Chairperson

Juan David Garcia

Senior Director

+34 917 025 774

We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to disable them are set out in our Privacy Policy (<https://www.thefitchgroup.com/site/privacy>). To agree to our use of cookies click Accept.

Media Relations: Athos Larkou, London, Tel: +44 20 3530 1549, Email: [athos.larkou@thefitchgroup.com](mailto:athos.larkou@thefitchgroup.com)

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

### 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>)

### Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/10053785>)

Solicitation Status (<https://www.fitchratings.com/site/pr/10053785#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

ACCEPT

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 how to disable them are set out in our Privacy Policy (<https://www.fitchratings.com/site/pr/10053785>). To agree to our use of cookies click Accept.

ACCEPT

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**

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## **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.

## **Fitch Updates Terms of Use & Privacy Policy**

We have updated our Terms of Use and Privacy Policies which cover all of Fitch Group's websites. Learn more (<https://www.thefitchgroup.com/site/policies>).

We use cookies to deliver our online services, to understand how they are used and for advertising purposes. Details of the cookies we use and instructions on how to disable them are set out in our Privacy Policy (<https://www.thefitchgroup.com/site/privacy>). To agree to our use of cookies click Accept.

**ACCEPT**