

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 26 de septiembre de 2019, comunica que ha elevado la siguiente calificación asignada a la Serie de Bonos emitidos por el Fondo:

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

Asimismo, Fitch comunica que ha confirmado las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:

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

Se adjunta la comunicación emitida por Fitch.

Madrid, 30 de septiembre de 2019.



Fitch Upgrades 2 Tranches of Rural Hipotecario RMBS

Fitch Ratings - Frankfurt am Main - 26 September 2019:

Fitch Ratings has upgraded Rural Hipotecario's (Rural) XI class C notes and Rural XIV's class B notes, while affirming the rest. The Outlooks are Stable. A full list of rating actions is detailed below.

| RATING ACTIONS | | |
|----------------------------|--------------------------|--------|
| ENTITY/DEBT | RATING | PRIOR |
| Rural Hipotecario XIV, FTA | | |
| A ES0374268003 | LT A+sf ● Affirmed | A+sf ● |
| B ES0374268011 | LT A+sf ● Upgrade | Asf ● |
| Rural Hipotecario XI, FTA | | |
| Class A ES0323975005 | LT A+sf ● Affirmed | A+sf ● |
| Class B ES0323975013 | LT A+sf ● Affirmed | A+sf ● |
| Class C ES0323975021 | LT A+sf ● Upgrade | A-sf ● |

Transaction Summary

The transactions comprise residential mortgages originated and serviced by multiple rural savings banks in Spain with a back-up servicer arrangement with Banco Cooperativo Espanol S.A. (BBB/Stable/F2).

KEY RATING DRIVERS

Credit Enhancement (CE) Stable to Increasing

Current and projected levels of CE of the notes are sufficient to mitigate the credit and cash flow stresses under their rating scenario, as reflected by today's upgrades and affirmations. CE ratios for Rural XI are expected to remain broadly stable given the pro-rata amortisation of the transaction, while CE ratios of Rural XIV are expected to continue increasing given its strictly sequential amortisation.

Sound 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 0.6% as of the latest reporting date and

excess spread being sufficient to cover defaulted amounts. The performance adjustment factor parameter within Fitch's credit analysis of Rural XIV portfolio has been kept at 100% as per the agency's European RMBS Rating Criteria, as we consider the reported default data as insufficiently reliable due to possible asset buybacks by originators in the past linked to interest rate floor clauses.

Counterparty Arrangements Cap Ratings

The notes' ratings are capped at 'A+sf' due to the account bank minimum eligibility rating thresholds of 'BBB+' and 'F2', which are not compatible with 'AA' or 'AAA' rating categories as per Fitch's Counterparty Criteria. Moreover, Rural XIV's class B and Rural XI's class C ratings are capped at the SPV account bank provider deposit rating (Societe Generale S.A.) as the transactions cash reserves held at this entity represent a material source of credit enhancement for these classes of notes.

Regional Concentration

The two transaction portfolios are exposed to substantial geographic concentration risk mainly to the regions of Aragon (around 89% of Rural XIV portfolio balance), and Comunidad Valenciana (around 34.3% of Rural XI portfolio balance). Fitch has applied a higher set of rating multiples to the base foreclosure frequency assumption to the portion of the portfolio that exceeds 2.5x the population within these regions.

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. Rural XIV's class B and Rural XI's class C ratings are capped at the SPV account bank provider deposit rating. A change to the account bank rating could trigger a corresponding change to these notes' ratings.

USE OF THIRD PARTY DUE DILIGENCE PURSUANT TO SEC 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 provided by European Data Warehouse as at May 2019 for Rural XI and April 2019 for Rural XIV
- Issuer and servicer reports provided by Europea de Titulizacion SGFT, S.A as at July 2019 for Rural XI and August 2019 for Rural XIV

MODELS

The models below were used in the analysis. Click on the link for a description of the model.

ResiGlobal.

EMEA Cash Flow Model.

A description of the transaction's representations, warranties and enforcement mechanisms (RW&Es) that are disclosed in the offering document and which relate to the underlying asset pool was not prepared for this transaction. Offering Documents for this market sector typically do not include RW&Es that are available to investors and that relate to the asset pool underlying the trust. Therefore, Fitch credit reports for this market sector will not typically include descriptions of RW&Es. For further information, please see Fitch's Special Report titled 'Representations, Warranties and Enforcement Mechanisms in Global Structured Finance Transactions'.

Additional information is available on www.fitchratings.com

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Applicable Criteria

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 23 Oct 2018)
Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds (pub. 08 Mar 2019)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 18 Apr 2019)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 18 Apr 2019)
Global Structured Finance Rating Criteria (pub. 02 May 2019)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 27 Jun 2019)
European RMBS Rating Criteria (pub. 16 Aug 2019)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
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