

Material Event  
concerning

**RURALPYME 2 FTPYME Fondo de Titulización de Activos**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **RURALPYME 2 FTPYME Fondo de Titulización de Activos** (the “**Fund**”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Fitch Ratings** (“**Fitch**”) advised on December 3, 2009 that it confirmed the ratings assigned to the following Bond Series issued by **RURALPYME 2 FTPYME Fondo de Titulización de Activos**:
  - **Series A2(G): AAA**, outlook stable
  - **Series D: CC**

In addition, Fitch advised of a downgrade of the rating assigned to the remaining Bond Series:

- **Series A1: AA**, outlook stable (previously **AAA**, outlook negative)
- **Series B: BBB+**, outlook negative (previously **A**, outlook negative)
- **Series C: BB-**, outlook negative (previously **BB**, outlook negative)

Enclosed herewith are the releases issued by Fitch.

Madrid, December 3, 2009.

Mario Masiá Vicente  
General Manager



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## Fitch Takes Rating Action on Ruralpyme 2 FTPYME, FTA; Off RWN Ratings

03 Dec 2009 7:03 AM (EST)

Fitch Ratings-London/Madrid-03 December 2009: Fitch Ratings has today affirmed Ruralpyme 2 FTPYME, FTA's class A2 (G) and D notes and downgraded the class A1, B and C notes. All classes of notes which were on Rating Watch Negative (RWN) have been removed from RWN. The RWN was assigned in August 2009 pending full analysis after the implementation of Fitch's revised SME CDO rating criteria for European granular corporate balance-sheet securitisations. The rating actions are as follows:

EUR197,837,663 class A1 notes (ISIN ES0374352005): downgraded to 'AA' from 'AAA'; off RWN; assigned Stable Outlook and a Loss Severity (LS) rating of 'LS-1'

EUR53,700,000 class A2(G) notes (ISIN ES0374352013): affirmed at 'AAA'; Stable Outlook

EUR29,100,000 class B notes (ISIN ES0374352021): downgraded to 'BBB+' from 'A', off RWN; assigned Negative Outlook and 'LS-3'

EUR23,200,000 class C notes (ISIN ES0374352039): downgraded to 'BB-' from 'BB'; off RWN; assigned Negative Outlook and 'LS-4'

EUR24,050,000 class D notes (ISIN ES0374352047): affirmed at 'CC'; off RWN

Ruralpyme 2 FTPYME, FTA is a cash flow securitisation of an initial EUR593m static pool of loans granted by 14 Spanish rural cooperative banks (cajas rurales) to small- and medium-sized enterprises.

Although the downgrades primarily reflect the implementation of Fitch's revised SME CDO rating criteria, which were used to determine the loss rates, they also reflect increasing delinquency rates and difficult macro-economic conditions in Spain as the reserve funds are used to redeem outstanding notes in accordance with the transaction documents and thus provision for loans more than 18 months in arrears.

As of 26 October 2009, the 90+ delinquency rate had increased to 6.6% from 1.7% in October 2008. The 12-18 months delinquency rate is currently 1.9% and has shown a steady increase over the last year. If this trend continues, the affected loans will be classified as defaulted according to the transaction documents, and available funds in the reserve fund would be used for provisioning.

Currently, the portfolio exhibits some industry concentration with 23.4% of the portfolio exposed to the agriculture sector and 21.2% exposed to the real estate and construction sectors. The class A1 credit enhancement (CE) has increased to 25.1% from 12.9% at closing, however, this increase in CE is not sufficient to offset the deterioration of the portfolio. The class A2(G) notes have been affirmed as they continue to benefit from a guarantee from the Kingdom of Spain (rated 'AAA'; Outlook Stable). The ratings and Outlooks on the class B and C notes reflect concerns over rising delinquencies and their subordinated positions in the capital structure. The class D notes have been affirmed due to the continued weak level of CE available.

The agency's analysis included assumptions on the probability of default (PD) and loss severity with regards to current delinquencies as well as the performing portfolio. Fitch has assumed the PD of the unrated SME loans to be commensurate with the 'B' rating category. Based on observed delinquencies and the origination process of the originating banks in Spain, the benchmark PD is adjusted upward or downward. Delinquent loans are notched down depending on the time the loans have been in arrears. Recoveries for loans secured by first lien real estate are adjusted for property indexation and market value stress based on the agency's criteria, but second lien mortgages are treated as senior unsecured loans.

Applicable criteria available on Fitch's website at [www.fitchratings.com](http://www.fitchratings.com): 'Rating Criteria for European Granular Corporate Balance-Sheet Securitisations (SME CLO)', dated 23 July, 2009, 'Global Structured Finance Rating Criteria', dated 30 September, 2009 and 'Criteria for Structured Finance Loss Severity Ratings', dated 17 February, 2009.

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

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