

**Material Event  
concerning**

**RURALPYME 2 FTPYME FONDO DE TITULIZACIÓN DE ACTIVOS**

Pursuant to the Prospectus for **RURALPYME 2 FTPYME FONDO DE TITULIZACION 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 April 10 2014, that it has upgraded the ratings assigned to the following Bond Series issued by the Fund:
  - **Series B:**        **AA-sf**, outlook stable                      (previously **A+sf**, outlook stable)
  - **Series C:**        **BBBsf** outlook stable                      (previously **BBsf**, outlook stable)

In addition, Fitch has affirmed the ratings assigned to the other Bond Series:

- **Series A2(G):** **AA-sf**, outlook stable
- **Series D:**        **CCsf**

Enclosed herewith is the communication issued by Fitch.

Madrid, April 10, 2014.

Mario Masiá Vicente  
General Manager



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## **Fitch Takes Rating Actions on Ruralpyme 2 FTPYME, FTA** Ratings

Endorsement Policy

09 Apr 2014 11:58 AM (EDT)

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Fitch Ratings-London-09 April 2014: Fitch Ratings has upgraded Ruralpyme 2 FTPYME, FTA's class B and C notes and affirmed class D as follows:

EUR30.6m Class A2 (G) notes (ISIN ES0374352013): affirmed at 'AA-sf'; Outlook Stable

EUR29.1m Class B notes (ISIN ES0374352021): upgraded to 'AA-sf' from 'A+sf'; Outlook Stable

EUR23.2m Class C notes (ISIN ES0374352039): upgraded to 'BBBsf' from 'BBsf'; Outlook Stable

EUR24.05m Class D notes (ISIN ES0374352047): affirmed at 'CCsf'; Recovery Estimate 50%

### **KEY RATING DRIVERS**

The upgrade of class B and C reflects the increase in credit enhancement (CE) due to structural amortisation and improved transaction performance. Class B and C's reported CE has gone up from 38.79% and 19.74% respectively in February 2013 to 51.61% and 23.61% respectively in February 2014.

The portfolio factor has reduced to 14.45% of the original balance. As of February 2014, the 90+ delinquency rate has reduced to 4.11% of the outstanding balance from 9.2% as of a year earlier. The transaction considers loans in arrears of more than 18 months to be defaulted. The current defaults in the portfolio as of February 2014 are reported at EUR10.85m compared to EUR7.6m in February 2013. The reserve fund is currently reported at EUR19.57m and is sufficient to provision for the current defaults in the portfolio.

Since the previous review the class A1 has paid in full and the structure is currently amortising in a sequential manner. Class A2(G) has started to amortise and is currently reported at 56.94% of the original balance along with the reported CE of 86.72%.

The class D notes have been affirmed due to the limited CE available. Furthermore, the proceeds from the class D notes were used to fund the reserve fund at closing and consequently the repayment of the notes is dependent upon the level of the reserve fund at legal maturity.

The top 10 obligor concentration has gone up to 13.58% in February 2014 from 12.92% a year earlier. Similarly, the industrial concentration has gone up; the real estate and construction sector currently represents 24.99% of the portfolio as of February 2014 as compared to 22% as of a year earlier. The current real estate and construction sector exposure is less than the average of real estate exposure for Fitch rated Spanish SME CLOs. The portfolio continues to benefit from high security coverage of the underlying loans where 78% of the loans are secured by first lien mortgage collateral.

### **RATING SENSITIVITIES**

Applying a 1.25x default rate multiplier to all assets in the portfolio would not result in downgrade of any of the notes.

Applying a 0.75x recovery rate multiplier to all assets in the portfolio would not result in downgrade of any of the notes.

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

Source of information: The information used to assess these ratings was sourced from periodic investor reports and the trustee.

Applicable criteria 'Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)', dated 05 March 2014; 'Counterparty Criteria for Structured Finance and Covered Bonds', dated 13 May 2013, are available at [www.fitchratings.com](http://www.fitchratings.com).

**Applicable Criteria and Related Research:**

Criteria for Rating Granular Corporate Balance-Sheet Securitisations (SME CLOs)  
Counterparty Criteria for Structured Finance and Covered Bonds

**Additional Disclosure**

Solicitation Status

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