

Otra Información Relevante de**RURAL HIPOTECARIO XI FONDO DE TITULIZACIÓN
DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO XI FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES la presente información relevante:

- La Agencia de Calificación **Moody’s Investors Service (Moody’s)**, con fecha 12 de mayo de 2020, comunica que ha puesto bajo revisión negativa la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:
 - **Serie C: Baa3 (sf), Possible Downgrade**

Se adjunta la comunicación emitida por Moody’s.

Madrid, 18 de mayo de 2020.

Rating Action: Moody's places under review for downgrade four ratings in three Spanish RMBS transactions

12 May 2020

NOTE: On May 14, 2020, the List of Affected Credit Ratings accessible via hyperlink from this press release was corrected to change the rating date to 12 May, 2020, add the color coding disclosure, and color code the **Baa3 (sf)** rating for RURAL HIPOTECARIO XI, FTA.

Milan, May 12, 2020 -- Moody's Investors Service ("Moody's") has today placed on review for downgrade the ratings of four mezzanine and junior notes in three Spanish RMBS transactions.

The placing on review for downgrade reflects the increased likelihood of deteriorating performance of mortgage loans in the transactions due to the economic disruption following the coronavirus outbreak, as well as the structural features in place in case of performance deterioration. The review focuses on the notes viewed as more vulnerable to this expected deterioration in performance given relatively low credit enhancement.

Please click on this link https://www.moody.com/viewresearchdoc.aspx?docid=PBS_ARFTL424373 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

Please click on this link https://www.moody.com/viewresearchdoc.aspx?docid=PBS_ARFTL424373 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Lead Rating Analyst
- Releasing Office

The rating action is prompted by the increased likelihood of deteriorating performance of mortgage loans in the transactions due to the economic disruption following the coronavirus outbreak. In addition, Moody's has considered the structural features related to the priority of payments and reserve fund amortisation, especially the triggers in place if mortgages more than 90 days in arrears exceed certain percentages of the outstanding portfolio amount.

Due to the current circumstances, Moody's has considered additional stresses in its analysis, including a higher expected loss, and has placed on review for downgrade the ratings of the notes that are more vulnerable, also considering changes in the allocation of payments, to a temporary increase in arrears. This higher vulnerability could be driven by one or more factors, including: (i) the credit enhancement and other structural mitigants available in the transactions; and (ii) the transactions' performance to date.

The portfolios of these three transactions consist of high seasoned mortgages, mainly originated in 2005-2008, and relatively low loan to value (LTV) ratios around 30-40% given significant deleverage since origination. The performance prior to the coronavirus outbreak starts from a relatively strong level. As of March 2020, mortgages in arrears for more than 90 days in IM CAJAMAR 4, Fondo de Titulización de Activos, Valencia Hipotecario 3, FTA and RURAL HIPOTECARIO XI Fondo de Titulización de Activos represent 0.46%, 0.58% and 0.80% respectively of the outstanding portfolio balance.

We expect delinquency rates in the affected portfolios to increase. The structures of the three transactions, that currently amortise pro-rata among the different outstanding classes, contemplate changes in the priority of payments if mortgages more than 90 days in arrears exceeds certain levels, switching the amortisation from pro-rata to sequential. The credit enhancement of the junior notes placed under review for downgrade is relatively low, ranging from 2.4% to 6.5%. While senior notes would be additionally protected if these triggers were hit, it would negatively affect the credit risk of junior notes. Class D in IM CAJAMAR 4, Fondo de Titulización de Activos, and Class C in Valencia Hipotecario 3, FTA would stop amortising as long as the arrears more than 90 days were higher than 0.75%. Same consequence for Class C in IM CAJAMAR 4, Fondo

de Titulización de Activos, and Class C in RURAL HIPOTECARIO XI Fondo de Titulización de Activos if the 90+ arrears exceed 1.00%. For RURAL HIPOTECARIO XI Fondo de Titulización de Activos, as a positive element, the amortisation of the reserve fund would stop if the arrears more than 90 days are above 1.00%.

While the reasonable level of LTV ratios in the three transactions mitigate the impact on expected losses arising from higher delinquencies, Moody's will review the impact on expected losses in consideration of uncertainties posed by the coronavirus pandemic.

Our analysis has considered the effect of the coronavirus outbreak on the Spanish economy as well as the effects that the announced government measures, put in place to contain the virus, will have on the performance of consumer assets.

The contraction in economic activity in the second quarter will be severe and the overall recovery in the second half of the year will be gradual. However there are significant downside risks to our forecasts in the event that the pandemic is not contained and lockdowns have to be reinstated. As a result the degree of uncertainty around our forecasts is unusually high. We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

The rating reviews will be concluded following a detailed review with updated performance data for each affected transaction.

The principal methodology used in this rating was Moody's Approach to Rating RMBS Using the MILAN Framework published in July 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_1179948. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

The analysis undertaken by Moody's at the initial assignment of a rating for an RMBS security may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see Moody's Approach to Rating RMBS Using the MILAN Framework for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include: (1) performance of the underlying collateral that is better than Moody's expected; (2) an increase in available credit enhancement; (3) improvements in the credit quality of the transaction counterparties; and (4) a decrease in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include: (1) an increase in sovereign risk; (2) performance of the underlying collateral that is worse than Moody's expected; (3) deterioration in the notes' available credit enhancement; and (4) deterioration in the credit quality of the transaction counterparties.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBS_ARFTL424373 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

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For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the

rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings include both solicited and unsolicited ratings. As a result, Moody's considers the Rated Entity and/or any Related Third Party to be participating in the ratings process, thereby providing general access to internal documents and management. Please refer to the List of Affected Credit Ratings for more details regarding solicitation. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569.

At least one ESG consideration was material to the credit rating action(s) announced and described above.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moodys.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

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