

**Otra Información Relevante de**      **RURAL HIPOTECARIO VIII FONDO DE TITULIZACION**  
**DE ACTIVOS**

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

La Agencia de Calificación **Fitch Ratings** (“Fitch”), con fecha 4 de julio de 2024, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2a: AAAsf**
- **Serie A2b: AAAsf**
- **Serie B: AA+sf**
- **Serie C: A+sf**
- **Serie D: Asf**
- **Serie E: CCsf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 5 de julio de 2024

## RATING ACTION COMMENTARY

# Fitch Upgrades One Tranche of Rural Hipotecario; Affirms Others

Thu 04 Jul, 2024 - 12:42 ET

Fitch Ratings - Madrid - 04 Jul 2024: Fitch Ratings has upgraded Rural Hipotecario IX, FTA's class B notes and affirmed the others. Fitch has also affirmed Rural Hipotecario VIII, FTA's notes. A full list of rating actions is below.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Rural Hipotecario VIII, FTA		
Class A2a ES0366367011	LT AAAsf Rating Outlook Stable  Affirmed	AAAsf Rating Outlook Stable
Class A2b ES0366367029	LT AAAsf Rating Outlook Stable  Affirmed	AAAsf Rating Outlook Stable
Class B ES0366367037	LT AA+sf Rating Outlook Stable  Affirmed	AA+sf Rating Outlook Stable

Class C ES0366367045	LT	A+sf Rating Outlook Negative	A+sf Rating Outlook Negative
		Affirmed	
Class D ES0366367052	LT	Asf Rating Outlook Positive	Asf Rating Outlook Positive
		Affirmed	
Class E ES0366367060	LT	CCsf Affirmed	CCsf
Rural Hipotecario IX, FTA			
Class A3 ES0374274027	LT	AAAsf Rating Outlook Stable	AAAsf Rating Outlook Stable
		Affirmed	
Class B ES0374274035	LT	AA+sf Rating Outlook Stable	AAsf Rating Outlook Stable
		Upgrade	
Class C ES0374274043	LT	Asf Rating Outlook Stable	Asf Rating Outlook Stable
		Affirmed	
Class D ES0374274050	LT	Asf Rating Outlook Stable	Asf Rating Outlook Stable
		Affirmed	
Class E (RF) ES0374274068	LT	CCsf Affirmed	CCsf

[VIEW ADDITIONAL RATING DETAILS](#)

**TRANSACTION SUMMARY**

The static Spanish RMBS transactions comprise fully amortising 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

**Stable Performance Outlook:** Fitch maintains a neutral asset performance outlook for eurozone RMBS, supported by stable labour market conditions despite continued high interest rates (see "2024 Sector Outlooks - Mid-Year Update (Excel)" dated 21 June 2024.). Although the transactions have exposure to riskier self-employed borrowers (around 17% for Rural VIII and 19% for Rural IX), they have low shares of loans in arrears over 90 days (less than 1% of outstanding pool balance as of the latest reporting dates, which is below the Spanish average).

They are also protected by the substantial seasoning of the portfolios of around 19 years; and have low current loan-to-value ratios at around 30%. The transactions' cumulative defaults range between 2.2% and 5.1% of the portfolios' initial balances for Rural VIII and IX, respectively, and both deals' cumulative recoveries relative to cumulative defaults have been consistently below expectations. We view both transactions as exposed to tail risk events, considering their low portfolio balances that stand at only around 8% and 13% of the initial portfolio balance as of Apr-24 and May-24.

**Sufficient CE:** The rating actions reflect Fitch's view that credit enhancement (CE) for the notes is sufficient to fully compensate the credit and cash flow stresses associated with the corresponding ratings. For Rural VIII, we expect CE ratios to increase driven by the mandatory sequential amortisation. We also expect Rural IX's CE ratios to increase in the short term as the 10% portfolio balance triggering the mandatory sequential scheme is very close to breach (at 13.1% of the initial portfolio balance, as of the latest interest payment date).

**Counterparty Risks Cap Ratings:** Both transactions' class D notes' ratings are capped at the transaction account bank (TAB) provider deposit rating (Societe Generale S.A.; A-/Positive, deposit rating A) as the cash reserves held at this entity represent 100% of total structural CE protection for these notes. The rating cap reflects the excessive counterparty dependence on the TAB holding the cash reserves, noting that simulating the loss of these funds would imply a model-implied downgrade of 10 or more notches in accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

Moreover, for Rural VIII's class C notes, the Negative Outlook signals the possibility of the rating becoming exposed to excessive counterparty risk in the short-to-medium term, as the contribution to total CE from the cash reserves held at the TAB is 79.5%. For Rural IX's class C notes, we expect the cash reserves held at the TAB as a proportion of

total CE to remain stable, due to pro rata amortisation recently being switched off for the class D notes and the near-term switch to mandatory sequential amortisation.

## **RATING SENSITIVITIES**

### **Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade**

- For notes rated 'AAAsf', a downgrade of Spain's Long-Term Issuer Default Rating (IDR) could decrease the maximum achievable rating for Spanish structured finance transactions. This is because the notes are capped at the maximum achievable rating in Spain, six notches above the sovereign IDR.

- Long-term asset performance deterioration such as increased delinquencies or larger defaults, which could be driven by changes to macroeconomic conditions, interest rate increases or borrower behaviour. For instance, a combined scenario of increased defaults and decreased recoveries by 15% each could trigger downgrades of up to two notches.

### **Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade**

For both transactions, stable to improved asset performance driven by stable delinquencies and defaults would lead to increasing CE and potentially upgrades. For instance, a combination of decreased defaults and increased recoveries by 15% each could trigger upgrades of up to five notches.

## **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**

Rural Hipotecario IX, FTA, Rural Hipotecario VIII, FTA

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pools and the transactions. 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.

For Rural VIII, regarding the determination of the triggers related the class B, C and D interest subordination, the trustee reports reflect that principal deficiency ledger thresholds are compared against the notes' outstanding balances, in order to protect unpaid principal amounts senior to junior interest payments throughout the life of the transaction.

Overall, and together with any assumptions referred to above, 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.

## **REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING**

The principal sources of information used in the analysis are described in the Applicable Criteria.

## **PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS**

The class D notes in both transactions are capped at the TAB's Deposit Rating due to excessive counterparty exposure, as the reserve fund is the sole source of the CE for these notes.

## **ESG CONSIDERATIONS**

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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**APPLICABLE CRITERIA**

[European RMBS Rating Criteria \(pub. 21 Jun 2023\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 28 Nov 2023\)](#)

[Global Structured Finance Rating Criteria \(pub. 19 Jan 2024\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 05 Apr 2024\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 20 Jun 2024\)](#)

**APPLICABLE MODELS**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Multi-Asset Cash Flow Model, v3.2.0 (1)

## ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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## ENDORSEMENT STATUS

Rural Hipotecario IX, FTA

EU Issued, UK Endorsed

Rural Hipotecario VIII, FTA

EU Issued, UK Endorsed

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