

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 **Fitch Ratings** (“Fitch”), con fecha 28 de febrero de 2023, comunica que ha confirmado la calificación asignada a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A:** **A+sf**
- **Serie C:** **Asf**

Asimismo, ha reducido la calificación de las restantes Series de Bonos:

- **Serie B:** **Asf** (anterior, **A+sf**)

Se adjunta la comunicación emitida por Fitch.

Madrid, 2 de marzo de 2023.

28 FEB 2023



# Fitch Downgrades 2 Tranches of Rural Hipotecario RMBS Series

Fitch Ratings - Madrid - 28 Feb 2023: Fitch Ratings has downgraded two tranches of Rural Hipotecario XI and XII and affirmed all the remaining notes' ratings for Rural Hipotecario X, XI, XII and XIV, FTA. A full list of rating actions is below.






## Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Rural Hipotecario XIV, FTA			
• A ES0374268003	A+sf ●	Affirmed	A+sf ●
• B ES0374268011	Asf ●	Affirmed	Asf ●
Rural Hipotecario XI, FTA			
• Class A ES0323975005	A+sf ●	Affirmed	A+sf ●
• Class B	Asf ●	Downgrade	A+sf ●

ENTITY/DEBT	RATING		RECOVERY	PRIOR
ES0323975013				
• Class C LT ES0323975021	Asf ●		Affirmed	Asf ●
Rural Hipotecario XII, FTA				
• Class A LT ES0323976003	A+sf ●		Affirmed	A+sf ●
• Class B LT ES0323976011	Asf ●		Downgrade	A+sf ●
• Class C LT ES0323976029	Asf ●		Affirmed	Asf ●
Rural Hipotecario X, FTA				
• Class A LT ES0374275008	A+sf ●		Affirmed	A+sf ●

ENTITY/DEBT	RATING	RECOVERY	PRIOR
• Class B LT ES0374275016	Asf 	Affirmed	Asf 

## RATINGS KEY OUTLOOK WATCH

POSITIVE		
NEGATIVE		
EVOLVING		
STABLE		

## Transaction Summary

The 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

**Rating Capped by Counterparty Arrangements:** The downgrades of Rural XI and XII class B ratings to 'Asf' reflect the excessive counterparty dependency on the transaction account bank (TAB) holding the cash reserve funds in accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria. The cash reserves represent a growing and main source of total credit enhancement (CE) to these notes at 57% and 61% of total CE for Rural XI and XII, respectively, as of November 2022. Further, the cash reserve contribution to CE will continue to increase as the transactions continue amortising in a pro-rata manner while the reserve fund is (or will be soon) at its absolute floor.

The class A notes' ratings on all deals remained capped at 'A+sf' by the TAB's minimum rating thresholds of 'BBB+' and 'F2', which are not compatible with the 'AAsf' rating category or 'AAAsf' as per Fitch's Counterparty Criteria.

**Stable Performance Expectations:** The actions reflect our broadly stable asset performance expectations for the securitised portfolios, supported by a low share of loans in arrears over 90 days (below 0.6% of the current portfolio balance as of the latest reporting dates in all cases), high portfolio seasoning of more than 10 years and low current loan-to-value ratios. However, downside performance risk has increased, as accelerated inflation is putting pressure on household financing, especially for more vulnerable borrowers like self-employed individuals.

The portfolios carry larger-than-average exposures to self-employed borrowers, at around 20% of the portfolio balances in all cases. These are considered higher-risk than loans granted to third-party

employed borrowers and are subject to a foreclosure frequency (FF) adjustment of 170%, in line with Fitch's criteria.

**CE Trends:** The rating actions reflect Fitch's view that CE ratios are able to compensate the credit and cash flow stresses that are commensurate with the current ratings. For Rural X, XI and XII, we expect CE to remain broadly stable due to the pro-rata amortisation of the notes. However, CE build-up will accelerate when the notes' amortisation switches to fully sequential, when the current notes balance falls below 10% of the original notes balance (currently at 19.1% for Rural X, 21.3% for Rural XI, 27.8% for Rural XII and 33.2% for Rural XIV).

**Regional Concentration:** The portfolios are exposed to substantial geographic concentration risk, mainly to the regions of Valencia (around 32% of Rural X and 35% of Rural XI's portfolio balance), Castilla La Mancha (around 36% of Rural XII's portfolio balance) and Aragon (around 88% of Rural XIV's portfolio balance). Fitch has applied a higher set of rating multiples to the base FF assumption to the portion of the portfolio that exceeds 2.5x the population within these regions relative to the total national population.

Rural X, Rural XI and Rural XII have an ESG Relevance Score of '5' for Governance: Transaction Parties & Operational Risk due to the modification of transaction documents after closing dates, with lower minimum ratings for the TAB, resulting in lower ratings.

## **RATING SENSITIVITIES**

### **Factors that could, individually or collectively, lead to negative rating action/downgrade:**

- Long-term asset performance deterioration such as increased delinquencies or larger defaults, which could be driven by adverse changes to macroeconomic conditions, interest-rate increases or borrower behaviour. Higher inflation, larger unemployment and lower economic growth could reduce borrowers' ability to pay their mortgage debt
- For ratings that are capped at the TAB provider's deposit rating due to excessive counterparty risk exposure, a downgrade of the TAB provider's deposit rating

### **Factors that could, individually or collectively, lead to positive rating action/upgrade:**

- For class A note ratings, changes to the minimum eligibility ratings for the TAB provider that are compatible with 'AAsf' or 'AAAsf' ratings in accordance with Fitch's Structured Finance and Covered bonds Ratings Criteria
- For ratings that are capped to the TAB provider's deposit rating due to excessive counterparty risk exposure, an upgrade of the TAB provider's deposit rating

## **Best/Worst Case Rating Scenario**

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade

scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

## **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 XIV

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pool and the transaction. 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.

Prior to the transaction's closing, Fitch reviewed the results of a third-party assessment conducted on the asset portfolio information and concluded that there were no findings that affected the rating analysis.

Prior to the transaction closing, Fitch conducted a review of a small targeted sample of the originator's origination files and found the information contained in the reviewed files to be adequately consistent with the originator's policies and practices and the other information provided to the agency about the asset portfolio.

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.

Rural X, Rural XI, and Rural XII

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' 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, 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**

Rural X's class B and Rural XI's class B and C notes' ratings are capped at Societe Generale S.A.'s long-term deposit rating due to excessive counterparty dependency.

Rural XII's class B and C and Rural XIV's class B notes' ratings are capped at Santander S.A.'s long-term deposit rating due to excessive counterparty dependency.

## **ESG Considerations**

Rural X, Rural XI and Rural XII have an ESG Relevance Score of '5' for Governance: Transaction Parties & Operational Risk due to the modification of transaction documents after closing dates, with lower minimum ratings for the TAB, resulting in lower ratings.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This 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. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg)

## **Fitch Ratings Analysts**

### **Teresa Silva**

Analyst

Surveillance Rating Analyst

+34 91 702 5777

Fitch Ratings Spain - Madrid Paseo de la Castellana 31 9ºB Madrid 28046

### **Juan David Garcia**

Senior Director

Committee Chairperson

+34 91 702 5774

## **Media Contacts**

### **Athos Larkou**

London

+44 20 3530 1549

[athos.larkou@thefitchgroup.com](mailto:athos.larkou@thefitchgroup.com)

**Pilar Perez**

Barcelona

+34 93 323 8414

pilar.perez@fitchratings.com

**Applicable Criteria**

[European RMBS Rating Criteria \(pub.17 Feb 2023\) \(including rating assumption sensitivity\)](#)

[Global Structured Finance Rating Criteria \(pub.26 Oct 2021\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub.29 Jul 2022\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub.01 Aug 2022\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub.10 Feb 2023\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub.28 Dec 2022\)](#)

**Applicable Models**

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

Multi-Asset Cash Flow Model, v2.12.2 [\(1\)](#)

ResiGlobal Model: Europe, v1.8.6 [\(1\)](#)

**Additional Disclosures**

[Solicitation Status](#)

**Endorsement Status**

Rural Hipotecario X, FTA

EU Issued, UK Endorsed



Rural Hipotecario XI, FTA      EU Issued, UK Endorsed

Rural Hipotecario XII, FTA      EU Issued, UK Endorsed

Rural Hipotecario XIV, FTA      EU Issued, UK Endorsed

## DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the

information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally

Recognized Statistical Rating Organization (the “NRSRO”). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the “non-NRSROs”) and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2023 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

## **Endorsement policy**

Fitch’s international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch’s approach to endorsement in the EU and the UK can be found on Fitch’s [Regulatory Affairs](#) page on Fitch’s website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.