

Otra Información Relevante de

RURAL HIPOTECARIO GLOBAL I, FONDO DE  
TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO GLOBAL I, 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 12 de mayo de 2023, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A:** AAAsf
- **Serie B:** AA-sf
- **Serie D:** Asf
- **Serie E:** CCCsf

Asimismo, Fitch ha reducido la calificación asignada a la restante Serie de Bonos:

- **Serie C:** Asf (anterior **A+sf**)

Se adjunta la comunicación emitida por Fitch.

Madrid, 18 de mayo de 2023.

**RATING ACTION COMMENTARY**

# Fitch Takes Multiple Actions on 2 Spanish RMBS

Fri 12 May, 2023 - 11:21 ET

Fitch Ratings - Madrid - 12 May 2023: Fitch Ratings has taken multiple rating actions on two Spanish RMBS transactions, by upgrading one tranche, downgrading one tranche and affirming the rest. A full list of the rating actions is below.

**RATING ACTIONS**

ENTITY / DEBT	RATING	PRIOR
Valencia Hipotecario 3, FTA		
Class A2 ES0382746016	LT AAAsf Rating Outlook Stable Affirmed	AAAsf Rating Outlook Stable
Class B ES0382746024	LT A+sf Rating Outlook Stable Affirmed	A+sf Rating Outlook Stable
Class C ES0382746032	LT A+sf Rating Outlook Stable Upgrade	Asf Rating Outlook Stable
Class D ES0382746040	LT CCCsf Affirmed	CCCsf
Rural Hipotecario Global I, FTA		
Class A ES0374273003	LT AAAsf Rating Outlook Stable Affirmed	AAAsf Rating Outlook Stable
Class B ES0374273011	LT AA-sf Rating Outlook Stable Affirmed	AA-sf Rating Outlook Stable

Class C ES0374273029	LT	Asf Rating Outlook Stable	Downgrade	A+sf Rating Outlook Stable
Class D ES0374273037	LT	Asf Rating Outlook Stable	Affirmed	Asf Rating Outlook Stable
Class E ES0374273045	LT	CCCsf	Affirmed	CCCsf

[VIEW ADDITIONAL RATING DETAILS](#)

## 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) for Rural Hipotecario Global 1, and serviced by Caixabank, S.A. (BBB+/Stable/ F2) for Valencia Hipotecario 3.

## KEY RATING DRIVERS

**Ratings Capped by Counterparty:** The downgrade of Rural Global I class C rating to 'Asf' reflects the excessive counterparty dependency on the transaction account bank (TAB) holding the cash reserve fund. The reserve fund contributed 72% of total credit enhancement (CE) protection for this tranche as of April 2023, which we expect to increase as the transaction continues to amortise while the reserve fund is at its absolute floor. Moreover, simulating the sudden loss of these amounts could now imply a downgrade of 10 or more notches of the notes in accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

The affirmation of Rural Global I class D rating at 'Asf' and the upgrade of Valencia 3 class C rating to 'A+sf' are also capped by excessive counterparty exposure to their respective TABs, as the reserve funds held at the TAB represent the only source of CE for these tranches.

**Mild Weakening in Asset Performance:** The rating actions reflect Fitch's expectation of mild deterioration of asset performance, consistent with weaker macroeconomic conditions linked to inflationary pressures that negatively affect real household wages and disposable income, especially for more vulnerable borrowers like self-employed individuals. These portfolios carry larger-than-average exposures to self-employed borrowers ranging between 28% and 14% for Rural Global 1 and Valencia 3, respectively, which are 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.

Nonetheless, the transactions have a low share of loans in arrears over 90 days (less than 0.6% as of the latest reporting dates) and are protected by substantial portfolio seasoning of more than 18 years.

**Credit Enhancement Trends:** The rating actions reflect Fitch's view that CE ratios will continue increasing in the short-to-medium term to compensate the credit and cash flow stresses defined for the corresponding ratings. For Rural Global 1, CE build-up is driven by the mandatory sequential paydown of the liabilities that takes place until the final maturity date in line with transaction documentation of a portfolio factor (defined as current notes balance/initial notes balance) less than 10% (currently around 7.8%).

For Valencia 3, we expect CE to increase at a slow pace considering its current pro-rata paydown of liabilities and the non-amortising reserve fund; nevertheless, CE build-up will accelerate when the note amortisation switches to fully sequential, when the portfolio factor falls below 10% from 12.8% currently.

**Geographical Concentration in Valencian Community:** The securitised portfolios are exposed to the Region of Valencia, where approximately 70% of Valencia 3 and 50% of Rural Global 1 current portfolio balances are located. Within Fitch's credit analysis, and to address regional concentration risk, higher rating multiples are applied to the base foreclosure frequency assumption to the portion of the portfolios that exceeds 2.5x the population within this region relative to the national total, in line with Fitch's European RMBS Rating Criteria.

## **RATING SENSITIVITIES**

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

- For note ratings already at 'AAAsf', a downgrade of Spain's Long-Term Issuer Default Rating (IDR) that could decrease the maximum achievable rating for Spanish structured finance transactions. This is because these notes are rated at the maximum achievable rating, six notches above the sovereign IDR
- Long-term asset performance deterioration, such as increased delinquencies or larger defaults, which could be driven by adverse changes to macroeconomic conditions and/or borrower behavior, or interest-rate increases. Higher inflation, larger unemployment and lower economic growth than Fitch's current forecast could affect the borrowers' ability to pay their mortgage debt.
- For Rural Global 1 class C and D notes, and for Valencia 3 class C notes, a downgrade of the TAB provider's rating, as the notes' ratings are capped at the banks' ratings due to excessive counterparty risk exposure

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

- The notes rated at 'AAAsf' are at the highest level on Fitch's scale and therefore cannot be upgraded
- For mezzanine tranches, a sustained CE ratio increase as the transactions deleverages to fully compensate the credit losses and cash flow stresses commensurate with higher ratings, all else being equal
- For Rural Global 1 class C and D notes, and for Valencia 3 class C notes, an upgrade of the TAB provider's rating, as the notes' ratings are capped at the bank's ratings due to excessive counterparty risk exposure

## **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**

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.

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 Global 1's class C and D notes' ratings are capped at Societe Generale S.A.'s long-term deposit rating due to excessive counterparty dependency. Similarly, Valencia 3's class C notes' rating is capped at Barclays Bank plc's Long-Term IDR due to excessive counterparty dependency.

## **ESG CONSIDERATIONS**

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)

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The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

## **APPLICABLE CRITERIA**

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

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

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

[Global Structured Finance Rating Criteria \(pub. 01 Mar 2023\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 14 Mar 2023\)](#)

[European RMBS Rating Criteria - Amended \(pub. 29 Mar 2023\) \(including rating assumption sensitivity\)](#)

## **APPLICABLE MODELS**

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

Multi-Asset Cash Flow Model, v2.13.1 (1)

ResiGlobal Model: Europe, v1.8.7 (1)

## **ADDITIONAL DISCLOSURES**

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

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[Endorsement Policy](#)

## **ENDORSEMENT STATUS**

Rural Hipotecario Global I, FTA

EU Issued, UK Endorsed

Valencia Hipotecario 3, FTA

EU Issued, UK Endorsed

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