

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

En virtud de lo establecido en el Folleto Informativo de **RURAL HIPOTECARIO IX 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 28 de junio de 2021, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
  - **Serie A2: A+sf**
  - **Serie A3: A+sf**
  - **Serie B: A+sf**
  - **Serie C: BBB+sf**
  - **Serie D: BB-sf**
  - **Serie E: CCsf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 30 de junio de 2021.

28 JUN 2021

# Fitch Upgrades 6 Tranches of 5 Rural Hipotecario RMBS Transactions









Fitch Ratings - Madrid - 28 Jun 2021: Fitch Ratings has upgraded six tranches of five Spanish Rural Hipotecario RMBS transactions and affirmed the others. A full list of rating actions is below.

## Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Rural Hipotecario Global I, FTA			
• Class A LT ES0374273003	AAAsf	Upgrade	AA+sf
• Class B LT ES0374273011	AA-sf	Upgrade	A+sf
• Class C LT ES0374273029	A+sf	Upgrade	Asf
• Class D LT ES0374273037	Asf	Upgrade	BBB+sf

ENTITY/DEBT	RATING		RECOVERY	PRIOR
<ul style="list-style-type: none"> <li>Class E LT ES0374273045</li> </ul>		CCCsf	Affirmed	CCCsf
Rural Hipotecario VII, FTA				
<ul style="list-style-type: none"> <li>Class A1 LT ES0366366005</li> </ul>		AAAsf ●	Affirmed	AAAsf ●
<ul style="list-style-type: none"> <li>Class B LT ES0366366021</li> </ul>		AA+sf ●	Upgrade	AA-sf ●
<ul style="list-style-type: none"> <li>Class C LT ES0366366039</li> </ul>		Asf ●	Affirmed	Asf ●
Rural Hipotecario VIII, FTA				
<ul style="list-style-type: none"> <li>Class A2a LT ES0366367011</li> </ul>		AAAsf ●	Affirmed	AAAsf ●
<ul style="list-style-type: none"> <li>Class A2b LT ES0366367029</li> </ul>		AAAsf ●	Affirmed	AAAsf ●

ENTITY/DEBT	RATING		RECOVERY	PRIOR
• Class B LT ES0366367037	A+sf		Upgrade	Asf
• Class C LT ES0366367045	A-sf		Affirmed	A-sf
• Class D LT ES0366367052	BBBsf		Affirmed	BBBsf
• Class E LT ES0366367060	CCsf		Affirmed	CCsf
Rural Hipotecario IX, FTA				
• Class A2 LT ES0374274019	A+sf		Affirmed	A+sf
• Class A3 LT ES0374274027	A+sf		Affirmed	A+sf
• Class LT	A+sf		Affirmed	A+sf

ENTITY/DEBT	RATING		RECOVERY	PRIOR
B ES0374274035				
• Class C LT ES0374274043	BBB+sf 	Affirmed		BBB+sf 
• Class D LT ES0374274050	BB-sf 	Affirmed		BB-sf 
• Class E (RF) ES0374274068	CCsf	Affirmed		CCsf
Rural Hipotecario X, FTA				
• Class A LT ES0374275008	A+sf 	Affirmed		A+sf 
• Class B LT ES0374275016	Asf 	Affirmed		Asf 

### RATINGS KEY OUTLOOK WATCH

POSITIVE



## RATINGS KEY OUTLOOK WATCH

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

Resilient to Additional Stresses: The upgrades and revisions of Outlooks reflect Fitch's view that the notes are sufficiently protected by credit enhancement (CE) and excess spread to absorb the additional projected losses (see "EMEA RMBS: Criteria Assumptions Updated due to Impact of the Coronavirus Pandemic" and "Spain RMBS: Criteria Assumptions Updated Due to Decree Law in Catalonia").

The rating actions also reflect the broadly stable asset performance outlook, driven by the low share of loans in payment moratoria schemes and the improved macro-economic outlook for Spain as outlined in Fitch's latest Global Economic Outlook dated June 2021. Fitch does not expect the level of late stage arrears to materially increase, and therefore has not made any arrears adjustment within its analysis. Across the transactions, arrears over 90 days range between 0.6% and 2.3% as of the latest reporting periods.

Moreover, the analysis is not influenced by the Covid-19 downside scenario calibration, in line with "Fitch Ratings Retires Coronavirus Baseline and Downside Scenarios" dated 15 June 2021.

The Negative Outlook on Rural Hipotecario VIII, FTA's class D notes reflects the rating's vulnerability to shock scenarios, especially increased defaults, which could be triggered by the large exposure to self-employed borrowers (21.8% of the portfolio balance as of March-2021). We consider these loans riskier than third party employed borrowers due to income volatility.

Rating Caps Due to Counterparty Risks: Rural Hipotecario IX, FTA's maximum achievable rating is 'A+sf' as per Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria, as the transaction remains exposed to payment interruption risk in the event of servicer disruption. We deem the available structural mitigants (i.e. cash reserve funds that can be depleted by losses) insufficient to cover stressed senior fees, net swap payments and senior notes interest due amounts while an alternative servicer arrangement is implemented.

Rural Hipotecario X, FTA's maximum achievable rating remains capped at 'A+sf' due to the account bank minimum eligibility rating thresholds of 'BBB+' and 'F2', which are not compatible with 'AAsf' or

'AAAsf' rating categories as per Fitch's Counterparty Criteria.

Rural Hipotecario VII, FTA's class C notes and Rural Hipotecario X's class B notes' ratings are capped at the SPV account bank provider deposit rating (Societe Generale S.A. A-/Stable/F1, deposit rating 'A') as the cash reserves held at this entity are the only source of structural CE for these notes. The rating cap reflects the excessive counterparty dependence on the SPV account bank holding the cash reserves, in accordance with Fitch's Structure Finance and Covered Bonds Counterparty Rating Criteria.

CE to Increase in Short Term: We expect CE ratios for Rural Hipotecario Global I, FTA to remain broadly stable over the immediate term due to the prevailing pro-rata amortisation mechanism. They will likely increase when the switch to sequential amortisation of the notes is activated after the portfolio factor is lower than 10% (versus 11.8% currently). Similarly, for Rural Hipotecario VII we expect increased CE for the senior notes as the portfolio factor is now less than 10%, which mandates strictly sequential amortisation of the notes.

Fitch expects Rural Hipotecario VIII, IX and X CE ratios to continue increasing in the immediate short term due to the prevailing sequential amortisation. However, the CE ratios could reduce if the pro-rata amortisation of the notes is activated using a reverse sequential pay mechanism until tranche thickness targets are met. For example, Rural Hipotecario VIII's class A notes current CE of 13.0% could fall to around 11.0% if pro-rata amortisation applies. The pro-rata amortisation will be activated if the late stage arrears of the transactions decrease below certain triggers defined by the documentation.

## ESG Factors

Rural Hipotecario IX has an ESG Relevance Score of '5' for Transaction & Collateral Structure due to payment interruption risk, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a change to the rating of at least one notch downgrade.

## RATING SENSITIVITIES

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

-Rural Hipotecario Global I and Rural Hipotecario VII class A notes are rated at the highest level on Fitch's scale and cannot be upgraded.

-For mezzanine and junior notes, CE ratios increase as the transactions deleverage, able to fully compensate the credit losses and cash flow stresses commensurate with higher rating scenarios, all else being equal.

-For Rural Hipotecario IX class A2 and A3 notes, improved liquidity protection against a servicer disruption event. This is because the ratings are capped at 'A+sf' driven by unmitigated payment interruption risk.

-For Rural Hipotecario VII class C and Rural Hipotecario X class B notes, an upgrade of the SPV account bank's long-term deposit rating could trigger a corresponding upgrade of the notes. This is because the notes' ratings are capped at the bank rating given the excessive counterparty risk exposure.

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

-For Rural Hipotecario Global I and Rural Hipotecario VII class A notes, 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 changes to macroeconomic conditions, interest rate increases or borrower behaviour.

-For Rural Hipotecario VII class C and Rural Hipotecario X's class B notes, a downgrade of the SPV account bank's long-term deposit rating could trigger a corresponding downgrade of the notes. This is because the notes' ratings are capped at the bank rating given the 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 Hipotecario VII's class C notes and Rural Hipotecario X's class B notes' ratings are capped at Societe Generale S.A.'s long-term deposit rating due to unmitigated counterparty dependency.

## **ESG Considerations**

Rural Hipotecario IX has an ESG Relevance Score of '5' for Transaction & Collateral Structure due to payment interruption risk, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a change to the rating of at least one notch downgrade.

For Rural Hipotecario VII and Rural Hipotecario X, Fitch is changing the ESG.RS to '3' from '5' for Transaction Parties & Operational Risk as we only consider a '5' when the counterparty constraint is at a senior class level.

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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**Applicable Criteria**

[European RMBS Rating Criteria \(pub.22 Dec 2020\) \(including rating assumption sensitivity\)](#)

[Global Structured Finance Rating Criteria \(pub.24 Mar 2021\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub.29 Jan 2020\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub.29 Jan 2020\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub.23 Sep 2020\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub.13 Nov 2020\)](#)

**Applicable Models**

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

Multi-Asset Cash Flow Model, v2.10.0 [\(1\)](#)

ResiGlobal Model: Europe, v1.6.4 [\(1\)](#)

**Additional Disclosures**

[Solicitation Status](#)

## Endorsement Status

Rural Hipotecario Global I, FTA	EU Issued, UK Endorsed
Rural Hipotecario IX, FTA	EU Issued, UK Endorsed
Rural Hipotecario VII, FTA	EU Issued, UK Endorsed
Rural Hipotecario VIII, FTA	EU Issued, UK Endorsed
Rural Hipotecario X, FTA	EU Issued, UK Endorsed

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