



Rating Action: **Moody's takes action in RURAL HIPOTECARIO GLOBAL I, FTA and RURAL HIPOTECARIO VIII, FTA transactions**

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Madrid, April 14, 2023 – Moody's Investors Service ("Moody's") has today upgraded and affirmed the ratings of Notes in RURAL HIPOTECARIO GLOBAL I, FTA and RURAL HIPOTECARIO VIII, FTA. The upgrades reflect better than expected collateral performance and increased levels of credit enhancement for the affected Notes. Moody's affirmed the ratings of the notes that had sufficient credit enhancement to maintain their current ratings.

Issuer: RURAL HIPOTECARIO GLOBAL I, FTA

....EUR1008.1M Class A Notes, Affirmed Aa1 (sf); previously on Jun 21, 2022 Affirmed Aa1 (sf)

....EUR36.3M Class B Notes, Upgraded to Aa3 (sf); previously on Jun 21, 2022 Upgraded to A3 (sf)

....EUR8M Class C Notes, Upgraded to Baa1 (sf); previously on Jun 21, 2022 Upgraded to Ba1 (sf)

....EUR12.8M Class D Notes, Upgraded to Ba1 (sf); previously on Jun 21, 2022 Upgraded to Ba3 (sf)

Issuer: RURAL HIPOTECARIO VIII, FTA

....EUR802.4M Class A2a Notes, Affirmed Aa1 (sf); previously on May 22, 2019 Affirmed Aa1 (sf)

....EUR350M Class A2b Notes, Affirmed Aa1 (sf); previously on May 22, 2019 Affirmed Aa1 (sf)

....EUR27.3M Class B Notes, Affirmed Baa1 (sf); previously on May 22, 2019 Downgraded to Baa1 (sf)

....EUR15.6M Class C Notes, Upgraded to Ba1 (sf); previously on May 22, 2019 Affirmed Ba2 (sf)

....EUR7.2M Class D Notes, Upgraded to B1 (sf); previously on May 22, 2019 Affirmed Caa2 (sf)

RATINGS RATIONALE

The rating action is prompted by key decreased collateral assumptions, namely the portfolio Expected Loss (EL) and MILAN CE assumptions due to better than expected collateral performance, and an increase in credit enhancement for the affected tranches.

Revision of Key Collateral Assumptions:

The performance of the transactions has continued to be stable since the last rating action. Total delinquencies have decreased in the past year, with 90 days plus arrears of RURAL

HIPOTECARIO Global I, FTA and RURAL HIPOTECARIO VIII, FTA currently standing at 0.58% and 0.36% of current pool balance. Cumulative defaults currently stand at 2.30% and 2.20% of original pool balance respectively and remain broadly unchanged from a year earlier.

Moody's decreased the expected loss assumption of RURAL HIPOTECARIO Global I, FTA and RURAL HIPOTECARIO VIII, FTA to 1.98% and 1.94% as a percentage of current pool balance due to the good performance. The revised expected loss assumption for both deals corresponds to 1.06% as a percentage of original pool balance for both transactions.

Moody's also assessed loan-by-loan information as part of its detailed transaction review to determine the credit support consistent with target rating levels and the volatility of future losses. As a result, Moody's has decreased the MILAN CE assumption of RURAL HIPOTECARIO GLOBAL I, FTA to 7.1% from 8.9% and of RURAL HIPOTECARIO VIII, FTA to 7.2% from 10.0%.

Increase in Available Credit Enhancement

For RURAL HIPOTECARIO GLOBAL I, FTA, sequential amortization and the non-amortizing reserve fund led to the increase in the credit enhancement available in this transaction. For instance, the credit enhancement for Class A notes increased to 20.54% from 18.5% since the last rating action.

For RURAL HIPOTECARIO VIII, FTA, the non-amortizing reserve fund led to the increase in the credit enhancement available since the last rating action. For instance, the credit enhancement for Class A increased to 12.01% from 11.79% since the last rating action. While the notes are currently paid pro rata, upon the pool factor decreasing below 10% of original pool balance, this will trigger sequential amortization.

The Class B and D notes ratings in RURAL HIPOTECARIO VIII, FTA are constrained by the exposure under the swap.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in July 2022 and available at <https://ratings.moodys.com/api/rmc-documents/390481>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

A Request for Comment was published in which Moody's requested market feedback on potential revisions to its RMBS methodology framework. However, at this time no associated country-specific supplement has been published which would be relevant for the Credit Ratings referenced in this press release.

Request for Comments can be found on the rating methodologies page on <https://ratings.moodys.com>.

The analysis undertaken by Moody's at the initial assignment of ratings for RMBS securities 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 and (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

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 on <https://ratings.moody.com/rating-definitions>.

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.

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

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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://ratings.moodys.com/documents/PBC_1288235.

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