

Hecho Relevante de

HIPOCAT 10 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 10 FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

La Agencia de Calificación **Fitch Ratings** (“Fitch”), con fecha 20 de abril de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2:** **A+sf**, perspectiva estable (anterior **Bsf**, perspectiva en evolución)
- **Serie A3:** **A+sf**, perspectiva estable (anterior **Bsf**, perspectiva en evolución)
- **Serie B:** **Bsf**, perspectiva positiva (anterior **CCsf**, perspectiva en evolución)

Asimismo, Fitch ha confirmado las calificaciones asignadas a las restantes Series de Bonos:

- **Serie C:** **CCsf**, recobro estimado 0%
- **Serie D:** **Csf**, recobro estimado 0%

Se adjunta la comunicación emitida por Fitch.

Madrid, 23 de abril de 2018.

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada



Fitch Upgrades 9 Tranches of Hippocat RMBS Series; Affirms 11

Fitch Ratings-London-20 April 2018: Fitch Ratings has upgraded nine tranches of the Hippocat RMBS series and affirmed 11 tranches. All ratings have been removed from Rating Watch Evolving (RWE) where they were placed on 5 October 2017 following the publication of Fitch's new European RMBS Rating Criteria.

The transactions consist of mortgages originated in Spain by Catalunya Banc S.A. (now part of BBVA Group; A-/Stable/F2), which previously traded as Caixa Catalunya. The loans are serviced by BBVA Group.

KEY RATING DRIVERS

European RMBS Rating Criteria

The rating actions reflect the application of Fitch's new European RMBS Rating Criteria. They also reflect the levels of credit enhancement (CE) relative to Fitch's asset performance expectations as per the agency's rating criteria.

Payment Interruption Risk

For Hippocat 7, the cash reserve fund has a balance of EUR 12.8 million, which is approximately 50% of the target balance. Although the cash reserve fund may be drawn in the future to cover for defaults, Fitch has not applied a rating cap to the class A2 and B notes based on the expectation that funds will remain sufficient to cover payment interruption risk. However, the lack of dedicated liquidity has precluded upgrades above 'A+sf'.

For Hippocat 9, Hippocat 10, and Hippocat 11, the cash reserve funds are currently fully depleted. Therefore, the note ratings remain capped at 'A+sf' due to insufficient structural mitigation to payment interruption risk.

Asset Performance

Based upon supplementary loan-level data, Fitch estimated total delinquent loan balances (in excess of x0.1 payments) of 15.7%, 14.4%, 16.2% and 18.3% for Hippocat 7, Hippocat 9, Hippocat 10 and Hippocat 11, respectively, as a percentage of the total loan balance of performing and delinquent loans. The balances of loans with more than three payments in arrears were estimated at 0.8%, 1.2%, 1.1% and 1.3% for Hippocat 7, Hippocat 9, Hippocat 10 and Hippocat 11, respectively.

CE

Currently all four transactions are amortising on a sequential basis between each class of notes as a result of the reserve funds being under funded.

For Hipocat 7, Fitch has calculated CE of 33.4%, 26.9% 14.4% and 6.0% for the class A, B, C and D notes, respectively.

For Hipocat 9, Fitch has treated the class A2a and A2b notes as pari-passu. Fitch has calculated CE of 25.2%, 15.4%, 7.2%, negative 3.3% and negative 10.5% for the class A, B, C, D and E notes, respectively.

For Hipocat 10, Fitch has treated the class A2 and A3 notes as pari-passu. Fitch has calculated CE of 15.8%, negative 1.4%, negative 17.6% and negative 25.5% for the class A, B, C and D notes, respectively.

For Hipocat 11, Fitch has treated the class A2 and A3 notes as pari-passu. Fitch has calculated CE of negative 0.9%, negative 17.2%, negative 36.9% and negative 45.6% for the class A, B, C and D notes, respectively.

Recoveries on Defaulted Receivables

Fitch was provided with supplementary loan-level information on defaulted accounts to enable the calculation of recoveries on defaulted receivables as described in its European RMBS Rating Criteria.

For Hipocat 7 the balance of defaulted receivables totalled EUR 24.4 million and Fitch calculated a 'Bsf' a recovery rate of 40.1%. For Hipocat 9 the balance of defaulted receivables totalled EUR 36.7 million and Fitch calculated a 'Bsf' recovery rate of 29.2%. For Hipocat 10 the balance of defaulted receivables totalled EUR 83.4 million and Fitch calculated a 'Bsf' recovery rate of 19.8%. For Hipocat 11 the balance of defaulted receivables totalled EUR125.3 million and Fitch calculated a 'Bsf' recovery rate of 14.5%.

RATING SENSITIVITIES

For Hipocat 7 class A and B notes, the future depletion of the reserve fund may result in the note ratings being capped at 'A+sf'.

For all notes rated below 'A+sf', a timely and successful resolution of the existing defaulted receivables could have a positive rating impact, as indicated by the Positive Outlooks.

For all notes, a worsening of the Spanish macroeconomic environment, especially employment conditions, or an abrupt shift of interest rates could jeopardise the underlying borrowers' affordability. This could have negative effects on asset performance and negative rating implications.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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. There were no findings that affected the rating analysis. 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 the 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.

SOURCES OF INFORMATION

The information below was used in the analysis.

- Loan-level data provided by European Datawarehouse with a cut-off date at 08 January 2018 for Hipocat 7, 9 and 11. For Hipocat 10 cut-off as at 17 January 2018.
- Supplementary loan-level data provided by Europea de Titulizacion in relation to loans with arrears balances as of 31 March 2018 and loans with an account status of defaulted as of 10 April 2018
- Transaction reporting provided by Europea de Titulizacion with an interest payment date of 15 January 2018 for Hipocat 7, 9 and 11. For Hipocat 10 data with an interest payment date of 24 January 2018.

MODELS

ResiEMEA. (<https://www.fitchratings.com/site/structuredfinance/rmbs/resiemea>)

EMEA Cash Flow Model.

(<https://www.fitchratings.com/site/structuredfinance/emeacfm>)

The rating actions are as follows:

Hipocat 7

Class A2 (ISIN ES0345783015): affirmed at 'AA+sf'; off RWE; Outlook Stable

Class B (ISIN ES0345783023): affirmed at 'AAsf'; off RWE; Outlook Stable

Class C (ISIN ES0345783031): upgraded to 'A+sf' from 'BBB+sf'; off RWE; Outlook Stable

Class D (ISIN ES0345783049): upgraded to 'BBBs' from 'BBsf'; off RWE; Outlook Positive

Hipocat 9

Class A2a (ISIN ES0345721015): upgraded to 'A+sf' from 'Asf'; off RWE; Outlook Stable

Class A2b (ISIN ES0345721023): upgraded to 'A+sf' from 'Asf'; off RWE; Outlook Stable

Class B (ISIN ES0345721031): upgraded to 'Asf' from 'BB+sf'; off RWE; Outlook Positive

Class C (ISIN ES0345721049): upgraded to 'BB+sf' from 'CCCs'f'; off RWE; Outlook Positive; Recovery Estimate (RE) revised to NC (not calculated) from 100%

Class D (ISIN ES0345721056): affirmed at 'CCs'f'; off RWE; RE revised to 80% from 15%

Class E (ISIN ES0345721064): affirmed at 'Cs'f'; off RWE; RE 0%

Hipocat 10

Class A2 (ISIN ES0345671012): upgraded to 'A+sf' from 'Bsf'; off RWE; Outlook Stable

Class A3 (ISIN ES0345671020): upgraded to 'A+sf' from 'Bsf'; off RWE; Outlook Stable

Class B (ISIN ES0345671046): upgraded to 'Bsf' from 'CCs'f'; off RWE; Outlook Positive; RE revised to NC from 10%

Class C (ISIN ES0345671053): affirmed at 'CCs'f' '; off RWE; RE 0%

Class D (ISIN ES0345671061): affirmed at 'Cs'f'; off RWE; RE 0%

Hipocat 11

Class A2 (ISIN ES0345672010): affirmed at 'CCCs'f'; off RWE; RE revised to 95% from 100%;

Class A3 (ISIN ES0345672028): affirmed at 'CCCs'f'; off RWE; RE revised to 95% from 100%;

Class B (ISIN ES0345672036): affirmed at 'CCs'f' '; off RWE; RE 0%

Class C (ISIN ES0345672044): affirmed at 'CCs'f' '; off RWE; RE 0%

Class D (ISIN ES0345672051): affirmed at 'Cs'f'; off RWE; RE 0%

Contacts:

Lead Surveillance Analyst

Henry Dalglish

Analyst

+44 20 3530 1230
Fitch Ratings Limited
30 North Colonnade
London E14 5GN

Committee Chairperson

Grant England
Co-Head of European RMBS
Senior Director
+44 20 3530 1130

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email:
athos.larkou@fitchratings.com

Additional information is available on www.fitchratings.com

Applicable Criteria

European RMBS Rating Criteria (pub. 02 Feb 2018)
(<https://www.fitchratings.com/site/re/10018676>)
Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018)
(<https://www.fitchratings.com/site/re/10018863>)
Global Structured Finance Rating Criteria (pub. 03 May 2017)
(<https://www.fitchratings.com/site/re/897411>)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (<https://www.fitchratings.com/site/re/898537>)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (<https://www.fitchratings.com/site/re/898538>)
Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 18 Sep 2017) (<https://www.fitchratings.com/site/re/903496>)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 02 Feb 2018) (<https://www.fitchratings.com/site/re/10018549>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
(<https://www.fitchratings.com/site/dodd-frank-disclosure/10027775>)
Solicitation Status (<https://www.fitchratings.com/site/pr/10027775#solicitation>)
Endorsement Policy (<https://www.fitchratings.com/regulatory>)

ALL 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](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. 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](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

Copyright © 2018 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. 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.

Solicitation Status

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligator being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated, except for the following:

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.