

**Otra Información Relevante de HIPOCAT 10 FONDO DE TITULIZACION DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 10 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 14 de febrero de 2025, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie B: AA+sf** (anterior **A+sf**)

Asimismo, Fitch ha confirmado la calificación asignada a las restantes Series de Bonos:

- **Serie A2: AA+sf**
- **Serie C: CCsf**
- **Serie D: Csf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 17 de febrero de 2025

## RATING ACTION COMMENTARY

# Fitch Takes Rating Actions on 3 Hipocat RMBS Transactions

Fri 14 Feb, 2025 - 4:49 ET

Fitch Ratings - Madrid - 14 Feb 2025: Fitch Ratings has taken multiple rating actions on three Hipocat Spanish RMBS transactions, including upgrading three tranches. At the same time, Fitch has resolved the Under Criteria Observation (UCO) status of all tranches.

A full list of rating actions is below.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕			PRIOR ↕
Hipocat 11, FTA				
Class A2 ES0345672010	LT	AA+sf	Affirmed	AA+sf
Class B ES0345672036	LT	BB+sf	Upgrade	B-sf
Class C ES0345672044	LT	CCsf	Affirmed	CCsf
Class D ES0345672051	LT	Csf	Affirmed	Csf

## Hipocat 9, FTA

Class A2a ES0345721015	LT	AA+sf	Affirmed	AA+sf
Class A2b ES0345721023	LT	AA+sf	Affirmed	AA+sf
Class B ES0345721031	LT	AA+sf	Affirmed	AA+sf
Class C ES0345721049	LT	AA+sf	Affirmed	AA+sf
Class D ES0345721056	LT	Asf	Upgrade	BBB+sf
Class E ES0345721064	LT	Csf	Affirmed	Csf

## Hipocat 10, FTA

Class A2 ES0345671012	LT	AA+sf	Affirmed	AA+sf
Class B ES0345671046	LT	AA+sf	Upgrade	A+sf
Class C ES0345671053	LT	CCsf	Affirmed	CCsf
Class D ES0345671061	LT	Csf	Affirmed	Csf

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[VIEW ADDITIONAL RATING DETAILS](#)

## TRANSACTION SUMMARY

The RMBS transactions are Spanish residential mortgage securitisations serviced by Banco Bilbao Vizcaya Argentaria, S.A. (BBB+/Positive/F2).

## KEY RATING DRIVERS

**European RMBS Rating Criteria Updated:** The rating actions reflect the update of Fitch's European RMBS Rating Criteria on 30 October 2024. This update adopted a non-indexed current loan-to-value (LTV) approach to derive the base foreclosure frequency (FF) on portfolios, instead of the original LTV approach applied previously. The rating actions also take into account the borrower-level recovery rate cap of 85% under the new criteria, versus 100% previously. For more information see "Fitch Ratings Updates European RMBS Rating Criteria; Sets FF and HPD Assumptions".

When calibrating the portfolio FF rates, Fitch has applied a transaction adjustment of 1.1x to Hipocat 9 and 1.5x to Hipocat 10 and Hipocat 11, to reflect our general assessment of the pools based on their historical performance data.

**Stable Asset Performance Outlook:** The rating actions reflect the transactions' broadly stable asset performance, in line with our neutral outlook for eurozone RMBS. These transactions maintain a low share of loans in arrears over 90 days (at or below 1.5% of outstanding pool balance as of the latest reporting dates), have ample seasoning of the securitised portfolios of more than 19 years, and carry a weighted average non-indexed CLTV of less than 40% as of the latest reporting date.

**Sufficient Credit Enhancement (CE)** Fitch views CE protection as sufficient to fully compensate for the credit and cash flow stresses at the respective notes' ratings, which underpins the upgrades on Hipocat 9 class D notes, as well as Hipocat 10 and Hipocat 11 class B notes. We expect structural CE to continue increasing, driven by the mandatory sequential amortisation of the notes. On the other hand, the zero or negative CE protection on all three deals' most junior tranches as well as Hipocat 10 and Hipocat 11 class C notes underlines the distressed ratings of these notes.

**Portfolio Risky Attributes:** All the portfolios are highly concentrated in the region of Catalonia, with exposures ranging around 70% of the pool balances. To address regional concentration risk, Fitch applied higher rating multiples to the base FF assumption to the portion of the portfolios that exceeds 2.5x the population within this region relative to the national total, in line with its European RMBS Rating Criteria.

**Ratings Capped (ESG Consideration):** The maximum achievable rating for the three transactions remains at 'AA+sf'. This is due to unmitigated payment interruption risk in a

servicer distress in light of insufficient liquidity protection, which is not compatible with 'AAAsf' ratings under Fitch's Counterparty Criteria.

Moreover, the rating of Hipocat 9 class D notes is capped at and linked to the transaction account bank (TAB) provider, Societe Generale, 'A' deposit rating (A-/Stable/F1) as the transaction's cash reserves held at this entity represent the only source of structural CE for the notes. The sudden loss of these funds would imply a model-implied downgrade of 10 or more notches in accordance with Fitch's criteria.

## **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 changes to macroeconomic conditions, interest-rate increases or borrower behaviour, could lead to downgrades. For instance, a combination of increased defaults and decreased recoveries by 15% each could trigger downgrades of up to four notches

- For Hipocat 9 class D notes, a downgrade of the TAB provider's deposit rating as the notes are capped by excessive counterparty risk exposure

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

- For Hipocat 9, Hipocat 10 and Hipocat 11, increasing liquidity protection sufficient to fully mitigate payment interruption risk could lead to an upgrade of the senior notes to 'AAAsf'

- Stable to improved asset performance driven by stable delinquencies and defaults would lead to increasing CE and, potentially, upgrades. For instance, a combination of decreased defaults and increased recoveries by 15% each could trigger upgrades of up to two notches across the notes

## **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' 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**

Hipocat 9 class D notes ratings are directly linked to their TAB's long-term deposit rating, due to excessive counterparty dependence.

## **ESG CONSIDERATIONS**

Hipocat 9, 10 and 11 have an Environmental, Social and Governance (ESG) Relevance Score of 5 for Transaction & Collateral Structure, due to unmitigated payment interruption risk at the 'AAAsf' rating case. This has a negative impact on the credit profile, and is highly relevant to the ratings, resulting in lower ratings of at least one notch.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' 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. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## **PARTICIPATION STATUS**

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 \(pub. 28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 20 Jun 2024\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 24 Oct 2024\)](#)

[Global Structured Finance Rating Criteria \(pub. 18 Nov 2024\) \(including rating assumption sensitivity\)](#)

[European RMBS Rating Criteria \(pub. 14 Jan 2025\) \(including rating assumption sensitivity\)](#)

## **APPLICABLE MODELS**

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

Multi-Asset Cash Flow Model, v3.4.0 (1)

ResiGlobal Model: Europe, v1.11.0 (1)

## **ADDITIONAL DISCLOSURES**

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

[Solicitation Status](#)

[Endorsement Policy](#)

## **ENDORSEMENT STATUS**

Hipocat 10, FTA

EU Issued, UK Endorsed

Hipocat 11, FTA

EU Issued, UK Endorsed

Hipocat 9, FTA

EU Issued, UK Endorsed

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