

¿Otra Información relevante de

HIPOCAT 11 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 11 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 11 de marzo de 2020, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2: BBB+sf**, perspectiva estable (anterior **Bsf**)
- **Serie A3: BBB+sf**, perspectiva estable (anterior **Bsf**)

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

- **Serie B: CCsf**, recobro estimado 70%
- **Serie C: CCsf**, recobro estimado 0%
- **Serie D: Csf**, recobro estimado 0%

Se adjunta la comunicación emitida por Fitch.

Madrid, 12 de marzo de 2020.

11 Mar 2020 | Rating Watch

Fitch Takes Rating Action on 4 Spanish RMBS Transactions

Fitch Ratings-Madrid-11 March 2020:

Fitch Ratings has placed one tranche of Hipocat 7, FTA, on Rating Watch Negative (RWN) and taken rating actions on Hipocat 10, FTA, Hipocat 11, FTA, and Hipocat 9, FTA as detailed below.

The RWN reflects the potential effects of the recently enacted Catalanian Decree Law 17/2019 on securitised residential mortgage portfolios.

Hipocat 7, FTA

---Class A2 ES0345783015; Long Term Rating; Affirmed; AAAsf; RO:Sta

---Class B ES0345783023; Long Term Rating; Rating Watch Maintained; AAAsf; RW: Neg

---Class C ES0345783031; Long Term Rating; Rating Watch On; A+sf; RW: Neg

---Class D ES0345783049; Long Term Rating; Rating Watch Maintained; BBB+sf; RW: Neg

Hipocat 11, FTA

---Class A2 ES0345672010; Long Term Rating; Upgrade; BBB+sf; RO:Sta

---Class A3 ES0345672028; Long Term Rating; Upgrade; BBB+sf; RO:Sta

---Class B ES0345672036; Long Term Rating; Affirmed; CCsf

---Class C ES0345672044; Long Term Rating; Affirmed; CCsf

---Class D ES0345672051; Long Term Rating; Affirmed; Csf

Hipocat 9, FTA

---Class A2a ES0345721015; Long Term Rating; Affirmed; A+sf; RO:Sta

---Class A2b ES0345721023; Long Term Rating; Affirmed; A+sf; RO:Sta

---Class B ES0345721031; Long Term Rating; Affirmed; A+sf; RO:Sta

---Class C ES0345721049; Long Term Rating; Rating Watch Maintained; Asf; RW: Neg

---Class D ES0345721056; Long Term Rating; Affirmed; CCCsf

---Class E ES0345721064; Long Term Rating; Affirmed; Csf

Hipocat 10, FTA

---Class A2 ES0345671012; Long Term Rating; Affirmed; A+sf; RO:Sta

---Class A3 ES0345671020; Long Term Rating; Affirmed; A+sf; RO:Sta

---Class B ES0345671046; Long Term Rating; Upgrade; BB+sf; RO:Sta

---Class C ES0345671053; Long Term Rating; Affirmed; CCsf

---Class D ES0345671061; Long Term Rating; Affirmed; Csf

Transaction Summary

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

KEY RATING DRIVERS

Mandatory Residential Lease for SPVs

Fitch considers that the ratings of Hipocat 7's class B, C and D notes may be sensitive to the possible adverse effects that the recently enacted Catalanian Decree Law 17/2019 could have on some existing and future residential mortgage defaults within the securitised portfolios (see Fitch Places 18 Tranches of 9 Spanish RMBS on RWN; Affirms Others). This led to the class C notes being placed on RWN and the class B and D notes being maintained on RWN.

Stable or Improving Credit Enhancement

Fitch expects structural CE to remain largely stable over the short to medium term in Hipocat 7 as the transaction is currently amortising on a pro-rata basis. Fitch expects Hipocat 9 to start amortising pro-rata in the next six to 12 months as the reserve fund (RF) is close to its target. Once this happens, CE ratios will decrease slightly as the RF will be allowed to amortise to its floor, which drives the maintained RWN on the class C notes.

For the rest of the transactions we expect CE ratios to continue to increase as the notes are expected to keep amortising sequentially. For Hipocat 10 and 11, the rise in CE is the main driver of the upgrades of the notes. Fitch views these CE trends as sufficient to withstand the rating stresses, leading to the upgrades and affirmations. However, the still very low and even negative CE for some tranches is a driver of the 'Csf' to 'CCCSf' ratings.

Geographical Concentration to Catalonia

The securitised portfolios are exposed to the region of Catalonia with a concentration that ranges from 63% for Hipocat 7 to 69% in Hipocat 10. 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, in line with Fitch's European RMBS rating criteria.

Payment Interruption Risk

Fitch views Hipocat 9, Hipocat 10 and 11 as being exposed to payment interruption risk in the event of a servicer disruption, as in scenarios of economic stress we expect the available RFs (partially funded for Hipocat 9 and fully depleted for Hipocat 10 and Hipocat 11) to be insufficient to cover senior fees, net swap payments and senior notes' interest during the minimum three months needed to implement alternative servicing arrangements. The notes' maximum achievable ratings are commensurate with the 'Asf' category, in line with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

Asset Performance Possibly Volatile

We believe the behaviour of some distressed mortgage debtors in Catalonia could deteriorate as a consequence of the Decree Law. For example, a distressed borrower with a high loan-to-value (LTV) mortgage could be motivated to stop paying the mortgage and get access to a much cheaper lease for as long as 14 years.

As of the latest reporting dates of the transactions, the balance of arrears by three months or more (excluding defaults) remain below 1.0% relative to current portfolio balances, while gross cumulative defaults range between 3.9% (Hipocat 7) and 25.0% (Hipocat 11) relative to the initial portfolio balances with signs of flattening during the past two years.

ESG Factors

Hipocat 9 and 10 have 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 ratings.

Hipocat 11 has an ESG Relevance Score of 4 for "Transaction & Collateral Structure" due to payment interruption risk, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

RATING SENSITIVITIES

Fitch's analysis will factor in the transaction-specific feedback expected to be received from the trustees, particularly with respect to the servicing strategy to be implemented in cases where mandatory social rent is applied to existing or future defaults. Moreover, the analysis will address any additional recurrent expenses that SPVs will have to pay linked to the maintenance of rented property during the entire period, and any contingent liabilities in their new role as landlords.

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. 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 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

Catalonia Decree-Law 17/2019 (23 December) sourced from Agencia Estatal Boletín Oficial del Estado

Issuer and servicer reports as of January 2020 provided by Europea de Titulización SGFT

Transaction updates as of January 2020 provided by Europea de Titulización SGFT

Portfolio loan level data as of December 2019 sourced from the European Data Warehouse

MODELS

ResiGlobal:

<https://www.fitchratings.com/site/structuredfinance/rmbs/resiglobal>

EMEA Cash Flow Model:

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

ESG Considerations

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Hipocat 11 has an ESG Relevance Score of 4 for "Transaction & Collateral Structure" due to payment interruption risk, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of 3 - ESG issues are credit neutral or have only a minimal credit impact on the entity(ies), either due to their nature or the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

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Additional information is available on www.fitchratings.com

Applicable Criteria

[European RMBS Rating Criteria \(pub. 28 Feb 2020\)](#)

[Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds \(Excel\) \(pub. 06 Dec 2019\)](#)

[Global Structured Finance Rating Criteria \(pub. 02 May 2019\)](#)

[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 \(pub. 06 Feb 2020\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 06 Dec 2019\)](#)

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