

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 27 de marzo de 2024, comunica que ha afirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie C:** CCsf
- **Serie D:** Csf

Asimismo, Fitch ha elevado la calificación de la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie A2** AA+sf (anterior, A+sf)
- **Serie B:** B-sf (anterior, CCsf)

Se adjunta la comunicación emitida por Fitch.

Madrid, 30 de mayo de 2024

27 MAR 2024











## Fitch Upgrades 9 Tranches of Hipocat and Valencia RMBS; Affirm Others

Fitch Ratings - Madrid - 27 Mar 2024: Fitch Ratings has upgraded four tranches of Hipocat 9, FTA, two tranches of Hipocat 10, FTA, two tranches of Hipocat 11, FTA and one tranche of Valencia Hipotecario 3, FTA, as detailed below.

### Rating Actions

ENTITY/DEBT	RATING		RECOVERY	PRIOR
Hipocat 11, FTA				
• Class A2 LT ES0345672010	AA+sf ●	Upgrade		A+sf ◆
• Class B LT ES0345672036	B-sf ●	Upgrade		CCsf
• Class C LT ES0345672044	CCsf	Affirmed		CCsf
• Class D LT ES0345672051	Csf	Affirmed		Csf
Valencia				

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Hipotecario 3, FTA			
• Class A2 LT ES0382746016	AAAsf ●	Affirmed	AAAsf ●
• Class B LT ES0382746024	AAsf ●	Upgrade	A+sf ◆
• Class C LT ES0382746032	A+sf ●	Affirmed	A+sf ●
• Class D LT ES0382746040	CCCsف	Affirmed	CCCsف
Hipocat 9, FTA			
• Class A2a LT ES0345721015	AA+sf ●	Upgrade	A+sf ◆
• Class A2b LT ES0345721023	AA+sf ●	Upgrade	A+sf ◆

ENTITY/DEBT	RATING		RECOVERY	PRIOR
• Class B LT ES0345721031	AA+sf 		Upgrade	A+sf 
• Class C LT ES0345721049	AA+sf 		Upgrade	A+sf 
• Class D LT ES0345721056	BBB+sf 		Affirmed	BBB+sf 
• Class E LT ES0345721064	Csf		Affirmed	Csf
Hipocat 10, FTA				
• Class A2 LT ES0345671012	AA+sf 		Upgrade	A+sf 
• Class B LT ES0345671046	A+sf 		Upgrade	BB+sf 
• Class C LT	CCsf		Affirmed	CCsf

ENTITY/DEBT	RATING	RECOVERY	PRIOR
ES0345671053			
• Class			
D LT	Csf	Affirmed	Csf
ES0345671061			

## RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◇
NEGATIVE	⊖	◇
EVOLVING	◊	◆
STABLE	○	

## Transaction Summary

The transactions comprise fully amortising Spanish residential mortgages serviced by Caixabank, S.A. (BBB+/Stable/F2) and Banco Bilbao Vizcaya Argentaria (BBB+/Stable/F2).

## KEY RATING DRIVERS

**Updated Interest Deferability Rating Approach:** The upgrades and removal from Rating Watch Positive (RWP) of Hipocat 9's class A to C notes, Hipocat 10's class A and B notes, and Hipocat 11's class A notes reflect Fitch's view that payment interruption risk (PIR) in the event of a servicer disruption is immaterial up to 'AA+sf' instead of 'A+sf' previously, following the update of Fitch's Global Structured Finance Rating Criteria on 19 January 2024. This is because interest deferability is permitted under transaction documentation for all rated notes and does not constitute an event of default.

The upgrades of Hipocat 10 and Valencia 3's class B notes also reflect the update of Fitch's Global Structured Finance Rating Criteria in relation to interest deferability, which previously capped the rating at 'BB+sf' and 'A+', respectively. The removal of the deferral caps under the new criteria reflects our assessment that any interest deferrals on the notes will be fully recovered by the legal maturity date, that deferrals are a common structural feature in Spanish RMBS, and that the transactions' documentation include a defined mechanism for the repayment of deferred amounts.

**Hipocat 10 Class B Upgrade:** The upgrade of Hipocat 10's class B notes and Positive Outlook reflects our expectation that the considerable uncleared interest deferrals as of the last reporting date will be fully recovered in the short to medium term if the transaction's robust performance continues.

**CE Trends:** Fitch expects credit enhancement (CE) for the Hipocat transactions to continue increasing due to the mandatory sequential amortisation of the notes. We also expect CE ratios for Valencia 3 notes to increase shortly as the transaction is expected to switch to fully sequential amortisation once the pool factor falls below 10% (currently 11%). The rating actions reflect Fitch's view that the notes are sufficiently protected by CE to absorb the projected losses commensurate with prevailing rating scenarios, for example the upgrade of Hipocat 11 class B notes.

The zero or negative CE protection on all deals' most junior tranches as well as Hipocat 10 and 11 class C notes is a driving factor of the distressed ratings on these notes.

**Portfolio Risky Attributes:** All the portfolios are highly concentrated in the regions of Valencia and Catalonia, with exposure ranging between 65% and 70% of the pool balances. To address regional concentration risk, Fitch applied higher rating multiples to the base foreclosure frequency (FF) assumption to the portion of the portfolios that exceeds 2.5x the population within these regions relative to the national total, in line with its European RMBS Rating Criteria.

**Mild Weakening in Asset Performance:** The rating actions reflect Fitch's expectation of mild deterioration of asset performance, consistent with the inflationary pressures that negatively affect real household wages and disposable income. However, the transactions have low shares of loans in arrears over 90 days (less than 1.0% as of the latest reporting dates), and the portfolios carry large seasoning of more than 18 years.

**ESG Relevance Factor (Hipocat 9, 10 & 11):** Hipocat 9, 10 and 11 have unmitigated payment interruption risk in the 'AAA' rating case, which has a negative impact on the credit profile, and is highly relevant to the ratings, resulting in a change to the ratings of at least a one-notch downgrade.

## RATING SENSITIVITIES

### Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

For notes rated 'AAAsf', a downgrade of Spain's Long-Term Issuer Default Rating (IDR) could decrease the maximum achievable rating for Spanish structured finance transactions. This is because the notes are capped at the maximum achievable rating in Spain, 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 instance, a combined scenario of increased defaults and decreased recoveries by 30% each could trigger downgrades of up to five notches.

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

For Hipocat 9, 10 and 11, increasing liquidity protection sufficient to fully mitigate PIR could lead to upgrades 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 four notches.

## **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**

Hipocat 10, FTA, Hipocat 11, FTA, Hipocat 9, FTA, Valencia Hipotecario 3, FTA

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 transaction[s] 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's class D notes and Valencia 3's class C notes are capped at the transaction account bank's deposit rating due to Excessive Counterparty Exposure, as the Reserve Fund is the sole provider of CE for the notes.

## **ESG Considerations**

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

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>.

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## **Applicable Criteria**

[European Equity Release Loan Products Rating Criteria \(pub.11 Dec 2023\) \(including rating assumption sensitivity\)](#)

[European RMBS Rating Criteria \(pub.21 Jun 2023\) \(including rating assumption sensitivity\)](#)

[Global Structured Finance Rating Criteria \(pub.19 Jan 2024\) \(including rating assumption sensitivity\)](#)

[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 \(pub.07 Jul 2023\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub.28 Dec 2022\)](#)



## Applicable Models

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

Multi-Asset Cash Flow Model, v3.1.1 [\(1\)](#) [\(2\)](#)

ResiGlobal Model: Europe, v1.8.11 [\(1\)](#)

## Additional Disclosures

[Solicitation Status](#)

## Endorsement Status

Hipocat 10, FTA                      EU Issued, UK Endorsed

Hipocat 11, FTA                      EU Issued, UK Endorsed

Hipocat 9, FTA                        EU Issued, UK Endorsed

Valencia Hipotecario 3, FTA      EU Issued, UK Endorsed

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