

Otra Información Relevante de

HIPOCAT 8 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 8 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 mayo de 2022, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2:** **A+sf**
- **Serie B:** **A+sf**
- **Serie C:** **A+sf**

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

- **Serie D:** **A-sf** (anterior, **BBB-sf**)

Se adjunta la comunicación emitida por Fitch.

Madrid, 25 de mayo de 2022.



## RATING ACTION COMMENTARY

# Fitch Takes Rating Action on 3 Hipocat RMBS

Wed 11 May, 2022 - 13:22 ET

Fitch Ratings - Madrid - 11 May 2022: Fitch Ratings has upgraded Hipocat 8, FTA's class D notes and affirmed the others. Fitch has also affirmed Hipocat 6, FTA and Hipocat 7, FTA. A full list of rating actions is below.

## RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕		PRIOR ↕
Hipocat 6, FTA			
Class A ES0345782009	LT	AAAsf Rating Outlook Stable	Affirmed
			AAAsf Rating Outlook Stable
Class B ES0345782017	LT	AAAsf Rating Outlook Stable	Affirmed
			AAAsf Rating Outlook Negative
Class C ES0345782025	LT	A+sf Rating Outlook Stable	Affirmed
			A+sf Rating Outlook Negative
Hipocat 7, FTA			
Class A2 ES0345783015	LT	AAAsf Rating Outlook Stable	Affirmed
			AAAsf Rating Outlook Stable
Class B ES0345783023	LT	AAAsf Rating Outlook Stable	Affirmed
			AAAsf Rating Outlook Stable
Class C ES0345783031	LT	AAAsf Rating Outlook Stable	Affirmed
			AAAsf Rating Outlook Stable

Class D ES0345783049	LT	Asf Rating Outlook Stable	Affirmed	Asf Rating Outlook Stable
Hipocat 8, FTA				
Class A2 ES0345784013	LT	A+sf Rating Outlook Stable	Affirmed	A+sf Rating Outlook Stable
Class B ES0345784021	LT	A+sf Rating Outlook Stable	Affirmed	A+sf Rating Outlook Stable
Class C ES0345784039	LT	A+sf Rating Outlook Stable	Affirmed	A+sf Rating Outlook Stable
Class D ES0345784047	LT	A-sf Rating Outlook Stable	Upgrade	BBB-sf Rating Outlook Stable

[VIEW ADDITIONAL RATING DETAILS](#)

## TRANSACTION SUMMARY

The transactions comprise residential mortgages serviced by BBVA S.A (BBB+/Stable/F2).

## KEY RATING DRIVERS

**Stable Performance Expectation and CE:** The rating actions reflect our expectation of broadly stable asset performance for the securitised portfolios, supported by a low share of loans in arrears over 90 days (below 0.5% of the current portfolio balance as of the latest reporting dates in both cases), very high portfolio seasoning of more than 18 years and low current loan-to-value ratios.

The rating actions reflect Fitch's view that credit enhancement (CE) ratios will continue increasing, mainly driven by the mandatory sequential paydown of the liabilities that takes place until the final maturity date in line with transaction documentation when the portfolio factor is 10% or less (for Hipocat 7 and 8), and driven by an at target non-amortising reserve fund, despite pro-rata note amortisation for Hipocat 6. As of March 2022, the portfolio factor ranges between 7.7% and 10.9% across the three transactions.

**Ratings Capped by Counterparty Risks:** Fitch views Hipocat 8 as exposed to payment interruption risk in the event of a servicer disruption, as liquidity sources can be depleted in a stressful scenario as has been the case in the recent past, becoming insufficient to cover senior fees, net swap payments and senior notes' interest during a minimum three month-period while an alternative servicing arrangement is implemented. The notes' maximum achievable ratings are therefore commensurate with the 'Asf' category, in line with Fitch's criteria.

The most junior notes' ratings for Hipocat 6 and 7 are capped at the transaction account bank (TAB) provider rating (BNP Paribas Security Services, A+/Stable/F1 for Hipocat 6 and Societe Generale, S.A, A-/Stable/F1, deposit rating 'A' for Hipocat 7). The rating cap reflects the excessive counterparty dependence on the TAB holding the cash reserves, as the transactions' cash reserves held at these entities represent more than 50% of structural CE for these two tranches and because the sudden loss of these amounts could imply downgrades of the notes of 10 or more notches of the Hipocat 7 notes, in accordance with Fitch's criteria. For Hipocat 6, this assessment also considers the very low borrower count left in the pool at the tail, which implies a significant reliance on the cash reserves as source of CE.

**Geographical Concentration in Catalonia:** The securitised portfolios are exposed to the Region of Catalonia, ranging between 70% and 87% of the current portfolio balances. 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.

### ESG Considerations - Governance

Hipocat 8 has 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 rating of more than one category.

### RATING SENSITIVITIES

#### Factors that could, individually or collectively, lead to negative rating action/downgrade:

- For senior notes rated at 'AAA', a downgrade of Spain's Long-Term Issuer Default Rating (IDR) that could decrease the maximum achievable rating for Spanish structured finance transactions. This is because these notes are rated at the maximum achievable rating, six notches above the sovereign IDR.
- For the most junior tranches of Hipocat 6 and Hipocat 7, a downgrade of their respective SPV's account bank provider's rating, as the notes' ratings are capped at the bank's ratings due to excessive counterparty risk exposure.
- Long-term asset performance deterioration, such as increased delinquencies or larger defaults, which could be driven by adverse changes to macroeconomic conditions, interest-rate increases or borrower behaviour. Higher inflation, larger unemployment and lower economic growth than Fitch's current forecast as disclosed in the Global Economic Outlook (March 2022) could impact the borrowers' ability to pay their mortgage debt.

#### Factors that could, individually or collectively, lead to positive rating action/upgrade:

- The senior notes are rated at the highest level on Fitch's scale and cannot be upgraded.
- For the most junior tranches of Hipocat 6 and Hipocat 7, an upgrade of the transaction account banks' ratings as the notes' ratings are capped at their respective bank's ratings due to excessive counterparty risk exposure to the account bank.
- Hipocat 8's class A, B and C notes' ratings could be upgraded if improved liquidity protection fully mitigates payment interruption risk. This is because the ratings are currently capped at 'A+sf' due to unmitigated payment interruption risk.

### BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

### 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 6, FTA, Hipocat 7, FTA, Hipocat 8, 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 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 6's class C notes' and Hipocat 7's class D notes' ratings are directly linked to their SPV account bank provider's long-term rating due to excessive counterparty dependency.

## ESG CONSIDERATIONS

Hipocat 8, FTA has an ESG Relevance Score of '5' for Transaction & Collateral Structure due to PIR, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a rating adjustment by more than one category.

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This 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. For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg)

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## 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 Interest Rate Stresses Rating Criteria \(pub. 20 Sep 2021\)](#)

[Global Structured Finance Rating Criteria \(pub. 26 Oct 2021\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 28 Oct 2021\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 04 Nov 2021\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 04 Nov 2021\)](#)

[European RMBS Rating Criteria Effective from 17 December 2021 to 23 May 2022 \(pub. 17 Dec 2021\) \(including rating assumption sensitivity\)](#)

## APPLICABLE MODELS

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

Multi-Asset Cash Flow Model, v2.12.2 (1)

ResiGlobal Model: Europe, v1.8.0 (1)

## ADDITIONAL DISCLOSURES

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

[Solicitation Status](#)

[Endorsement Policy](#)

## ENDORSEMENT STATUS

Hipocat 6, FTA

EU Issued, UK Endorsed

Hipocat 7, FTA

EU Issued, UK Endorsed

Hipocat 8, FTA

EU Issued, UK Endorsed

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