

Otra Información relevante de

HIPOCAT 9 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 9, 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 febrero de 2020, comunica que ha confirmado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie C:**       **Asf**, perspectiva negativa

Se adjunta la comunicación emitida por Fitch.

Madrid, 02 de marzo de 2020.

27 Feb 2020 | Rating Watch

## Fitch Places 18 Tranches of 9 Spanish RMBS on RWN; Affirms Others

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Fitch Ratings-Madrid-27 February 2020:

Fitch Ratings has placed 18 tranches of nine Spanish RMBS on Rating Watch Negative (RWN) due to the potential effects of the recently enacted Catalanian Decree Law 17/2019 on securitised residential mortgage portfolios.

Hipocat 6, FTA

----Class A ES0345782009; Long Term Rating; Affirmed; AAAsf; RO:Sta

----Class B ES0345782017; Long Term Rating; Affirmed; AAAsf; RO:Sta

----Class C ES0345782025; Long Term Rating; Affirmed; A+sf; RO:Sta

AyT Genova Hipotecario VII, FTH

----Class C ES0312343033; Long Term Rating; Rating Watch On; BB+sf; RW: Neg

AyT Genova Hipotecario X, FTH

----Class D ES0312301049; Long Term Rating; Rating Watch On; Bsf; RW: Neg

Caixa Penedes 1 TDA, FTA

----Class A ES0313252001; Long Term Rating; Rating Watch On; A+sf; RW: Neg

Hipocat 7, FTA

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

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

Miravet S.A. R.L.

----Class A XS2076149397; Long Term Rating; Rating Watch On; AAAsf; RW: Neg

----Class B XS2076149553; Long Term Rating; Rating Watch On; Asf; RW: Neg

----Class C XS2076149637; Long Term Rating; Rating Watch On; BBB-sf; RW: Neg

----Class D XS2076149710; Long Term Rating; Rating Watch On; BB-sf; RW: Neg

----Class E XS2076149801; Long Term Rating; Rating Watch On; B-sf; RW: Neg

Hipocat 9, FTA

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

TDA CAM 8, FTA

----Class C ES0377966025; Long Term Rating; Rating Watch On; BB+sf; RW: Neg

BBVA RMBS 2, FTA

----Class A2 ES0314148018; Long Term Rating; Rating Watch On; A+sf; RW: Neg  
----Class A3 ES0314148026; Long Term Rating; Rating Watch On; A+sf; RW: Neg  
----Class A4 ES0314148034; Long Term Rating; Rating Watch On; A+sf; RW: Neg  
----Class B ES0314148042; Long Term Rating; Rating Watch On; A-sf; RW: Neg  
Hipocat 8, FTA  
----Class A2 ES0345784013; Long Term Rating; Affirmed; A+sf; RO:Sta  
----Class B ES0345784021; Long Term Rating; Affirmed; A+sf; RO:Sta  
----Class C ES0345784039; Long Term Rating; Rating Watch On; A+sf; RW: Neg  
----Class D ES0345784047; Long Term Rating; Rating Watch On; BBsf; RW: Neg

## Transaction Summary

The Spanish RMBS transactions comprise residential mortgages granted mostly to individuals and backed by properties located predominantly in Catalonia.

## KEY RATING DRIVERS

### Mandatory Residential Lease for SPVs

The RWN reflects Fitch's assessment of 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. The Decree allows some defaulted borrowers to remain in their homes as tenants for as long as 14 years and paying a low monthly rent. Such low rentals are mandatory for SPVs if the defaulted borrower is considered to be on the verge of residential housing exclusion due to low income.

According to the Decree Law, individuals who earn EUR1,138 or less per month (or families with monthly income of EUR1,422 or less) qualify for a lease for seven years with the possibility of extending for another seven years, paying a maximum monthly rent that ranges between 10%-18% of the tenant income.

Fitch expects to resolve the RWN within the next 12 months, with a likely rating impact that could range between couple of notches to multi-category downgrades. The full implications of the Decree Law on the affected tranches will depend on how many rent contracts are formalised, and /or the related strategies implemented by the trustees. For example, whether rental contracts are extended and therefore delaying recovery cash flows on defaulted loans for the securitisation, or selling the affected properties as early as possible but most likely at large discounts.

### Geographical Concentration to Catalonia

The securitised portfolios of the transactions on RWN are exposed to the Region of Catalonia, ranging from around 21% (TDA CAM 8) to around 99% (Caixa Penedes 1) of the current euro 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.

#### Long Term Asset Performance Exposed to Volatility

We expect 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 gain access to a much cheaper lease for as long as 14 years.

As of the latest reporting dates of the RMBS transactions, the balance of arrears by three-months or more (excluding defaults) remained below 1% relative to current portfolio balances, while gross cumulative defaults ranged between 0% (Miravet 2019) and 11.1% (Hipocat 9) relative to the initial portfolio balances with signs of flattening during the past two years.

#### Stable or Improving Credit Enhancement (CE)

Fitch expects structural CE to remain fairly stable over the short-to medium-term as most of the transactions allow for pro-rata amortisation of the notes subject to performance triggers. Fitch views Hipocat 6 CE ratios as sufficient to withstand the rating stresses commensurate with today's rating affirmations across all tranches. Moreover, Hipocat 6's class C rating is capped at the SPV account bank provider rating (BNP Paribas Security Services) as the transactions cash reserves held at this entity represent a material source of CE for this class of notes.

#### Payment Interruption Risk Caps Hipocat 8 Rating

Fitch views Hipocat 8 as being exposed to payment interruption risk in the event of a servicer disruption, as in scenarios of economic stress we expect the available liquidity sources (reserve fund) to be insufficient to cover senior fees, net swap payments and senior notes' interest during a minimum of three month-period 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.

#### 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.

Hipocat 6 class C rating is capped at the SPV account bank provider rating. A change to the account bank rating could trigger a corresponding change to this notes' rating.

#### 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 ongoing monitoring. Fitch did not undertake a review of the information provided about the underlying asset pools ahead of the transactions' initial closing, except for Miravet S.A. R.L.

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.

#### SOURCES OF INFORMATION

For all transactions:

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

For Hipocat 6, FTA and Hipocat 8, FTA only:

Issuer and servicer reports as of December 2019 provided by Europea de Titulización SGFT

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

Portfolio loan level data as of November 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>

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### **Applicable Criteria**

[European RMBS Rating Criteria \(pub. 25 Oct 2019\)](#)

[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 \(pub. 06 Dec 2019\)](#)

### **Additional Disclosures**

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