

**Otra Información Relevante de****HIPOCAT 6 FONDO DE TITULIZACIÓN DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 6 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 26 de mayo de 2021, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
  - **Serie A: AAAsf**
  - **Serie B: AAAsf**
  - **Serie C: A+sf**

Se adjunta la comunicación emitida por Fitch.









Madrid, 30 de junio de 2021.

26 MAY 2021

## Fitch Takes Rating Action on 3 Hipocat RMBS

Fitch Ratings - Madrid - 26 May 2021: Fitch Ratings has taken multiple rating actions on 3 Hipocat FTA RMBS transactions in Spain, including upgrading two tranches of Hipocat 7 and affirming Hipocat 6 and 8. A full list of rating actions is below.

### Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Hipocat 6, FTA			
• Class A LT ES0345782009	AAAsf 	Affirmed	AAAsf 
• Class B LT ES0345782017	AAAsf 	Affirmed	AAAsf 
• Class C LT ES0345782025	A+sf 	Affirmed	A+sf 
Hipocat 7, FTA			
• Class A2 LT	AAAsf 	Affirmed	AAAsf 

ENTITY/DEBT	RATING	RECOVERY	PRIOR
ES0345783015			
• Class B LT ES0345783023	AAAsf ●	Affirmed	AAAsf ●
• Class C LT ES0345783031	AAsf ●	Upgrade	A+sf ●
• Class D LT ES0345783049	A-sf ●	Upgrade	BBB+sf ●
Hipocat 8, FTA			
• Class A2 LT ES0345784013	A+sf ●	Affirmed	A+sf ●
• Class B LT ES0345784021	A+sf ●	Affirmed	A+sf ●
• Class C LT ES0345784039	A+sf ●	Affirmed	A+sf ●

ENTITY/DEBT	RATING	RECOVERY	PRIOR
• Class D LT ES0345784047	BBsf	Affirmed	BBsf

## RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	⊙	

## Transaction Summary

The transactions comprise residential mortgages originated by Catalunya Banc S.A. (now part of Banco Bilbao Vizcaya Argentaria, S.A., (BBVA); BBB+/Stable/F2) and serviced by BBVA.

## KEY RATING DRIVERS

### Covid-19 Stress Assumptions

Fitch has identified additional stress scenarios to be applied in conjunction with its European RMBS Rating Criteria in response to the coronavirus outbreak and the recent legislative developments in Catalonia (see: EMEA RMBS: Criteria Assumptions Updated due to Impact of the Coronavirus Pandemic and Spain RMBS: Criteria Assumptions Updated Due to Decree Law in Catalonia). The agency applied these additional stresses for the rating analysis.

### Expected Asset Performance Deterioration

Fitch anticipates a generalised weakening in Spanish borrowers' ability to keep up with mortgage payments linked to an increase in unemployment and vulnerability of self-employed borrowers. As a result, performance indicators such as the levels of arrears (currently below 1% for all three transactions) could increase in the following months, leading Fitch to incorporate a 10% increase in weighted average foreclosure frequency (WAFF, which approximates three-month plus arrears in each pool rising to 3%). We have not made an additional adjustment for payment holidays given that the take-up in all three transactions is below the Spanish market average at around 9%, which is low compared with what other European countries have experienced such as the UK or Italy.

### Increased Credit Enhancement

The class C and D notes of Hipocat 7 have been upgraded to 'AAsf' and 'A-sf', respectively, due to

increased credit enhancement. As the transaction amortises pro-rata and the reserve fund in the transaction is at its floor and cannot amortise further, credit enhancement has built up through time for these notes.

### Rating Caps

Hipocat 6's class C rating is capped at the issuer's account bank provider rating (BNP Paribas Security Services, A+/ Negative/F1) as the transaction's cash reserves held at this entity represent a material source of credit enhancement for this class of notes. The class D notes of Hipocat 7 and 8 will both also be capped at the deposit rating of the account bank (Societe Generale S.A., long-term deposit rating: A) in the transactions for the same reason, but are currently rated below this level.

Fitch also views Hipocat 8 as being exposed to payment interruption risk (PIR) in the event of a servicer disruption. Current liquidity sources are sufficient to cover senior fees, net swap payments and senior notes' interest during a minimum of three month-period needed to implement alternative servicing arrangements. However, as the reserve fund can be drawn to cover credit losses, we believe that the reserve fund balance of Hipocat 8 can be depleted in a stress scenario as it has been in the past and not be available to cover PIR. As a result, the notes' maximum achievable rating is in the 'Asf' category, in line with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

### Geographical Concentration in Catalonia

The securitised portfolios are exposed to the Region of Catalonia, ranging from around 70% to around 85% of the current balances. Under Fitch's credit analysis, 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 - Governance

Hipocat 8 has an ESG Relevance Score of 5 for "Transaction & Collateral Structure" due to PIR.

## **RATING SENSITIVITIES**

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

-Stable to improved asset performance could lead to upgrades.

-Hipocat 6's class C notes rating is capped at the issuer's account bank provider rating. An upgrade of the account bank rating could trigger a corresponding upgrade of these notes' rating.

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

-A downgrade of the account bank rating of Hipocat 6 would also trigger a corresponding downgrade

of the class C notes' rating.

-A multi-notch downgrade to the account bank rating of Hipocat 7 and Hipocat 8 would also trigger a corresponding downgrade of the class D notes' rating for both transactions.

-Weakening liquidity due to large take-ups on mortgage payment holidays and performance worse than our assumptions may lead to a downgrade.

-Fitch's Spanish structured-finance ratings are capped at six notches above Spain's Long-Term Local Currency Issuer Default Rating (IDR; A-/Stable as of May 2021). A downgrade of Spain's IDR could lower the maximum achievable rating for Spanish structured-finance transactions, relevant for notes rated at 'AAAsf' in all three transactions.

-A longer-than-expected coronavirus crisis that erodes macroeconomic fundamentals and the mortgage market in Spain beyond Fitch's current base case. Credit enhancement ratios unable to fully compensate the credit losses and cash flow stresses associated with the current rating scenarios, all else being equal. To approximate this scenario, a rating sensitivity has been conducted by increasing default rates by 15% and reducing recovery expectations by 15%, which would imply downgrades of up to three notches for Hipocat 6, and one notch each for Hipocat 7 and Hipocat 8.

### **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**

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 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 'A+sf' ratings are capped at BNP Paribas Security Services' rating because they are exposed to excessive counterparty dependency risk.

Although not currently at the cap Hipocat 7's class D notes 'A-sf' ratings and Hipocat 8's class D notes 'BBSf' ratings are limited by Societe Generale's deposit rating because they are exposed to excessive counterparty dependency risk.

## **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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## Applicable Criteria

[European RMBS Rating Criteria \(pub.22 Dec 2020\) \(including rating assumption sensitivity\)](#)

[Global Structured Finance Rating Criteria \(pub.24 Mar 2021\) \(including rating assumption sensitivity\)](#)

[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 \(pub.23 Sep 2020\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub.13 Nov 2020\)](#)

## Applicable Models

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

Multi-Asset Cash Flow Model, v2.10.0 [\(1\)](#)

ResiGlobal Model: Europe, v1.6.4 [\(1\)](#)

## Additional Disclosures

[Solicitation Status](#)



## 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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