

Hecho Relevante de

HIPOCAT 10 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 10 FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

La Agencia de Calificación **Standard & Poor’s Global Ratings (“S&P”)**, con fecha 21 de junio de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2:** **BBB sf** (anterior **BB+ sf**, perspectiva positiva)
- **Serie A3:** **BBB sf** (anterior **BB+ sf**, perspectiva positiva)

Asimismo, S&P ha confirmado las calificaciones asignadas a las restantes Series de Bonos:

- **Serie B:** **D sf**
- **Serie C:** **D sf**
- **Serie D:** **D sf**

Se adjunta la comunicación emitida por S&P.

Madrid, 22 de junio de 2018.

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Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 10 Following Review

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OVERVIEW

- On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.
- On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.
- On April 24, 2018, we placed on CreditWatch positive our ratings on Hipocat 10's class A2 and A3 notes, as we needed to conduct a full analysis to determine the impact of these recent events.
- Following our review of this transaction under our relevant criteria, we have raised our ratings on class A2 and A3 and resolved our CreditWatch placements.
- At the same time, we have affirmed our 'D (sf)' ratings on the class B, C, and D notes.
- Hipocat 10 is a Spanish RMBS transaction that closed in July 2006 and securitizes first-ranking mortgage credits. Catalunya Banc, which was formerly named Caixa Catalunya and is now part of BBVA, originated the pool. The pool comprises credits secured over owner-occupied properties, mainly in Catalonia.

MADRID (S&P Global Ratings) June 21, 2018--S&P Global Ratings today raised and

removed from CreditWatch positive its credit ratings on Hipocat 10, Fondo de Titulizacion de Activos' class A2 and A3 notes. At the same time, we affirmed our ratings on the class B, C, and D notes (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and reflect the transaction's current structural features (see "Related Criteria"). We have also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on April 17, 2018).

Our structured finance ratings above the sovereign (RAS) criteria classify the sensitivity of this transaction as moderate (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). Therefore, after our March 23, 2018, upgrade of Spain to 'A-' from 'BBB+', the highest rating that we can assign to the senior-most tranche in this transaction is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met (see "Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive"). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign. Therefore, we revised our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level to 0.9% from 1.6%, in line with table 87 of our European residential loans criteria, by lowering our foreclosure frequency assumption to 2.00% from 3.33% for the archetypal pool at the 'B' rating level (see "Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on April 17, 2018).

After applying our European residential loans criteria to this transaction, the overall effect on our credit analysis results is a decrease in the required credit coverage for 'AA' to 'B' rating levels compared with our previous review, mainly driven by our revised foreclosure frequency assumptions. The credit coverage for 'AAA' rating level has increased in comparison with the previous review due to the increase in 'AAA' repossession market value decline (RMVD).

Rating level	WAFF (%)	WALS (%)
AAA	28.65	39.12
AA	19.96	34.28
A	15.14	26.23
BBB	11.29	21.76

BB	7.48	18.66
B	4.52	15.90

WAFF--Weighted average foreclosure frequency. WALs--Weighted average loss severity.

Credit enhancement available in Hipocat 10 has increased since the previous review as the amortization deficit--i.e., the difference between accrued and paid principal--has decreased. As of July 2017, the amortization deficit was €74.60 million. That fell to €49.51 million in April 2018. The reserve fund has been fully depleted since July 2010 as it was used to provision for loans in foreclosure and in arrears over 18 months. In November, the servicer, Banco Bilbao Vizcaya Argentaria (BBVA), acquired around €7.61 million of repossessed properties from the fund. Cash flows from the sale of these properties contributed to the decrease in the amortization deficit. In addition, according to the trustee, during 2017, recoveries from defaulted assets contributed to narrowing the gap between assets and liabilities in this transaction.

Following the application of our criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria.

Our ratings on the class A2 and A3 notes are not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determine our ratings on these classes at 'BBB (sf)'. We have therefore raised to 'BBB (sf)' from 'BB+ (sf)' and removed from CreditWatch positive our ratings on the class A2 and A3 notes. In reviewing these ratings, in addition to applying our credit and cash flow analysis which considered various recovery assumptions for the defaulted assets, we have considered their sensitivity to the various recovery assumptions and the scope of the improvement in credit enhancement since the last review.

The class B and C notes continue to experience ongoing interest shortfalls because of interest deferral trigger breaches and lack of excess spread in the transaction. Class D, which is non-asset backed, also has interest shortfalls due to lack of excess spread. Our ratings in Hipocat 10 address the timely payment of interest and ultimate principal during the transaction's life (see "General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings," published on Oct. 24, 2013). We have therefore affirmed our 'D (sf)' ratings on the class B, C, and D notes.

Hipocat 10 is a Spanish residential mortgage-backed securities (RMBS) transaction that closed in July 2006 and securitizes first-ranking mortgage credits. Catalunya Banc, which was formerly named Caixa Catalunya and is now part of BBVA, originated the pool. The pool comprises credits secured over owner-occupied properties, mainly in Catalonia.

RELATED CRITERIA

- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - General: Structured Finance Temporary Interest Shortfall Methodology, Dec. 15, 2015
- Criteria - Structured Finance - General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Spanish RMBS Index Report Q1 2018, May 24, 2018
- Ratings On 213 Tranches In 82 Spanish RMBS Transactions Placed On CreditWatch Positive, April 24, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans, April 17, 2018
- Reduced Funding Risks Lead To Upgrades At Several Spanish Banks, April 6, 2018
- Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive, March 23, 2018
- Spanish RMBS Index Report Q4 2017, March 1, 2018
- Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 10 Following Review, Aug. 7, 2017
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017

- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

RATINGS LIST

Class	To	Rating	From
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Hipocat 10, Fondo de Titulizacion de Activos
€1.526 Billion Residential Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	BBB (sf)	BB+ (sf)/Watch Pos
A3	BBB (sf)	BB+ (sf)/Watch Pos

Ratings Affirmed

B	D (sf)
C	D (sf)
D	D (sf)

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