



Rating Action: Moody's Ratings upgrades multiple Spanish covered bonds

03 Oct 2025

Madrid, October 03, 2025 -- Moody's Ratings (Moody's) has today upgraded the ratings of the covered bonds issued under 19 Spanish programmes.

Please click on this link https://www.moody's.com/viewresearchdoc.aspx?docid=PBS_ARFTL513339 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

RATINGS RATIONALE

Today's rating actions on Spanish covered bonds programmes follow (i) our decision to raise the Government of Spain's local-currency bond country ceiling to Aaa from Aa1, which in turn follows the upgrade of Government of Spain's sovereign rating to A3 with a stable outlook from Baa1 on 26 September 2025 and (ii) the upgrade of the Counterparty Risk (CR) Assessments of covered bonds issuers.

For more details on the rationale for the sovereign rating change, please refer to the press release: <https://ratings.moody's.com/ratings-news/451408>.

For more details on the rationale for the bank upgrades, please refer to the press release: <https://ratings.moody's.com/ratings-news/451908>.

Furthermore, we have lowered the refinancing margins for all Spanish covered bonds. This adjustment is supported by the improvement of the Spanish economy as reflected in the upgrade of the Government of Spain's rating to A3 from Baa1.

All upgraded covered bonds ratings benefit from OC consistent with their new rating levels.

KEY RATING ASSUMPTIONS/FACTORS

We determine covered bonds ratings using a two-step process: an expected loss analysis and a TPI framework analysis.

EXPECTED LOSS: we use our Covered Bond Model (COBOL) to determine a rating based on the expected loss on the bond. COBOL determines expected loss as (1) a function of the probability that the issuer will cease making payments under the covered bonds (such cessation, a CB anchor event); and (2) the estimated losses that will accrue to covered bondholders should a CB anchor event occur. We express the probability of a CB anchor event as a point on our alpha-numeric rating scale (i.e. the CB anchor), which is typically one notch higher than the issuer's CR assessment.

The cover pool losses are an estimate of the losses we currently model following a CB anchor event. We split cover pool losses between market risk and collateral risk. Market risk measures losses stemming from refinancing risk and risks related to interest-rate and currency mismatches (these losses may also include certain legal risks). Collateral risk is derived from the collateral score, which measures losses resulting directly from the cover pool assets' credit quality.

Please click on the link https://www.moody's.com/viewresearchdoc.aspx?docid=PBS_ARFTL513339 for detailed information on CB anchor, key credit statistics, TPI analysis and over-collateralisation. All numbers in this section are based on the most recent modelling (based on data as of the end March 2025). In the case of Abanca Corporacion Bancaria, S.A. - Mortgage Covered Bonds, Banca March, S.A. - Mortgage Covered Bonds, Banco Sabadell, S.A - Mortgage Covered Bonds, Caja Rural de Navarra - Mortgage Covered Bonds, Deutsche

Bank, S.A.E.U. - Mortgage Covered Bonds, Ibercaja Banco, S.A. - Mortgage Covered Bonds, Unicaja Banco, S.A. - Mortgage Covered Bonds, the data is as of the end of June 2025.

For further details on cover pool losses, collateral risk, market risk, collateral score and TPI Leeway across covered bonds programmes rated by us, please refer to "Covered Bonds Sector Update", published quarterly.

TPI FRAMEWORK: we assign a "timely payment indicator" (TPI), which is our assessment of the likelihood of timely payment of interest and principal to covered bondholders following a CB anchor event. TPIs are assessed as Very High, High, Probable-High, Probable, Improbable or Very Improbable. The TPI framework limits the covered bonds rating to a certain number of notches above the CB anchor.

RATING METHODOLOGY

The principal methodology used in these ratings was "Covered Bonds" published in February 2025 and available at <https://ratings.moodys.com/rmc-documents/438242>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

Please note that a Request for Comment was published in which Moody's requested market feedback on potential revisions to one or more of the methodologies used in determining these Credit Ratings. If the revised methodologies are implemented as proposed, it is not currently expected that the Credit Ratings referenced in this press release will be affected.

Request for Comments can be found on the rating methodologies page on <https://ratings.moodys.com>.

Factors that would lead to an upgrade or downgrade of the ratings:

The CB anchor is the main determinant of a covered bonds programme's rating robustness. A change in the level of the CB anchor could lead to an upgrade or downgrade of the covered bonds. The TPI Leeway measures the number of notches by which we might lower the CB anchor before the rating agency downgrades the covered bonds because of TPI framework constraints.

A multiple-notch downgrade of the covered bonds might occur in certain circumstances, such as (1) a country ceiling or sovereign downgrade capping a covered bonds rating or negatively affecting the CB anchor and the TPI, (2) a multiple-notch downgrade of the CB anchor, or (3) a material reduction of the value of the cover pool.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are a mix of solicited and unsolicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBS_ARFTL513339 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rating Solicitation
- Issuer Participation
- Participation: Access to Management
- Participation: Access to Internal Documents
- Endorsement
- Lead Analyst
- Releasing Office
- CR ASSESSMENT
- CB ANCHOR

- Cover Pool Losses
- Collateral Risk
- Market Risk
- Collateral Score
- TPI
- TPI Leeway
- Minimum % consistent with rating
- Current OC
- Current Committed OC
- Uncommitted OC relied on ?

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

For any affected securities or rated entities receiving direct credit support/credit substitution from another entity or entities subject to a credit rating action (the supporting entity), and whose ratings may change as a result of a credit rating action as to the supporting entity, the associated regulatory disclosures will relate to the supporting entity. Exceptions to this approach may be applicable in certain jurisdictions.

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For provisional ratings, the Credit Rating Announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating.

Moody's does not always publish a separate Credit Rating Announcement for each Credit Rating assigned in the Anticipated Ratings Process or Subsequent Ratings Process.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The below contact information is provided for information purposes only. For disclosures on the lead rating analyst and the Moody's legal entity that issued the rating, please see the issuer/deal page on <https://ratings.moodys.com> for each of the ratings covered.

Please see <https://ratings.moodys.com> for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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