Maalot
S&P Global Ratings

Credito IPOs Ltd.

August 7, 2025

Rating Affirmation
‘ilAAA (sf)’ Rating Affirmed

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Table of Contents

Overview 2

Related Criteria 3

Related Research 4

Overview

- We reviewed Credito IPOs Ltd. under our relevant criteria and affirmed our ratings on the class A notes.
- Various companies within Credito Ltd. group (Credito), a nonbank lender in the Israeli market, originated the loans. Credito started its lending business in 2015 and has been originating all-purpose mortgage loans since 2020.
- Credit enhancement for the rated notes comprises subordination, an amortizing reserve fund, and excess spread. The transaction features a combined waterfall, including various triggers that protect the senior notes if breached.

MADRID (S&P Global Ratings) Aug. 7, 2025--S&P Global Ratings today affirmed its 'ilAAA (sf)' credit rating on Credito IPOs Ltd.'s class A notes.

Credito IPOs is an RMBS transaction that securitizes an all-purpose mortgage portfolio of first-lien ranking loans granted to Israeli individuals secured by residential properties in Israel.

Today's affirmation reflects our full analysis of the most recent information we have received and the transaction's current structural features.

We analyzed Credito IPOs' portfolio based on our "Global Methodology And Assumptions: Assessing Pools Of Residential Loans," Jan. 25, 2019. We also used specific assumptions reflecting the Israel mortgage market (refer to our report Credito IPOs Ltd. Israeli RMBS Assigned 'ilAAA(sf)' Preliminary Local Scale Rating). Credit results remained in line with our closing assumptions (see table 1). In particular, the weighted-average foreclosure frequency (WAFF) marginally decreased due to the lower originator adjustment, which stemmed from the increased historical information provided by the originator and the development of the securitization market in Israel. This has been partially offset by the presence of arrears in the portfolio. Regarding the weighted-average loss severity (WALS), it also decreased slightly since closing due to the updated indexation and over/under valuation model inputs, together with a lower current loan-to-value ratio. On the other hand, we observed a small increase in jumbo valuations since closing.

Table 1
Credit analysis results

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
ilAAA	16.88	6.44	0.18

*The 'ilAAA' national rating level corresponds to our global scale ratings of 'A-' and higher. WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

The class A notes' credit enhancement increased to 11.3% from 8% at closing. This is due to the notes' amortization, which is sequential as no principal on the class B notes will be paid before the class A notes' full redemption. In addition, the class B notes' interest deferral trigger has not been breached to date. The reserve fund was funded at closing with the issuance of the class B notes, and it is currently at the target amount.

Total arrears, as per the March 2025 investor report, are limited at 2.02%, of which 0.89% refer to delinquencies above 90 days past due.

Our operational, rating above the sovereign, counterparty, and legal risk analyses remain unchanged since our closing review. Therefore, these criteria do not cap our ratings.

In our analysis, we considered the current macroeconomic and political environment in Israel, particularly since the beginning of the conflict in October 2023. Since the conflict started, we have increased all base foreclosure frequency anchors at all rating levels below 'AAA'. We have also considered the transaction's resilience in case of additional stresses to some key variables, in particular defaults and loss severity, to determine our forward-looking view.

Based on the analysis of the five pillars and the various scenarios, we have affirmed our 'ilAAA (sf)' rating on the class A notes.

We ran additional scenarios with increased defaults of 1.1x and 1.3x, and increased loss severity of 1.3x. Additionally, as a general downturn of the housing market may delay recoveries, we have also run extended recovery timings to understand the transaction's sensitivity to liquidity risk. We also tested an increased prepayments scenario, as the prepayment rate observed as of the March 2024 investor report stands at 15.9%, and we have considered cash flow sensitivity with a high constant payment rate of 30%.

Related Criteria

- Criteria | Structured Finance | General: Counterparty Risk Methodology, July 25, 2025
- Criteria | Structured Finance | Legal: Asset Isolation And Special-Purpose Entity Methodology, May 29, 2025
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans--Europe Supplement, April 4, 2024
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020

- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009
- S&P Global Ratings Definitions, December 2, 2024

Related Research

- Israel Ratings Affirmed At 'A/A-1'; Outlook Remains Negative, May 9.2025
- House Price Overvaluation Moderates For Europe's RMBS And Covered Bond Markets, April 4, 2025
- Banking Industry Country Risk Assessment: Israel, Jan. 27, 2025
- ESG Industry Report Card: Residential Mortgage-Backed Securities, March 31, 2021
- 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

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at https://disclosure.spglobal.com/ratings/en/regulatory/ratings-criteria for further information. A description of each of S&P Global Ratings' rating categories is contained in "S&P Global Ratings Definitions" at https://disclosure.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/504352. Complete ratings information is available to RatingsDirect subscribers at www.capitaliq.com. All ratings referenced herein can be found on S&P Global Ratings' public website at www.spglobal.com/ratings.

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