Hecho Relevante de **HIPOCAT 11 FONDO DE TITULIZACIÓN DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 11 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 Ratings Services** ("**S&P**"), con fecha 8 de noviembre de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

  - **Serie A2**: **BB (sf)** (anterior **CCC (sf)**)
  - **Serie A3**: **BB (sf)** (anterior **CCC (sf)**)

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

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

Se adjunta la comunicación emitida por S&P.

Madrid, 13 de noviembre de 2018.

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Various Rating Actions Taken On Hipocat 11's Spanish RMBS Notes Following Review

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OVERVIEW

- We have reviewed Hipocat 11 by conducting our credit and cash flow analysis under our European residential loans criteria and current counterparty criteria.
- Following our review, we have raised our ratings on the class A2 and A3 notes, and affirmed or ratings on the class B, C, and D notes.
- Hipocat 11 is a Spanish RMBS transaction that closed in March 2007 and securitizes first-ranking mortgage credits.

MADRID (S&P Global Ratings) Nov. 8, 2018--S&P Global Ratings today raised its credit ratings on Hipocat 11, 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). 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 'A-/A-2' Ratings Affirmed; Outlook Positive," published on Sept. 21, 2018). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating. However, our ratings assigned today are below the sovereign rating level, and, therefore, the application of our RAS criteria does not cap our ratings in this transaction.

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 "Criteria - Structured Finance - General: 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, as well as the increase in seasoning and decrease in arrears levels.

Rating level	WAFF (%)	WALS (%)
AAA	27.14	43.8
AA	18.77	38.66
A	14.25	30.66
BBB	10.65	26.14
BB	7.14	22.96
B	4.39	20.01

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

The available credit enhancement has increased since our 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 €137.48 million. That fell to €96.66 million in October 2018. The reserve fund is fully depleted as it was used to provision for loans in foreclosure and in arrears over 18 months. In September, the trustee, representing the fund, sold 123 repossessed properties, totaling €8.3 million. Cash flows from the sale of these properties formed part of the October available distribution funds and contributed to the decrease in the amortization deficit. We consider this sale and related revenues to be an unusual occurrence in the transaction's life. In addition, according to the trustee, during 2017 and 2018, recoveries from defaulted assets narrowed the gap between assets and liabilities. Banco Bilbao Vizcaya Argentaria, S.A. (BBVA) has been the servicer of this pool of loans since September 2016. The trustee confirmed that the transaction's performance has improved in the last couple of years due to the active servicing policies put in place by BBVA, as well as the improved general macroeconomic conditions, namely the unemployment rate decrease.

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.

The application of our European residential loans criteria, including our updated credit figures and our cash flow analysis, indicates that our ratings on the class A2 and A3 notes could withstand our stresses at a higher rating level than those currently assigned. However, in reviewing our ratings on these classes of notes, in addition to applying our credit and cash flow analysis, we have considered their position in the capital structure and the current status of the amortization deficit, which although it has improved, it remains at €96.66 million. We have also considered the scope of the improved credit enhancement since our previous review, and have compared the available credit enhancement with other Hipocat transactions. We have therefore raised to 'BB (sf)' from 'CCC (sf)' our ratings on these classes of notes.

The class B and C notes continue to experience ongoing interest shortfalls because of interest deferral trigger breaches and the lack of excess spread in the transaction. The non asset-backed class D notes also suffer interest shortfalls due to the lack of excess spread. Our ratings in the transaction address the timely payment of interest and ultimate principal during its life (see "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 11 is a Spanish residential mortgage-backed securities (RMBS) transaction that closed in March 2007 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: 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
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Spain 'A-/A-2' Ratings Affirmed; Outlook Positive, Sept. 21, 2018
- Ratings Affirmed In Spanish RMBS Transaction Hipocat 11 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 RAISED

Hipocat 11, Fondo de Titulizacion de Activos

Class	Rating	
	To	From
A2	BB (sf)	CCC (sf)
A3	BB (sf)	CCC (sf)

RATINGS AFFIRMED

Hipocat 11, Fondo de Titulizacion de Activos

Class	Rating
B	D (sf)
C	D (sf)
D	D (sf)