Europea de Titulización
Sociedad Gestora de Fondos de Titulización

**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 27 de enero de 2020, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

  - **Serie A2**: **BBB+ (sf)** (anterior **BB (sf)**)
  - **Serie A3**: **BBB+ (sf)** (anterior **BB (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, 29 de enero de 2020.

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# Hipocat 11 Class A2 And A3 Spanish RMBS Ratings Raised; Other Ratings Affirmed

**January 27, 2020**

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## Overview

- Following our review of Hipocat 11 under our relevant criteria, we have raised to 'BBB+ (sf)' from 'BB (sf)' our ratings on the class A2 and A3 notes.
- At the same time, we have affirmed our 'D (sf)' 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. 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) Jan. 27, 2020--S&P Global Ratings today raised to 'BBB+ (sf)' from 'BB (sf)' its credit ratings on Hipocat 11, Fondo de Titulizacion de Activos' class A2 and A3 notes. At the same time, we affirmed our 'D (sf)' ratings on the class B, C, and D notes.

Today's rating actions follow the application of our relevant criteria (see "Related Criteria"). They also reflect our full analysis of the most recent transaction information that we have received, and the transaction's current structural features.

The servicer, Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Negative/A-2), has a standardized, integrated, and centralized servicing platform. 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 three years due to BBVA's active servicing policies, as well as the improved general macroeconomic conditions, namely the unemployment rate decrease.

In the second quarter of 2019, BBVA sold Hipocat 11's foreclosed loans, which resulted in €14 million of extraordinary available funds on the July interest payment date.

Our ratings on the class A2 and A3 notes are linked to our long-term issuer credit rating (ICR) on the servicer because in our cash flow analysis we exclude the application of a commingling loss at rating levels at and below the ICR on the servicer (i.e. 'A-').

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 at all ratings compared with our previous review, mainly driven by the decreased arrears, as well as the decreased current loan-to-value ratio due to the pool's amortization. The increase in the 'AAA' repossession market value decline partially offset these positive factors.

### WAFF And WALS Levels

| Rating level | WAFF (%) | WALS (%) |
|---|---|---|
| AAA | 26.81 | 44.65 |
| AA | 18.29 | 38.76 |
| A | 13.78 | 29.95 |
| BBB | 10.21 | 24.95 |
| BB | 6.69 | 21.43 |
| B | 3.97 | 18.18 |

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

Available credit enhancement has increased since our previous review as the amortization deficit--i.e., the difference between accrued and paid principal--has decreased to €71.06 million in January 2020 from €96.66 million in October 2018. The reserve fund has been fully depleted since July 2009 as it was used to provision for loans in foreclosure and in arrears over 18 months.

Following the application of our criteria, we have determined that our assigned ratings in this transaction should be the lower of (i) the rating as capped by our sovereign risk 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 analysis indicates that the available credit enhancement for the class A2 and A3 notes is commensurate with higher ratings than those currently assigned. However, in reviewing our ratings on these classes of notes, in addition to applying our credit and cash flow analysis, which considered various recovery assumptions for the defaulted assets, we have considered the extraordinary nature of the 2009 sale of the foreclosed loans, which increased the credit enhancement available to the notes, as well as the credit enhancement to the senior notes in this transaction compared to the peer Hipocat deals. We have therefore raised to 'BBB+ (sf)' from 'BB (sf)' our ratings on the class A2 and A3 notes. Our ratings on these classes of notes are not capped by our sovereign risk criteria.

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. The class D notes, which is non-asset backed, also has interest shortfalls due to the lack of excess spread. Our ratings in Hipocat 11 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.

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## Related Criteria

- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And

Assumptions, March 8, 2019

- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- 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: 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: Global Derivative Agreement Criteria, June 24, 2013
- 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: Methodology For Servicer Risk Assessment, May 28, 2009

## Related Research

- Spanish RMBS Index Report Q3 2019, Nov. 28, 2019
- Economic Snapshot Report Finds That Europe's Economy Is Slowing Further Amid Rising Uncertainties, Oct. 22, 2019
- Europe's Housing Markets Lose Speed As The Economy Weakens, Sept. 24, 2019
- Spain Ratings Raised To 'A/A-1' From 'A-/A-2' On Economic Resilience; Outlook Stable, Sept. 20, 2019
- Various Rating Actions Taken On Hipocat 11's Spanish RMBS Notes Following Review, Nov. 8, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- 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