

Hecho Relevante de HIPOCAT 11 Fondo de Titulización de Activos

Se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard & Poor's**, con fecha 18 de noviembre de 2014, comunica que ha bajado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 11 Fondo de Titulización de Activos**.

- **Serie A2:** **CCC** (anterior B)
- **Serie A3:** **CCC** (anterior B)

- La Agencia de Calificación **Standard & Poor's**, con fecha 18 de noviembre de 2014, comunica que ha confirmado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 11 Fondo de Titulización de Activos**.

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

Adjuntamos las comunicaciones emitidas por Standard & Poor's.

Barcelona, 19 de noviembre de 2014

Javier García García
Director General

RatingsDirect®

Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 11 Following Application Of Updated Criteria

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OVERVIEW

- We have reviewed Hipocat 11 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- Following our review, we have lowered our ratings on the class A2 and A3 notes. At the same time, we have affirmed our ratings on the class B, C, and D notes.
- Hipocat 11 is a Spanish RMBS transaction, which closed in March 2007. The transaction securitizes a pool of first-lien mortgage loans that Caixa d'Estalvis de Catalunya (now Catalunya Banc) originated.

LONDON (Standard & Poor's) Nov. 18, 2014--Standard & Poor's Ratings Services today lowered its credit ratings on Hipocat 11, Fondo de Titulizacion de Activos' class A2 and A3 notes. At the same time, we have affirmed our ratings on the class B, C, and D notes (see list below).

Upon publishing our updated criteria for Spanish residential mortgage-backed securities (RMBS criteria) and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation," and "Italy And Spain RMBS Methodology And Assumptions," both

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published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information that we have received as of July 2014. Our analysis reflects the application of our RMBS criteria. The application of our RAS criteria did not constrain our ratings in this transaction, as they are below our long-term 'BBB' sovereign rating on Spain.

Class	Available Credit Enhancement (%) [1]
A2	(4.59)
A3	(4.59)
B	(15.15)
C	(27.95)

[1]Based on the principal balance, excluding defaults.

This transaction features a reserve fund. However, due to high periodic losses, the reserve is fully depleted.

Severe delinquencies of more than 90 days at 10.23% are on average higher for this transaction than our Spanish RMBS index (see "Spanish RMBS Index Report Q1 2014: Collateral Performance Continues To Deteriorate Despite Signs Of Economic Recovery," published on June 6, 2014). Defaults are defined as mortgage loans in arrears for more than 18 months in this transaction. Cumulative defaults, at 20.37%, are also higher than in other Spanish RMBS transactions that we rate. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion.

After applying our RMBS criteria to this transaction, our credit analysis results show a decrease in the weighted-average foreclosure frequency (WAFF) and an increase in the weighted-average loss severity (WALS) for each rating level.

Rating	WAFF (%)	WALS (%)	Expected Credit Loss (%)
AAA	76.61	45.64	34.96
AA	62.52	41.89	26.19
A	52.60	35.35	18.60
BBB	40.33	31.73	12.80
BB	30.59	29.12	8.91
B	26.82	26.67	7.15

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Criteria*

The decrease in the WAFF is mainly due to higher arrears and higher arrears projection, coupled with an increase in our base foreclosure frequency in line with our RMBS criteria. The increase in the WAL5 is mainly due to the application of our revised market value decline assumptions. The overall effect is an increase in the required credit coverage for each rating level.

The class A2 and A3 notes' available credit enhancement is negative, at (-4.59%), as their performing balance is less than their outstanding amounts. This is a deterioration compared with our previous review on Dec. 19, 2012, in which the non-defaulted principal balance exceeded the class A2 and A3 notes by 2.52% (see "Ratings Lowered In Five Of Catalunya Banc's Hipocat Spanish RMBS Securitizations Following Performance Deterioration"). In line with our criteria, we have therefore lowered to 'CCC (sf) from 'B (sf)' our ratings on the class A2 and A3 notes (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012).

The class B and C notes' interest deferral triggers are 13.20% and 8.90%, respectively, of cumulative defaults over the portfolio's balance at closing. We have affirmed our 'D (sf)' ratings on the class B, C, and D notes as they have breached their interest deferral triggers.

We also consider credit stability in our analysis (see "Methodology: Credit Stability Criteria," published on May 3, 2010). To reflect moderate stress conditions, we adjusted our WAFF assumptions by assuming additional arrears of 8% for one-year and three-year horizons, respectively. This did not result in our rating deteriorating below the maximum projected deterioration that we would associate with each relevant rating level, as outlined in our credit stability criteria.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and further falls in house prices for the remainder of 2014, which will then level off in 2015.

On the back of improving but still depressed macroeconomic conditions, we don't expect the performance of the transactions in our Spanish RMBS index to improve in 2014.

We expect severe arrears in the portfolio to remain at their current levels, as there are a number of downside risks. These include inflation, weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

Hipocat 11 is a Spanish RMBS transaction, which closed in March 2007. Hipocat 11 securitizes a pool of first-lien mortgage loans that Caixa d'Estalvis de Catalunya

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(now Catalunya Banc) originated. The mortgage loans are mainly located in Catalonia and the transaction comprises loans with flexible features.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard and Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

RELATED CRITERIA AND RESEARCH

Related Criteria

- Criteria - Structured Finance - General: Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance - September 19, 2014
- Criteria - Structured Finance - RMBS: Italy And Spain RMBS Methodology And Assumptions - September 18, 2014
- Legal Criteria: Europe Asset Isolation And Special-Purpose Entity Criteria-- Structured Finance - September 13, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions - June 25, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings - October 01, 2012
- General Criteria: Methodology: Credit Stability Criteria - May 03, 2010
- General Criteria: Understanding Standard & Poor's Rating Definitions - June 03, 2009

Related Research

- Standard & Poor's Ratings Definitions, Sept. 22, 2014
- Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation, Sept. 18, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- Credit Conditions: Europe Decelerates (Again) Amid Rising Geopolitical Risks, Sept. 16, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Spanish RMBS Index Report Q1 2014: Collateral Performance Continues To

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Deteriorate Despite Signs Of Economic Recovery, June 6, 2014

- Ratings Lowered In Five Of Catalunya Banc's Hipocat Spanish RMBS Securitizations Following Performance Deterioration, Dec. 19, 2012

RATINGS LIST

Hipocat 11, Fondo de Titulizacion de Activos

EUR1.628 bil residential mortgage-backed floating-rate notes

Class	Identifier	Rating	
		To	From
A2	ES0345672010	CCC (sf)	B (sf)
A3	ES0345672028	CCC (sf)	B (sf)
B	ES0345672036	D (sf)	D (sf)
C	ES0345672044	D (sf)	D (sf)
D	ES0345672051	D (sf)	D (sf)

Complete ratings information is available to subscribers of RatingsDirect at www.globalcreditportal.com and at spcapitaliq.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com. Use the Ratings search box located in the left column. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow 7 (495) 783-4009.

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