

**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 **Moody's**, con fecha 5 de abril de 2013, comunica que ha bajado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 11 Fondo de Titulización de Activos**.

- **Serie A2:**            **B1**            (anterior Ba3)
- **Serie A3:**            **B1**            (anterior Ba3)

Adjuntamos las comunicaciones emitidas por Moody's.

Barcelona, 12 de abril de 2013

Carles Fruns Moncunill  
*Director General*

**Rating Action: Moody's downgrades 13 notes in four Hipocat Spanish RMBS**

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Global Credit Research - 05 Apr 2013

Madrid, April 05, 2013 -- Moody's Investors Service has today downgraded the ratings of seven junior and six senior notes in four Spanish residential mortgage-backed securities (RMBS) transactions: Hipocat 8, 9, 10 and 11. At the same time, Moody's confirmed the ratings of one senior note in Hipocat 8. Insufficiency of credit enhancement to address sovereign risk and revision of key collateral assumptions have prompted today's downgrade.

Today's rating action concludes the review of nine notes placed on review on 2 July 2012, following Moody's downgrade of Spanish government bond ratings to Baa3 from A3 on 13 June 2012. This rating action also concludes the review of five notes placed on review on 23 November 2012, following Moody's revision of key collateral assumptions for the entire Spanish RMBS market [http://www.moody's.com/research/Moodys-review-of-Spanish-RMBS-sector-triggers-rating-actions-on--PR\\_260528](http://www.moody's.com/research/Moodys-review-of-Spanish-RMBS-sector-triggers-rating-actions-on--PR_260528).

For a detailed list of affected ratings, see towards the end of the ratings rationale section.

**RATINGS RATIONALE**

Today's rating action primarily reflects the insufficiency of credit enhancement to address sovereign risk and revision of key collateral assumptions. Moody's confirmed the ratings of securities whose credit enhancement and structural features provided enough protection against sovereign and counterparty risk.

The determination of the applicable credit enhancement driving today's rating actions reflects the introduction of additional factors in Moody's analysis to better measure the impact of sovereign risk on structured finance transactions (see "Structured Finance Transactions: Assessing the Impact of Sovereign Risk", 11 March 2013). This report is Available on [www.moody's.com](http://www.moody's.com) and can be accessed via the following link: ([http://www.moody's.com/viewresearchdoc.aspx?docid=PBS\\_SF319988](http://www.moody's.com/viewresearchdoc.aspx?docid=PBS_SF319988)).

-- Additional Factors Better Reflect Increased Sovereign Risk

Moody's has supplemented its analysis to determine the loss distribution of securitised portfolios with two additional factors, the maximum achievable rating in a given country (the Local Currency Country Risk Ceiling) and the applicable portfolio credit enhancement for this rating. With the introduction of these additional factors, Moody's intends to better reflect increased sovereign risk in its quantitative analysis, in particular for mezzanine and junior tranches.

The Spanish country ceiling, and therefore the maximum rating that Moody's will assign to a domestic Spanish issuer including structured finance transactions backed by Spanish receivables, is A3. Moody's Individual Loan Analysis Credit Enhancement (MILAN CE) represents the required credit enhancement under the senior tranche for it to achieve the country ceiling. By lowering the maximum achievable rating for a given MILAN, the revised methodology alters the loss distribution curve and implies an increased probability of high loss scenarios.

-- Revision of Key Collateral Assumptions

Moody's has revised its lifetime loss expectation (EL) assumption in all four affected transactions because of worse-than-expected collateral performance since the last review of the Spanish RMBS sector in November 2012. Moody's has also reassessed the MILAN CE in all the affected transactions.

Expected Loss:

In light of the rapid increase in defaults and delinquencies, Moody's increased the portfolio EL assumption all four transactions. Moody's has reassessed its lifetime loss expectation taking into account the collateral performance to date as well as the current macroeconomic environment in Spain. Collateral performance has deteriorated further and all four transactions are currently performing outside of Moody's expectations as of the last rating review.

In Hipocat 8 the share of 90d+ arrears currently stands at 3.4% of current pool balance, up from 1.9% as of the previous review. Moody's have updated the EL assumption to 2.4% of original pool balance, up from 1.5%.

In Hipocat 9 the share of 90d+ arrears currently stands at 5.3% of current pool balance, up from 2.3% as of the previous review. Moody's have updated the EL assumption to 4.9% of original pool balance, up from 3.7%.

In Hipocat 10 the share of 90d+ arrears currently stands at 7.3% of current pool balance, up from 3.5% as of the previous review. Moody's have updated the EL assumption to 8.8% of original pool balance, up from 7.4%.

In Hipocat 11 the share of 90d+ arrears currently stands at 8.4% of current pool balance, up from 4.2% as of the previous review. Moody's have updated the EL assumption to 14.6% of original pool balance, up from 12.1%.

#### MILAN CE:

Moody's has increased the MILAN CE in Hipocat 8, 9, 10 and 11 to 17.0%, 21.0%, 26.0% and 31.0% respectively. Moody's has assessed the loan-by-loan information to determine MILAN CE. Moody's increased the MILAN CE due to the revision of the portfolio expected loss which resulted in higher Minimum Expected Loss Multiple EL, one of the two floors defined in Moody's updated methodology for rating EMEA RMBS transactions, as well as increased risks associated with decrease in house prices in Spain.

#### -- Exposure to Counterparty Risk

The conclusion of Moody's rating review also takes into consideration the exposure to Catalunya Bank SA (B1 DNG/NP), which acts as a collection account bank, and to CECABANK S.A. (Ba1 DNG.NP), which acts as a swap provider in the affected transactions. Collections are transferred from the collection account bank to the issuer treasury account with Barclays PLC (A2/P-1) on a daily basis. Moody's has assessed the probability and effect of a default of the collection account bank or the swap provider on the ability of the issuer to meet its obligations under the transaction. In conclusion, these risks are not negatively affecting the ratings of the notes.

#### OTHER DEVELOPMENTS MAY NEGATIVELY AFFECT THE NOTES

In consideration of Moody's new adjustments, any further sovereign downgrade would negatively affect structured finance ratings through the application of the country ceiling or maximum achievable rating, as well as potentially increased portfolio credit enhancement requirements for a given rating.

As the euro area crisis continues, the ratings of structured finance notes remain exposed to the uncertainties of credit conditions in the general economy. The deteriorating creditworthiness of euro area sovereigns as well as the weakening credit profile of the global banking sector could further negatively affect the ratings of the notes.

Additional factors that may affect the ratings are described in the "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions: Request for Comment" ([http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS\\_SF289772](http://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_SF289772)), both published on 2 July 2012.

#### PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was Moody's Approach to Rating RMBS Using the MILAN Framework published in March 2013. Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of this methodology.

Other factors used in these ratings are described in "The Temporary Use of Cash in Structured Finance Transactions: Eligible Investment and Bank Guidelines", published in March 2013.

In reviewing these transactions, Moody's used ABSROM to model the cash flows and determine the loss for each tranche. The cash flow model evaluates all default scenarios that are then weighted considering the probabilities of the lognormal distribution assumed for the portfolio default rate. In each default scenario, the corresponding loss for each class of notes is calculated given the incoming cash flows from the assets and the outgoing payments to third parties and noteholders. Therefore, the expected loss or EL for each tranche is the sum product of (i) the probability of occurrence of each default scenario; and (ii) the loss derived from the cash flow model in each default scenario for each tranche."

As such, Moody's analysis encompasses the assessment of stressed scenarios.

In the context of the rating review, the transactions have been remodelled and some inputs have been adjusted to reflect the new approach described above. In addition, for Hipocat 9 and for Hipocat & 10, Moody's corrected the

input for the interest deferral trigger and the notes margin. For Hipocat 11 the reserve fund target has been corrected.

#### LIST OF AFFECTED RATINGS

Issuer: HIPOCAT 8 Fondo de Titulizacion de Activos

...EUR1155.5MA2 Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

...EUR26.2M B Notes, Downgraded to Baa3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

...EUR35.6M C Notes, Downgraded to Ba3 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

...EUR32.7M D Notes, Downgraded to Caa1 (sf); previously on Jul 2, 2012 Ba1 (sf) Placed Under Review for Possible Downgrade

Issuer: HIPOCAT 9 Fondo de Titulización de Activos

...EUR500MA2a Notes, Downgraded to Baa1 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

...EUR236.2MA2b Notes, Downgraded to Baa1 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

...EUR22M B Notes, Downgraded to Ba3 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

...EUR18.3M C Notes, Downgraded to B3 (sf); previously on Nov 23, 2012 Downgraded to Baa2 (sf) and Remained On Review for Possible Downgrade

...EUR23.5M D Notes, Downgraded to Ca (sf); previously on Jul 2, 2012 B1 (sf) Placed Under Review for Possible Downgrade

Issuer: HIPOCAT 10 FONDO DE TITULIZACIÓN DE ACTIVOS

...EUR733.4MA2 Notes, Downgraded to Baa3 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

...EUR300MA3 Notes, Downgraded to Baa3 (sf); previously on Nov 23, 2012 Downgraded to Baa1 (sf) and Remained On Review for Possible Downgrade

...EUR54.8M B Notes, Downgraded to Caa1 (sf); previously on Jul 2, 2012 B1 (sf) Placed Under Review for Possible Downgrade

Issuer: HIPOCAT 11 Fondo de Titulización de Activos

...EUR1083.2MA2 Notes, Downgraded to B1 (sf); previously on Jul 2, 2012 Ba3 (sf) Placed Under Review for Possible Downgrade

...EUR200MA3 Notes, Downgraded to B1 (sf); previously on Jul 2, 2012 Ba3 (sf) Placed Under Review for Possible Downgrade

#### REGULATORY DISCLOSURES

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of these transactions in the past six months.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with

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