Europea de Titulización

<u>Otra Información Relevante de</u> **<u>HIPOCAT 11 FONDO DE TITULIZACIÓN DE ACTIVOS</u>**

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 la presente información relevante:

- La Agencia de Calificación **S&P Global Rating** ("**S&P**"), con fecha 24 de mayo de 2021, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

    - **Serie A2**: **A+ (sf)** (anterior **BBB+ (sf)**)

Asimismo, S&P ha afirmado las calificaciones asignadas las restantes Series de Bonos emitidos por el Fondo:

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

Se adjunta la comunicación emitida por S&P.

Madrid, 27 de mayo de 2021.

Hipocat 11 Spanish RMBS Rating Raised On Class A2 Following Criteria Revision; Three Classes Affirmed

May 24, 2021

Overview

- We have reviewed Hipocat 11 following the expansion of the global RMBS criteria's scope to include Spain, among other countries.
- We have raised our rating on the class A2 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 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.

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MADRID (S&P Global Ratings) May 24, 2021--S&P Global Ratings today raised to 'A+ (sf)' from 'BBB+ (sf)' its credit rating on Hipocat 11, Fondo de Titulizacion de Activos' class A2 notes. At the same time, we have affirmed our 'D (sf)' ratings on the class B, C, and D notes.

Today's rating actions follow the implementation of our revised criteria and assumptions for assessing pools of Spanish residential loans (see "Related Criteria"). They also reflect our full analysis of the most recent information that we have received and the transaction's current structural features.

Upon expanding our global RMBS criteria to include Spanish transactions, we placed our rating on the class A2 notes under criteria observation. Following our review of the transaction's performance and the application of our updated criteria for rating Spanish RMBS transactions, the rating is no longer under criteria observation.

Our weighted-average foreclosure frequency (WAFF) assumptions have decreased due to the calculation of the effective loan-to-value (LTV) ratio (75.85%), which is based on 80% original LTV (OLTV) ratio and 20% current LTV (CLTV) ratio. Under our previous criteria, we used only the OLTV ratio (76.85% as of the latest review). Our WAFF assumptions also declined because of the transaction's decrease in arrears. In addition, our weighted-average loss severity (WALS) assumptions have decreased due to lower market value declines. The reduction in our WALS is partially offset by the increase in our foreclosure cost assumptions.

Table 1

Credit Analysis Results

Rating	WAFF (%)	WALS (%)	Credit coverage (%)
AAA	21.74	34.50	7.50
AA	15.24	31.24	4.76
A	11.93	25.12	3.00
BBB	9.31	21.85	2.03
BB	6.41	19.55	1.25
B	4.31	17.38	0.75

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

Loan-level arrears are low at 1.99%. Overall delinquencies remain well below our Spanish RMBS index (see "Related Research"). Cumulative defaults, defined as loans in arrears for a period equal to or greater than 18 months, represent 25% of the closing pool balance.

Our analysis also considers the transaction's sensitivity to the potential repercussions of the coronavirus outbreak. Of the pool, 8.50% of loans are on payment holidays under the Spanish sectorial moratorium schemes, and the proportion of loans with either legal or sectorial payment holidays has remained higher than the market average, which is about 5%, although it has stabilized. In our analysis, we considered the potential effect of this extension and the liquidity and default risk the payment holidays could present should they become arrears in the future.

Our operational and legal risk analyses remain unchanged since our previous review. Therefore, the ratings assigned are not capped by any of these criteria.

The servicer, Banco Bilbao Vizcaya Argentaria S.A. (BBVA), has a standardized, integrated, and centralized servicing platform. It is a servicer for many Spanish RMBS transactions.

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 €67.6 million in January 2021 from €71.1 million in January 2020. 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.

We have also applied our counterparty criteria as part of our analysis of this transaction (see "Related Criteria"). BBVA provides the interest rate swap contract, which is in line with our previous counterparty criteria. As per our revised criteria, considering the collateral arrangement's enforceability, the maximum supported rating is 'A+', unless we delink our ratings on the notes from those on the counterparty. Our rating on the class A2 notes is delinked from the swap counterparty.

Our analysis indicates that the available credit enhancement for the class A2 notes is commensurate with a higher rating than that currently assigned, and these notes could withstand stresses at a higher rating than that assigned. However, we have limited our upgrades based on their overall credit enhancement and the current macroeconomic environment. We have therefore raised to 'A+ (sf)' from 'BBB+ (sf)' our rating on the class A2 notes. Our rating on this class of notes is 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 are not 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 "S&P Global Ratings Definitions", published on Jan. 5, 2021). We have therefore affirmed our 'D (sf)' ratings on the class B, C, and D notes.

S&P Global Ratings believes there remains high, albeit moderating, uncertainty about the evolution of the coronavirus pandemic and its economic effects. Vaccine production is ramping up and rollouts are gathering pace around the world. Widespread immunization, which will help pave the way for a return to more normal levels of social and economic activity, looks to be achievable by most developed economies by the end of the third quarter. However, some emerging markets may only be able to achieve widespread immunization by year-end or later. We use these assumptions about vaccine timing in assessing the economic and credit implications associated with the pandemic (see our research here: www.spglobal.com/ratings). As the situation evolves, we will update our assumptions and estimates accordingly.

Related Criteria

- 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: 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 | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- Economic Outlook Europe Q2 2021: The Path To A Strong Restart, March 25, 2021
- This Time, Europe Is Set To Stage A Jobs-Rich Recovery, March 16, 2021
- Europe’s Housing Market Will Chill In 2021 As Pent-Up Pandemic Demand Eases, Feb. 22, 2021
- European RMBS Outlook 2021, Jan. 25, 2021
- Certain Italian, Portuguese, And Spanish RMBS Ratings Placed Under Criteria Observation Due To Criteria Update, Jan. 8, 2021

- Global Criteria For Assessing Pools Of Residential Loans Updated To Include Seven European Jurisdictions, Jan. 8, 2021
- S&P Global Ratings Definitions, Jan. 5, 2021
- European RMBS Index Report Q3 2020, Dec. 11, 2020
- Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts, May 1, 2020
- Hipocat 11 Class A2 And A3 Spanish RMBS Ratings Raised; Other Ratings Affirmed, Jan. 27, 2020,
- 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