

**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 **Fitch Ratings**, con fecha 3 de diciembre 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 :**            **B**            anterior        BB-
- **Serie A3 :**            **B**            anterior        BB-

- La Agencia de Calificación **Fitch Ratings**, con fecha 3 de diciembre de 2013, comunica que ha confirmado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 11 Fondo de Titulización de Activos**.

- **Serie B:**            **CC**            anterior        CC
- **Serie C:**            **CC**            anterior        CC
- **Serie D:**            **C**            anterior        C

Adjuntamos las comunicaciones emitidas por Fitch Ratings.

Barcelona, 4 de diciembre de 2013

Carles Fruns Moncunill  
*Director General*



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## Fitch Downgrades 10 & Affirms 27 Tranches of Hipocat Series Ratings Endorsement

Policy

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### **Link to Fitch Ratings' Report:** Fitch Takes Action on Hipocat Series

Fitch Ratings-London-03 December 2013: Fitch Ratings has downgraded 10 and affirmed 27 tranches of the Hipocat series, 10 Spanish RMBS originated by Catalunya Banc (unrated). A full list of rating actions is available at [www.fitchratings.com](http://www.fitchratings.com) or by clicking on the link above.

#### KEY RATING DRIVERS

The underlying pools comprise residential mortgages that have special flexibility features such as enabling performing borrowers to access payment holidays schemes and/or further draw downs. Fitch believes the payment holidays and further draw down mechanisms introduce additional credit risks to the transactions, and consequently has captured within its credit analysis more conservative default and recovery assumptions than for standard prime Spanish residential mortgage portfolios.

#### Hipocat 4, 5, 6 and 16

The performance of these underlying pools is characterised by contained gross cumulative defaults between 0.1% (Hipocat 4 and 5) and 0.3% (Hipocat 6) of the original collateral balance, and stable dynamic arrears in excess of three months in the range of 0.6% (Hipocat 16) and 1.3% (Hipocat 5) of the current collateral balance. Hipocat 6 is currently showing more volatile arrears at 3.4%. The current amount of loans with payment holidays is low, between 1% (Hipocat 4) and 2.7% (Hipocat 6) of the current pool balance.

The combination of stable arrears and default patterns and sufficient excess spread in place, has meant reserve funds are currently at their target levels. The repayment of the notes and the amortisation of the pools are progressing steadily and this is helping to maintain or build up the structural subordination available to the rated notes.

The affirmation of most tranches within these four transactions reflects that the overall credit positions are robust and sufficiently protected by available credit enhancement. However, Fitch has downgraded Hipocat 4's class C notes by two notches to 'Asf/Negative' because we consider the combination of credit stresses that could materialise at the tail end of this transaction with a pool factor of 16.7% to be material to the rating. Given the stable performance and the resiliency of Hipocat 16 to rating stresses, Fitch has revised the Outlook on the class A notes to Stable from Negative.

#### Hipocat 7 and 8

The underlying portfolios are characterised by higher levels of gross cumulative defaults, ranging from 1.2% (Hipocat 7) and 2.6% (Hipocat 8) relative to the original collateral balance, and more volatile 90+ days arrears at between 6.1% and 7.1% of the current pool balance. In addition, around 4% of the current portfolio balance is under payment holidays in both transactions.

Fitch expects the underlying pools will continue deteriorating and therefore expects further draws on the reserve funds, which currently stand at EUR17m (68% of target balance in Hipocat 7) and EUR3.9m (18.7% of target balance in Hipocat 8). Based on this adverse credit trend, the agency has downgraded Hipocat 8's class B, C and D notes and affirmed the other tranches which Fitch judges to be sufficiently protected by their respective credit enhancement.

#### Hipocat 9, 10 and 11

The performance of the underlying pools has been weak. To date, the level of gross cumulative defaults are between 5.8% (Hipocat 9) and 17.5% (Hipocat 11) of the original pool balance, which is significantly higher than the Fitch index for similarly rated Spanish transactions (3.8%). In addition, 90+ days arrears relative to current pool balances are showing volatile trends ranging between 10.3% (Hipocat 9) and 14.3% (Hipocat 11). These transactions have the highest exposure to payment holidays across the series at 5.1% (Hipocat 9) and 6.7% (Hipocat 11) of the current pool balance.

The combination of large amounts of defaults, insufficient excess spread and limited income from recoveries, have contributed to the full depletion of the respective reserve funds and an increase of unprovisioned defaults during the last year for Hipocat 10 and 11 (EUR17m for Hipocat 10 from EUR5.5m a year ago, and EUR59.9m for Hipocat 11 from EUR53.4m).

Fitch believes performance will continue deteriorating and expects cash flow stresses to become more pronounced, as new provisioning requirements will be debited. This is reflected in the downgrade of the class A2a, A2b, B and C notes of Hipocat 9 and the class A2 and A3 notes of Hipocat 11.

#### Hipocat 20

The performance of the underlying pool has remained weak with gross cumulative defaults at 1.1% of the original balance and increasing pipeline of 90+ days arrears at 5.5% of the current pool balance. The portion of borrowers on payment holidays is currently 4.1% of the current pool balance.

The steady repayment of the notes and the fully funded reserve fund are helping to build up large credit enhancement of 44.9% to the most senior class. In Fitch's view, this is sufficient to withstand our rating stresses commensurate with the current rating, as reflected by the affirmation.

#### Payment Interruption Risk

In the event of a servicer disruption situation, and given the insufficient mitigants such as liquidity sources available to the rated notes, we consider that Hipocat 7, 8 and 9 are more exposed to a potential payment interruption risk. As such, Fitch continues to cap the rating of these transactions' most senior notes to 'Asf'.

#### RATING SENSITIVITIES

A worsening of the Spanish macroeconomic environment, especially employment conditions, or an abrupt shift of the underlying interest rates might jeopardise the underlying borrowers' affordability.

For Hipocat 7, 8 and 9 and considering the lack of purpose-specific liquidity sources, a sudden credit deterioration of the underlying pool combined with a servicer disruption event could put pressure on the most senior ratings if payment interruption risk was considered a real possibility.

Finally, an abrupt rise of further advances across the Hipocat transactions could increase the risk of lower recovery expectations and introduce downward pressure on the ratings.

#### Lead Surveillance Analyst

Weiyen Hung, CAIA  
Analyst  
+44 20 3530 1445  
Fitch Ratings Limited  
30 North Colonnade  
London E14 5GN

#### Committee Chairperson

Juan David Garcia  
Senior Director  
+34 91 702 5774

Media Relations: Sandro Scenga, New York, Tel: +1 212-908-0278, Email: sandro.scenga@fitchratings.com.

Additional information is available at [www.fitchratings.com](http://www.fitchratings.com).

Fitch's analysis of Representations, Warranties & Enforcement Mechanisms for transactions rated on or after 26 September 2011, can be found in the pre-sale or new issue report appendix dated 3 February 2012. In addition see "Representations, Warranties, and Enforcement Mechanisms in Global Structured Finance Transactions" dated 17 April 2012 at [www.fitchratings.com](http://www.fitchratings.com). A comparison of the transaction's RW&Es to those typical for that asset class is available by accessing the presale or new issue reports.

Sources of information: Investor and Servicer reports and loan-by-loan data provided by the SPV trustee CX Titulizacion SGFT, S.A.

Applicable criteria, 'EMEA Residential Mortgage Loss Criteria', dated 6 June 2013; 'EMEA Criteria Addendum - Spain', dated 20 March 2013; 'Counterparty Criteria for Structured Finance and Covered Bonds' and 'Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum', dated 13 May 2013; 'Global Structured Finance Rating Criteria', dated 13 May 2013; 'Criteria for Servicing Continuity Risk in Structured Finance', dated 29 July 2013 are available at [www.fitchratings.com](http://www.fitchratings.com).

#### Applicable Criteria and Related Research:

EMEA Residential Mortgage Loss Criteria  
EMEA Criteria Addendum - Spain - Mortgage Loss and Cash Flow Assumptions - Effective 11 August 2011 to 20 March 2013  
Counterparty Criteria for Structured Finance and Covered Bonds

Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum  
Global Structured Finance Rating Criteria  
Criteria for Servicing Continuity Risk in Structured Finance

**Additional Disclosure**

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