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Dirección General de Mercados e Inversores  
C/ Edison 4  
Madrid

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **TDA CAM 11, FONDO DE TITULIZACIÓN DE ACTIVOS Actuaciones sobre las calificaciones de los bonos por parte de Fitch Ratings.**

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica el siguiente Hecho Relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Moody's, con fecha 10 de diciembre de 2013, donde se llevan a cabo las siguientes actuaciones:

- Bono A2: afirmado como **A- (sf) / perspectiva negativa.**
- Bono A3: afirmado como **A- (sf) / perspectiva negativa.**
- Bono A4: afirmado como **A- (sf) / perspectiva negativa.**
- Bono B: afirmado como **BBB (sf) / perspectiva negativa.**
- Bono C: afirmado como **CCC (sf).**

En Madrid, a 11 de diciembre de 2013

Ramón Pérez Hernández  
Director General



Tagging Info

## **Fitch Downgrades 19 & Affirms 17 Tranches of TDA CAM Series** Ratings Endorsement Policy

10 Dec 2013 1:30 PM (EST)

### **Link to Fitch Ratings' Report:** Fitch Downgrades 19 & Affirms 17 Tranches of TDA CAM Series

Fitch Ratings-London-10 December 2013: Fitch Ratings has downgraded 19 and affirmed 17 tranches of the TDA CAM series, 11 Spanish RMBS transactions originated by Banco CAM, which is now a subsidiary of Banco de Sabadell (BB+/Stable/B). 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

There has been a marked increase in defaults in the TDA CAM series over the past 12 months. The performance deterioration is indicative of weak underwriting policies, which included origination via brokers. Nevertheless, the degree of recent performance worsening across all series is unexpected given the loans' seasoning and low current loan to value (CLTV) ratio.

Asset performance deterioration has translated into inadequate levels of credit enhancement for the current rating levels despite recoveries. Fitch believes that the recoveries in these transactions to date have been a result of the originator purchasing defaulted assets at prices that are preferential to the issuers, thereby boosting recoveries. This view is based on the absence of repossessions at the SPV level in all 11 deals and the stronger than average recovery rates.

Fitch understands that following the integration of Banco CAM into Banco de Sabadell, this practice is set to discontinue, and therefore the timing and amount of future recoveries will become more uncertain, potentially resulting in increased losses for these transactions.

There has been a significant amount of loan modifications in these transactions compromising both maturity extensions and interest rate changes ranging between 1.59% and 10.87% of current collateral balance. The average maturity extension in the TDA CAM series is 7.3 years. Fitch has included additional stresses for modified loans in its analysis.

#### TDA CAM 1, 2, 3 and 4

These seasoned transactions closed between March 2003 and February 2005. They are characterised by CLTV loans below 40%. Given the age of the transactions, the collateral pools benefit from positive price indexation despite property price adjustment in Spain since 2008.

Over the past 12 months, loans in arrears over three months have increased for TDA CAM 2, 3 and 4 from between 1.37% and 1.83% to between 0.96% and 2.14%. Loans in arrears for TDA CAM 1 remained broadly flat at 0.96%.

The transactions benefit from comparatively low gross cumulative defaults, although they have also increased from between 0.58% and 1.8% to between 0.87% and 2.48% of the original collateral balance. The transactions have been unable to cover the comparatively small increase in defaults with excess spread and this has led to all four transactions experiencing reserve funds draws. The reserve funds for these transactions currently range from 94.5% to 65.6% of target (TDA CAM 1 and TDA CAM 4, respectively). As a result of the worsening collateral performance and reserve fund draws, Fitch has taken negative rating actions on the junior tranches of these transactions.

#### TDA CAM 5

TDA CAM 5 has a higher CLTV (52.3%) than the earlier transactions in the series. Gross cumulative defaults have increased by 4.09% to 5.65% over the same period. This has led to the reserve fund being almost fully depleted at 9.5% of target. If cumulative defaults continue on the recent trend Fitch expects that the reserve fund will be fully utilised and a principal deficiency ledger (PDL) will be applied. As a result, Fitch has downgraded both notes in this transaction.

#### TDA CAM 6, 7, 8 and 9

These transactions are currently the worst performing of the series. Along with TDA CAM 11 and 12, these transactions have the highest CLTVs at between 52.5% and 60.8%. Gross cumulative defaults have increased substantially over the past year from between 5.58% and 9.05% to between 8.14% and 12.55%. Loans in arrears greater than three months fell from between 4.22% and 5.78% at their peak over the past 12 months to between 3.49% and 4.8%. However, this was likely due to loans rolling into default rather than recovering to performing.

Subsequently PDLs in the transactions have begun being allocated (TDA CAM 6, 7 and 8) or increased further (TDA CAM 9). The PDLs for these transactions currently stand at between EUR6.68m (TDA CAM 7) and EUR35.38m (TDA CAM 9).

Due to the poor performance of the collateral, interest deferral on the junior notes for TDA CAM 8 and 9 has begun. If the current performance trend of these transactions continues, Fitch expects TDA CAM 6 and 7 will also begin deferring interest on the junior notes in the near term. Fitch has taken negative rating actions across the structures on all tranches of TDA CAM 6-9.

#### TDA CAM 11 and 12

TDA CAM 11 and 12 have experienced a significant increase in gross cumulative defaults over the past 12 months, TDA CAM 11 increased to 7.54% from 4.3% and TDA CAM 12 increased to 6% from 3.15%. The performance is unsurprising given the collateral pools for TDA CAM 11 and 12 have experienced negative indexation of 27.7% and 18.3%, respectively.

TDA CAM 11 and 12 were restructured in June 2013. This led to a removal of the hedging swap, which left the transactions exposed to basis and reset risk. To offset this risk, the reserve fund targets were increased to EUR87.3m and EUR89.5m, respectively. The reserve funds are currently at 92.7% of target for TDA CAM 11 and 90.1% of target for TDA CAM 12. The swap was significantly out of the money for the issuer, which has currently resulted in a beneficial increase in excess spread in both transactions.

The previous downgrades of the class A, B and C notes were due to a combination of the weakening asset performance as well as the possible future impact on transaction cash flows following the removal of the swaps. There has been no unexpected change in asset performance since the restructure and therefore the tranches of both transactions have been affirmed.

#### 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 TDA CAM 11 and 12 due to these transactions being unhedged, an unexpected sharp rise in interest rates beyond Fitch's stressed expectations would cause the transactions to suffer cash shortfalls which may cause the agency to take action.

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#### Sources of Information:

Sources of information: Investor and Servicer reports and loan-by-loan data provided by Titulizacion de Activos, 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:**

Criteria for Servicing Continuity Risk in Structured Finance  
EMEA Residential Mortgage Loss Criteria  
EMEA Criteria Addendum - Spain - Amended  
Counterparty Criteria for Structured Finance and Covered Bonds  
Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum  
Global Structured Finance Rating Criteria

**Additional Disclosure**

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