

Hecho Relevante de

HIPOCAT 7 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 7 FONDO DE TITULIZACIÓN DE ACTIVOS** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

La Agencia de Calificación **Fitch Ratings** (“Fitch”), con fecha 25 de agosto de 2017, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2:** **AA+sf**, perspectiva positiva (anterior AA-sf, perspectiva positiva)
- **Serie B:** **AAsf**, perspectiva estable (anterior A+sf, perspectiva estable)
- **Serie C:** **BBB+sf**, perspectiva estable (anterior BBBsf, perspectiva estable)

Asimismo, Fitch ha confirmado la calificación asignada a la restante Serie de Bonos:

- **Serie D:** **BBsf**, perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 28 de agosto de 2017.

Javier Eiriz Aguilera
Director General



Fitch Upgrades 7 Tranches of Hipocat RMBS; Affirms Others

Fitch Ratings-London-25 August 2017: Fitch Ratings has upgraded seven tranches of the Hipocat RMBS series and affirmed 20 tranches. A full list of rating actions is below.

The transactions consist of mortgages originated in Spain by Catalunya Banc S.A. (now part of BBVA Group; A-/Stable/F2), which previously traded as Caixa Catalunya.

KEY RATING DRIVERS

Improving Asset Performance

The Hipocat series continues to see fewer borrowers falling into early-stage arrears as the macroeconomic environment in Spain improves. As late stage arrears continue to roll through to default the transactions continue to report a decline in three months plus arrears.

As of end-May 2017 loans in arrears by more than 90 days stood at between 0.7% (Hipocat 6) and 1.9% (Hipocat 9), down from between 2.0% (Hipocat 7) and 4.0% (Hipocat 11) in June 2016. The volume of cumulative defaults currently ranges between 1.0% (Hipocat 6) and 24.7% (Hipocat 11) of the initial pool balance.

Fitch believes that asset performance is likely to continue improving across transactions, mainly driven by the high seasoning of the underlying portfolios, between 140 months (Hipocat 11) and 196 months (Hipocat 6), and stable macroeconomic conditions. This expectation is reflected in the affirmations.

The solid performance combined with growing credit enhancement led Fitch to upgrade the senior, B, and C notes of Hipocat 7 and the senior and B notes of Hipocat 9 and the class C note of Hipocat 8. Fitch has also assigned the highest rated notes in Hipocat 7 a Positive Outlook, in light of the revision of the Outlook on the Spanish sovereign to Positive.

Exposure to Payment Interruption Risk

Payment interruption risk is adequately covered in Hipocat 6 as the cash reserve is sufficient to pay senior expenses and interest due on the notes. The level of cash reserve for Hipocat 7 continues to replenish and is currently sufficient to pay senior expenses and interest due on the notes. However, the senior notes may be exposed to payment interruption risk if significant draws on the reserve fund take place, given there are no structural mitigants to cover for a disruption to the collection process.

In Hipocat 8-11, payment interruption risk is not mitigated as the cash reserves remain fully depleted. The notes exposed to payment interruption can achieve a maximum rating of 'A+sf', given BBVA's rating.

High Deficiency Ledgers

The principal deficiency ledgers (PDL) have reduced for Hipocat 8 to EUR10.6 million (as of June 2017) from EUR16.4 million (as of May 2016), for Hipocat 9 to EUR20.2 million from EUR22.8 million (as of June 2016), and for Hipocat 10 to EUR79.2 million from EUR82.3 million (as of June 2016). The PDL for Hipocat 11 has increased slightly to EUR138.6 million from EUR137.1 million (as of May 2016).

RATING SENSITIVITIES

The ratings on Hipocat 6 and 7's class A notes are sensitive to changes to Spain's Country Ceiling and, consequently, changes to the highest achievable rating for Spanish structured finance notes.

A worsening of the Spanish macroeconomic environment, especially employment conditions, or an abrupt shift in interest rates could jeopardise the ability of the underlying borrowers to meet their payment obligations.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO RULE 17G-10

No third party due diligence was provided or reviewed in relation to this rating action.

DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pool and the transaction. There were no findings that were material to this analysis. Fitch has not reviewed the results of any third party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring.

Fitch did not undertake a review of the information provided about the underlying asset pools ahead of the transactions' initial closing. The subsequent performance of the transactions over the years is consistent with the agency's expectations given the operating environment and Fitch is therefore satisfied that the asset pool information relied upon for its initial rating analysis was adequately reliable.

Overall, Fitch's assessment of the information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

SOURCES OF INFORMATION

The information below was used in the analysis:

Transaction reporting provided by Europea de Titulizacion SGFT S.A:

- May 2017 for all the transactions

Loan-by-loan data provided by Europea de Titulizacion SGFT S.A and downloaded from the European Data Warehouse as of:

-June 2017 for Hipocat 6 and 8

-April 2017 for Hipocat 7, 9, 10 and 11

MODELS

The models below were used in the analysis. Click on the link for a description of the model:

ResiEMEA. (<https://www.fitchratings.com/site/structuredfinance/rmbs/resiemea>)

EMEA RMBS Surveillance Model. (<https://www.fitchratings.com/site/structuredfinance/rmbs/emearsm>)

EMEA Cash Flow Model. (<https://www.fitchratings.com/site/structuredfinance/emeacfm>)

The rating actions are as follows:

Hipocat 6

Class A (ISIN): affirmed at 'AA+sf'; Outlook Positive

Class B (ISIN): affirmed at 'AAsf'; Outlook Stable

Class C (ISIN): affirmed at 'A+sf'; Outlook Stable

Hipocat 7

Class A2 (ISIN): upgraded to 'AA+sf' from 'AA-sf'; Outlook Positive

Class B (ISIN): upgraded to 'AAsf' from 'A+sf'; Outlook Stable

Class C (ISIN): upgraded to 'BBB+sf' from 'BBBsf'; Outlook Stable

Class D (ISIN): affirmed at 'BBsf'; Outlook Stable

Hipocat 8

Class A2 (ISIN): affirmed at 'A+sf'; Outlook Stable

Class B (ISIN): affirmed at 'Asf'; Outlook Stable

Class C (ISIN): upgraded to 'BB+sf' from 'BBsf'; Outlook Stable

Class D (ISIN): affirmed at 'CCCsfc'; Recovery Estimate 40%

Hipocat 9

Class A2a (ISIN): upgraded to 'Asf' from 'BBB+sf'; Outlook Stable

Class A2b (ISIN): upgraded to 'Asf' from 'BBB+sf'; Outlook Stable

Class B (ISIN): upgraded to 'BB+sf' from 'BBsf'; Outlook Stable

Class C (ISIN): affirmed at 'CCCsfc'; Recovery Estimate 100%

Class D (ISIN): affirmed at 'CCsf'; Recovery Estimate 15%

Class E (ISIN): affirmed at 'Csf'; Recovery Estimate 0%

Hipocat 10

Class A2 (ISIN): affirmed at 'Bsf'; Outlook Stable

Class A3 (ISIN): affirmed at 'Bsf'; Outlook Stable

Class B (ISIN): affirmed at 'CCsf'; Recovery Estimate 10%

Class C (ISIN): affirmed at 'CCsf'; Recovery Estimate 0%

Class D (ISIN): affirmed at 'Csf'; Recovery Estimate 0%

Hipocat 11

Class A2 (ISIN): affirmed at 'CCCsfc'; Recovery Estimate 100%

Class A3 (ISIN): affirmed at 'CCCsfc'; Recovery Estimate 100%

Class B (ISIN): affirmed at 'CCsf'; Recovery Estimate 0%

Class C (ISIN): affirmed at 'CCsf'; Recovery Estimate 0%

Class D (ISIN): affirmed at 'Csf'; Recovery Estimate 0%

Contacts:

Surveillance Analyst

Shomas Kayani

Associate Director

+44 20 3530 1006

Fitch Ratings Limited

30 North Colonnade
London E14 5GN

Committee Chairperson
Robbie Sargent
Senior Director
+44 20 3530 1006

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email: athos.larkou@fitchratings.com.

Additional information is available on www.fitchratings.com

Applicable Criteria

Criteria Addendum: Spain Residential Mortgage Assumptions (pub. 02 Dec 2016) (<https://www.fitchratings.com/site/re/891432>)
Criteria for Country Risk in Global Structured Finance and Covered Bonds (pub. 26 Sep 2016) (<https://www.fitchratings.com/site/re/881269>)
EMEA RMBS Rating Criteria (pub. 29 Nov 2016) (<https://www.fitchratings.com/site/re/891276>)
Global Structured Finance Rating Criteria (pub. 03 May 2017) (<https://www.fitchratings.com/site/re/897411>)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (<https://www.fitchratings.com/site/re/898537>)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (<https://www.fitchratings.com/site/re/898538>)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 17 Feb 2017) (<https://www.fitchratings.com/site/re/893890>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/1028290>)
Solicitation Status (<https://www.fitchratings.com/site/pr/1028290#solicitation>)
Endorsement Policy (<https://www.fitchratings.com/regulatory>)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings)

(<https://www.fitchratings.com/understandingcreditratings>). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM (<https://www.fitchratings.com>). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory) (<https://www.fitchratings.com/site/regulatory>). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE. Copyright © 2017 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the

time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Solicitation Status

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligator being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated, except for the following:

Endorsement Policy - Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures (<https://www.fitchratings.com/regulatory>) page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.