RMBS/Spain
New Issue

HIPOCAT 11, Fondo de Titulización de Activos

Ratings

Class	Amount (EURm)	Legal Maturity	Rating	CE (%)
A1	200.0	Jan 2050	AAA	9.05
A2	1,083.2	Jan 2050	AAA	9.05
A3	200.0	Jan 2050	AAA	9.05
B	52.8	Jan 2050	A+	5.75
C	64.0	Jan 2050	BBB	1.75
D*	28.0	Jan 2050	CCC	n.a.

* Uncollateralised note issued to fund the creation of the reserve fund at the closing date

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Closing Update
Closing occurred on 9 March 2007. The structure and portfolio characteristics described in this report remain applicable. The collateral information throughout the report and on the data sheet it based on the final loan pool as of 5 February 2007.

Related Research
The following special reports provide additional detail on Fitch's rating approach to, and the performance of, the RMBS market: all are available at www.fitchratings.com:

- "*Spanish Residential Mortgage Default Model III - Amended*", dated 15 September 2005
- "*Spanish Performance Bulletin 2005 (Spain/RMBS)*", dated 14 September 2005
- "*A Guide to Cash Flow Analysis for RMBS in Europe*", dated 20 December 2002
- "*Fitch Issuer Report Grades May 2006 Update*", dated 5 June 2006

■ Summary
This transaction is a cash flow securitisation of a EUR1.6bn static pool of first-ranking residential mortgage credit facilities (the collateral) granted by Caixa d'Estalvis de Catalunya (Caixa Catalunya or the seller, rated 'A/F1') to residents in Spain. Fitch Ratings has assigned ratings to the notes issued by HIPOCAT 11, Fondo de Titulización de Activos (HIPOCAT 11 or the fund) as indicated at left.

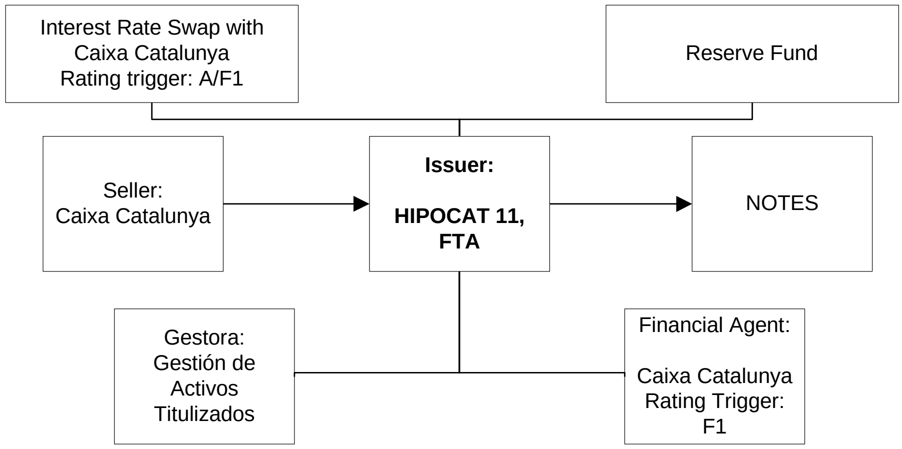
This is the 11th residential mortgage securitisation conducted out of the HIPOCAT programme, and the ninth rated by Fitch (see *Performance Analytics*). The previous HIPOCAT deal was HIPOCAT 10, FTA which closed in June 2006 (see new issue report entitled "*HIPOCAT 10, Fondo de Titulizacion de Activos*" and available at www.fitchratings.com). As in previous HIPOCAT transactions, the securitised pool comprises the initial drawdowns of mortgage lines of credit, known as Crédito Total (CTs).

The fund is be regulated by Spanish Securitisation Law 19/1992 and Royal Decree 926/1998. Its sole purpose is to transform a portfolio of mortgage certificates (certificados de transmisión de hipoteca or CTHs) acquired from the seller into fixed-income securities. The CTHs have been acquired from the seller on behalf of the fund by Gestión de Activos Titulizados, S.A., S.G.F.T. (the sociedad gestora), a limited liability company incorporated under the laws of Spain and whose activities are limited to the management of securitisation funds.

The ratings are based on the quality of the collateral, the underwriting and servicing of the mortgage loans, available credit enhancement (CE), the integrity of the transaction's legal and financial structure and the sociedad gestora's administrative capabilities. The ratings address payment of interest on the notes according to the terms and conditions of the documentation, subject to a deferral trigger on the class B and C notes, as well as the repayment of principal by the legal final maturity date of each note. The class D notes have been issued to finance the creation of the reserve fund and have been subscribed by the seller at closing. The class D notes are ultimately likely to default and their ratings are supported by the expected recovery rate for noteholders, that is, the amounts investors are likely to receive during the life of the transaction (see *Class D Notes*).

To verify that the CE available for each class of notes is in line with its respective rating, Fitch analysed the collateral using its loan-by-loan mortgage default model specific to Spain. The agency also modelled the cash flow contribution from excess interest using the stress scenarios determined by its default model.

Structure Diagram



Source: Transaction documents

Credit Committee Highlights

- The pool consists of CT mortgage credit facilities. These are flexible credit facilities in which the borrower can withdraw further funds up to a maximum credit limit defined at origination, which may be higher than the original loan-to-value ratio (OLTV). In any case, further drawings are always capped at the lower of the credit limit defined at origination or 80% LTV. The securitised collateral is composed of only the first drawings on these mortgages. Further drawdowns are subject to the approval of Caixa Catalunya. *Comparison:* For previous HIPOCAT deals, mortgages were also CTs with the same specifications. *Mitigated by:* In its credit analysis, Fitch has assumed that all borrowers will redraw funds up to the maximum allowed under each CT. As a result, the default probability of each loan in the portfolio has been calculated based on the higher of the OLTV or the maximum allowed future drawdown amount.

Comparison Table: HIPOCAT 7, 8, 9, 10 and 11

(%)	H 7	H 8	H 9	H 10	H 11
WA original LTV	86.4	78.8	80.9	83.3	85.6
WA current LTV	83.0	74.6	78.6	80.4	82.9
Concentration in Catalunya	69.9	79.3	67.5	70.0	70.2
Current term to maturity (years)	26.3	25.7	26.9	26.9	28.1
WA seasoning (months)	21.1	22.2	14.4	16.9	16.6

Pool information as of the closing date for HIPOCAT 7, 8, 9 and 10 and of the provisional portfolio for HIPOCAT 11
Source: Fitch and arranger

Moreover, since second draws rank pari passu with the first drawdown, Fitch has estimated loss severity by allocating recovery proceeds pro rata between the current loan amount owed to the fund and the maximum subsequent advances booked by Caixa Catalunya.

- CTs also offer borrowers the additional right of a maximum of five payment holiday periods during which they can defer interest and principal payments for up to a maximum of 12 months per period, and up to a maximum of 36 months during the life of the loan. The deferred interest is capitalised. The payment holiday period is subject to credit approval, and to the resulting LTV including capitalised interest not being higher than the facility credit limit. Note that the swap agreement covers the liquidity risk associated with these loans under a payment holiday option when their aggregated balance is equal to or greater than 16% of the outstanding collateral balance (see *Swap Agreement*). *Comparison:* In HIPOCAT 10, the swap agreement covered liquidity risk when the aggregate balance of loans under the payment holiday option reached 35%. *Mitigated By:* This is an improvement from HIPOCAT 10. Fitch has accommodated such a feature within its cash flow model, by reducing the available funds on each payment date for a conservative period of time.

- The weighted-average (WA) OLTV of the pool is 85.6% and the current WALTV is 82.9%. With regards to loans with an OLTV over 80%, further drawdowns are allowed when the borrower has amortised to a then current loan-to-value (CLTV) of less than 80%. Taking this into account, Fitch has computed that if, once

Key Information

Key Parties

Originator and Seller: Caixa d'Estalvis de Catalunya, (Caixa Catalunya, rated 'A/F1')

Servicer of the Collateral: Caixa Catalunya

Fund: HIPOCAT 11, Fondo de Titulización de Activos (HIPOCAT 11)

Sociedad Gestora: Gestión de Activos Titulizados, S.G.F.T., S.A.

Swap Counterparty: Caixa Catalunya

Paying Agent: Caixa Catalunya

Final Legal Maturity: January 2050

Provisional Portfolio Characteristics

Total Amount: EUR2.04bn as of 5 February 2007 (of which EUR1.6bn was selected at closing)

WA Original LTV: 85.6%

WA Current LTV: 82.9%

WA Indexed Current LTV: 81.3%

WA Remaining Maturity: 28.1 years

WA Seasoning: 16.6 months

allowed, all borrowers redraw funds up to their maximum allowed limit, the WALTV of the pool would reach 75.9%. *Comparison:* In HIPOCAT 10, the maximum WALTV, taking further drawdowns into account, of the pool could reach 72.8%. *Mitigated by:* The risk implied by these high LTV credit facilities is mitigated by the fact that all CTs are used to purchase residential homes.

- Debt-to-income (DTI) data was provided on a loan-by-loan basis for 73% of the pool by value (see *Affordability* in the *Default Probability* section and DTI definitions in *Appendix 1*). Fitch assumed the same distribution for the missing DTIs as that of the ones provided. The resulting WA DTI is 35.9%. *Comparison*: In HIPOCAT 10, no DTI data was provided and Fitch assumed a DTI falling into Class 3; see *Rating Methodology* in *Appendix 1*.

- The portfolio has a significant exposure to Catalunya of 70.2% in volume terms. *Comparison:* HIPOCAT 10 had a 70.0% concentration in Catalunya. *Mitigated By:* Since the region is one of the stronger economies in Spain, Fitch has stressed the default probability for the credit facilities concerned by a 5% hit, as done in HIPOCAT 10.

Financial Structure

The fund is be a limited-liability, special-purpose vehicle incorporated under the laws of Spain, whose sole purpose is to acquire the CTHs from the seller as collateral for the issuance of quarterly-paying notes. In this structure, Caixa Catalunya is be the swap counterparty, the paying agent and will continue to service the collateral. However, for the protection of investors, if Caixa Catalunya is unable to continue to service the collateral, the sociedad gestora must appoint a replacement administration company in accordance with the Spanish securitisation law.

The cash/bond administration (CBA) function for this transaction is carried out by the sociedad gestora, which is a special-purpose company with limited liability and supervised by the Comisión Nacional del Mercado de Valores (CNMV). Gestión de Activos Titulizados, S.G.F.T. S.A. was incorporated under the laws of Spain in 1998 and it is fully owned by the Caixa Catalunya group. Its activities are limited to the management of securitisation funds. The sociedad gestora will complete cash reconciliation, waterfall calculations and their reporting, including the verification of applicable triggers. It will also be responsible for taking any action in the interest of the noteholders, such as the replacement of the servicers, account bank or swap counterparty if applicable.

Interest and principal collections from the collateral are handled jointly through the combined priority of payments, which is described below and commences in June 2007. A treasury account is held in the name of the issuer at Caixa Catalunya, as the paying agent. It is used to maintain the reserve fund and receive all other incoming cash flow of the mortgage pool by a maximum of two days after collection. Amounts standing to the credit of this account earns the fund a guaranteed return equal to three-month Euribor.

Regarding the treasury account, if Caixa Catalunya's Short-term rating is lowered below 'F1', the sociedad gestora will be required to take one of the following steps within 30 days:

1. find a third party with a satisfactory rating to guarantee its obligations;
2. transfer the treasury account to another entity rated at least 'F1';
3. if neither of the above are possible, provide a guarantee of financial assets rated at least on a par with the Kingdom of Spain ('AAA/F1+'); or
4. if none of the above options are possible, the sociedad gestora could also invest the balance of the accounts temporarily, and until the next payment date, in fixed-income assets ("qualified

investments”). An ‘F1’ rating is sought for qualified investments maturing within 30 days, and a rating of ‘F1+’ for longer periods.

All the notes pay interest quarterly in arrears based on three-month Euribor plus a margin.

If Caixa Catalunya is downgraded below ‘F2’, it will create a cash deposit in favour of the fund in an amount consistent with Fitch criteria as documented in “*Commingling Risk in Structured Finance Transactions*”, dated 9 June 2004 and available at www.fitchratings.com.

Priority of Payments

On each quarterly payment date, commencing in June 2007, the combined ordinary priority of payments is as follows:

- expenses and servicing fees;
- net swap payments (if applicable);
- interest due on the class A1, A2 and A3 notes pro rata;
- class B interest (if not deferred);
- class C interest (if not deferred);
- principal due for the class A to C notes in order of seniority (see *Amortisation of the Notes*);
- class B interest if deferred, which will occur if the ratio of gross cumulative defaults reaches 13.2%;
- class C interest if deferred, which will occur if the ratio of gross cumulative defaults reaches 8.9%;
- replenishment of the reserve fund;
- class D interest and principal (see *Class D Notes*); and
- subordinated amounts.

The ratio of cumulative defaults is defined as the balance of credit facilities more than 18 months delinquent over the initial collateral balance. The structure covers ordinary and extraordinary expenses through the 0.65% excess spread that is guaranteed by the swap agreement (see *Swap Agreement*). Initial expenses are covered via the subordinated loan agreement granted to the fund by Caixa Catalunya before the closing date.

Amortisation of the Notes

All notes have the same legal maturity date of January 2050.

The class A1 notes will begin to amortise on the first payment date in July 2007. The class A2 notes will start to amortise once the class A1 notes have been redeemed in full. From the payment date falling in July 2013, the class A2 and A3 notes will commence to amortise, sharing available funds for class A notes on a 25% and 75% basis, respectively. Exceptionally, if the ratio of outstanding mortgages (excluding delinquent mortgages) to the outstanding balance of class A notes is below 1, then the A1, A2 and A3 notes will amortise on a pro rata basis.

The class B and C notes will amortise sequentially on a pass-through basis after the class A notes have been redeemed in full.. However, the class B and C notes will be redeemed pro rata with the class A notes if: (i) CE for the class A notes has more than doubled since closing; (ii) the outstanding balance of mortgages more than three months in arrears is less than 1.5% and 1.0% for the class B and C notes, respectively; (iii) the reserve fund is at its required level; (iv) the conditions for ‘AAA’ pro rata amortisation have not been met; and (v) the outstanding balance of mortgage credit facilities is greater than 10% of their original balance.

The amortisation profile for the class D notes has been structured to mirror the amortisation profile of the reserve fund (see *Reserve Fund*). Principal funds available for the amortisation of the class D notes are be limited to the cash released from the reserve fund, the latter being subject to a floor of 0.875% of the initial balance of class A to C notes. Caixa Catalunya has subscribed the class D notes at closing, and is allowed by the transaction documents to modify the definition of available funds for amortisation, effectively incorporating any excess spread remaining in the waterfall after replenishing the reserve fund (if any). This option will become effective if the seller is not the sole holder of such notes, or if it decides to exercise the abovementioned option, in both cases after informing the sociedad gestora. Within the cash flow analysis conducted by Fitch, only the most conservative amortisation scenario has been considered, which restricts the principal amortisation to the funds released by the reserve fund.

All the notes are subject to a clean-up call that the sociedad gestora has the right to exercise when less than 10% of the initial collateral remains outstanding. The clean-up call includes the class D notes.

Swap Agreement

The notes benefit from a swap agreement between the fund and Caixa Catalunya, under which the issuer pays Caixa Catalunya the interest received on the performing collateral; in return, it receives three-month Euribor plus the WA spread on the class A to C notes plus 65bp, on a notional that is defined as the balance of performing assets and delinquent assets up to 90 days in arrears. Note that the notional amount only includes the credit facilities within a payment holiday option if their aggregate outstanding balance represents 16% or more of the then balance of the collateral.

Moreover, the fund will also receive, in case of substitution, an amount equivalent to the servicing costs of the collateral that is not within a payment holiday option, unless the aggregated balance of the latter ones represents 16% or more of the then balance of the collateral. The swap will also pay these servicing costs if a replacement servicer is appointed.

This has three main effects:

1. It hedges the structure against an interest rate mismatch between the assets and the liabilities arising from differences in the reference indices (for example, 12-month base rate for the assets versus three-month Euribor for the liabilities).

2. It produces a stable spread (65bp) on the performing loan balance over the life of the deal and on delinquent assets up to 90 days in arrears, thereby neutralising any compression in the WA margin on the credit facilities and offsetting the increase in note funding costs over time.

3. It covers the servicing costs of the collateral in the event of replacement of the servicer.

If Caixa Catalunya is downgraded below 'A/F1', it will, within 30 days, take one of the following steps:

- find an entity rated at least 'A/F1' to guarantee its obligations under the swap agreement;
- find a replacement counterparty with a rating of at least 'A/F1'; or
- cash- or security-collateralise its obligations in an amount satisfactory to the rating agencies.

Fitch's cash flow analysis modelled for servicing fees to be paid by the swap in all stress scenarios, considering the rating downgrade language incorporated. Indeed, if Caixa Catalunya is downgraded below 'A/F1' and when posting of collateral is the action of choice, it will, within 15 calendar days, report to Fitch the formula to calculate the mark-to-market of the swap and therefore the amount to be posted as collateral. If the formula is not in line with Fitch's criteria, the mark-to-market formula would have to account for an additional 50bp per year with regards to this servicing replacement cost feature.

For details on the method used to calculate the collateral amount see "*Counterparty Risk in Structured Finance Transactions: Swap Criteria*", dated 13 September 2004 and available at www.fitchratings.com.

Reserve Fund

The reserve fund has been created at closing through the proceeds of the class D notes, and equates to 1.75% of the initial A to C note balance.

Provided that the balance of credit facilities over 90 days in arrears does not exceed 1.0% of the non-defaulted collateral, the closing date was more than three years earlier, the outstanding balance of mortgage credit facilities is greater than 10% of their original balance, and the size of the reserve fund was at its appropriate level on the previous payment date, the required reserve fund amount can be reduced to the equivalent of 3.5% of the then-outstanding collateral balance. This is subject to an absolute floor of 0.875% on the original A to C note balance.

■ Legal Structure

At closing, the seller has transfered the mortgages to the sociedad gestora on behalf of the fund. However, under Spanish law, the mortgage loans are not actually transferred as this would entail a lengthy process of re-registering them at the property registry. Instead, the mortgage originators are permitted to issue mortgage certificates (CTHs).

Representations and Warranties

The seller has provided representations and warranties in relation to the collateral, including the following:

- The first drawdown on each facility was used to acquire, build or refurbish a residence.
- All borrowers are Spanish residents.
- Each mortgage credit must be registered in the relevant property registry and represent an economic first-ranking claim on the corresponding property (on any second-ranking claims Caixa Catalunya has documentation proving that the respective first-ranking loan has been amortised and the registry cancellation of the loan is still pending).
- The seller is unaware that any of the underlying properties have been subject to a reduction in value of more than 20% since acquisition.
- All properties must be located in Spain.
- Caixa Catalunya guarantees the fund for any losses incurred by any of the properties not having a fire insurance policy.
- None of the mortgage credit facilities may be more than 30 days delinquent at closing.
- All properties must have undergone a valuation process, as required by law.
- No credit facilities are to Caixa Catalunya employees.

- Any properties that are “Viviendas de Proteccion Oficial” (VPO) have been valued at the maximum legal value.
- None of the mortgage credit facilities may be in a grace period at closing.

Set-off Risk

In the event that Caixa Catalunya defaults, the fund could be affected by the set-off rights of borrowers with deposits in an account held with Caixa Catalunya. According to Spanish law, the set-off risk should cease to be valid following the notification of assignment of the receivable to the other party (i.e. borrowers), or the bankruptcy of one of the parties.

In addition, in the event of any set-off amounts being crystallised while Caixa Catalunya is not in an insolvency state is fully mitigated as the seller commits in the documentation to pay such amounts plus accrued interest to the issuer.

■ Collateral

As of 5 February 2007, the collateral portfolio consisted of current disbursements under CT credit facilities originated by the seller. All were secured by properties in Spain and benefited from first-ranking mortgages registered in the Registro de la Propiedad Inmobiliaria (the official register). Other characteristics of the collateral are presented in the *Portfolio Summary as of 5 February 2007* table.

The total portfolio comprises CT facilities, which are flexible products that offer borrowers the option for further redraws and payment holidays, subject to certain stringent criteria, which include a new credit approval including no arrears balances in the previous 12 months. Subject to Caixa Catalunya’s approval and other eligibility criteria, the borrower may take up to five payment holidays aggregating to a total of 36 months during the life of the mortgage. No single payment holiday may be longer than 12 months.

Borrowers may apply for further redraws as detailed in *Credit Committee Highlights*. The maximum time to maturity for the credit lines, including all redraws, is 40 years, limited to the result of subtracting the borrower’s age from 72 years.

The purpose of the first drawdown under the CT facility is always the acquisition, refurbishment or construction of a first home and only for residential properties.

Servicing of the Collateral

The mortgages continue to be serviced by Caixa Catalunya in its role as servicer.

Royal Decree 685/82, which governs the issuance of the CTHs thathave been subscribed by HIPOCAT 11, stipulates that the issuer of the mortgage transfer certificates must service the mortgage credit facilities (which, in turn, back the notes), and does not envisage the possibility of replacing the CTH issuer as servicer of these credit facilities. However, the transaction has certain mechanisms in place whereby the sociedad gestora may be able to replace the servicer upon any breach of the terms of the servicing contract regulated by the issuer’s deed of incorporation, if current legislation makes this possible.

Portfolio Summary as of 5 February 2007

Pool characteristics	
Current principal balance (EURm)	2,040.00
Average current loan per borrower (EUR)	155,718.00
Average original loan per borrower (EUR)	162,835.00
Oldest loan in portfolio	March 1994
Most recent loan in portfolio	October 2006
Interest rate type	
Floating-rate credit facilities (%)	100.00
WA interest (%)	4.32
Payments	
Payment frequency (%)	Monthly
Payment method	Direct debit
Credit facilities <30 days in arrears (%)	100.00
Regional concentration (%)	
Region of Catalunya	70.20
Lien position (%)	
First-ranking	100.00

Source: Fitch, transaction documents

Origination and Servicing

The origination and servicing strategies of Caixa Catalunya were reviewed in Fitch’s last operational visit in January 2007. The main underwriting and servicing guidelines are summarised below:

- The majority of originations take place directly at the branch level. Over 70% of Caixa Catalunya’s branches are located in Catalunya, followed by Madrid and Valencia.

- Caixa Catalunya uses internet and telephone banking for information purposes only. Although 5%-10% of originations are sourced by intermediaries, Caixa Catalunya is currently in the process of rationalising the number of small intermediaries it works with.

- Catalunya is one of the most competitive mortgage markets in Spain. In 2006, 85% of Caixa Catalunya’s originations were approved at the branch level, while the remainder had to be sanctioned at higher levels. Depending on the branch level of authority, credit facilities up to EUR360,000 can be approved.

- The next level is the regional director who can, together with the branch director, approve facilities up to EUR400,000. The third level is the risk committee of the territorial directorate level, which can approve up to EUR1,500,000. The fourth level is the territorial (or regional) directorate, level which can approve up to EUR2,500,000. There are seven such regional directorates; four in Catalunya, one in Madrid, one on the Mediterranean coast and one for expansion areas. The fifth and sixth levels are the central credit department and the management committee, which can approve mortgage risk up to EUR5,000,000 and EUR12,000,000, respectively.

- Since 2001, Caixa Catalunya has used a credit scoring system, which has been binding since 2003. It is a non-exclusive system used in conjunction with traditional approval methods. It comprises two types of scoring systems: (i) a behavioural scoring system for existing clients with at least 12 month history with Caixa Catalunya, which measures the maximum further indebtedness of the client; and (ii) a concession scoring system for new clients, which is based on the application information.

- In 2007, the credit department in Caixa Catalunya was reorganised into two units: one for credit analysis to developers, individuals and prescriptors (into which the CT fall); and the second one for analysing corporate credits. Currently, 17 people work in the credit department for developers, individuals and prescriptors.

- As is typical with all Spanish originators, if written authorisation is given by the borrower, credit checks will be conducted with the CIRBE (Spanish Central Bank credit database) and RAI (judicial database).

- Credit analysis by the bank will be conducted for further advances requested by the borrower. If the borrower has been in arrears in the previous 12 months on any loan granted by Caixa Catalunya, including the mortgage loan, no further advance or payment holiday will be approved.

- With regard to property valuations, Caixa Catalunya works with five property appraisers regulated by and registered with the Bank of Spain. It routinely conducts second valuations to verify the values of properties being financed.

- The maximum credit facility limit can be up to 100% OLTV. Additional guarantees may be requested for high LTV credits as well as for credits in which the DTI is considered too high. The borrower’s credit history with Caixa Catalunya will be a significant factor in the approval process.

- In terms of affordability, a maximum 40% DTI is calculated based of the borrower’s net income divided by their total debt service obligations. Facilities may be approved with a DTI ratio higher than 40%; in these cases, additional guarantees may be provided based on a case-by-case study. Based on the information provided, 30% of the pool had DTIs at origination higher than 40%. The DTI is calculated based on the facilities’ maximum credit limit, which may be higher than the first drawdown amount or OLTV.

- All credits are paid via direct debit from the borrower’s account at Caixa Catalunya.

- The management of accounts in arrears is highly automated and typically conducted at the branch level with the support of external recovery companies, with close monitoring by the recoveries department.

- The arrears management and recoveries procedures are as following:

  - Day 0: Borrowers’ accounts are blocked, any cash will be swept to service debt.
  - Days 1 to 5: The branch will contact the client. A letter is sent to borrower at day 5.
  - Days 6 to 10: The branch decides whether an external telephone recovery company should be involved. This is done directly on day 11 unless the branch specifies otherwise.
  - Days 11 to 20: If requested, the external recovery telephone company works in parallel with the branch.
  - Day 20, a second letter is sent to borrower. According to Caixa Catalunya’s historical records, recoveries at this stage are over 30%.
  - Days 21 to 25: The branch decides if an external personal recovery company should be involved. This is done directly at day 25 unless the branch specifies otherwise.
  - Days 26 to 65: If requested, the external personal recovery company works in parallel with the branch. Day 50, a third letter is sent to borrower and a first letter is sent to guarantors, if any. Day 51, a letter is

sent to the borrower indicating that they will be included in delinquent debtor databases. According to Caixa Catalunya's historical records, recoveries this stage represent 67.7% in credit facility terms.

- Days 66 to 115: An external personal recovery company is mandatory. Day 80. A fourth letter is sent to the borrower and a second letter is sent to the guarantor. These letters are signed by Caixa's Catalunya's legal department.
- Days 116 to 125: The branch prepares a recovery proposal, which will be presented to the borrower (payment plan or directly to court). The recoveries at this stage represent 93.99% in credit facility number terms, according to Caixa Catalunya.
- Days 126 to 130: The recovery proposal is analysed and approved by the recoveries department.
- From days 116 to 130, the external recovery company is still active.
- Day 131 onwards: Proposal presented to the borrower via notary, either payment plan or court proceedings.

Once court proceedings start, it takes about 17 months for the property to be auctioned and in some cases up to three further months for it to be vacated. Caixa Catalunya's team responsible for recovery and arrears management is comprises about 45 people, of which about 12 are exclusively dedicated to mortgage credit facilities. Also, the seller works with about 71 external lawyers that assist in the foreclosure process.

Credit Analysis

Fitch analysed the collateral by subjecting the mortgage credit facilities to stresses resulting from its assessment of historical house price movements and defaults in Spain. The agency's analysis is based on the probability of default and expected recoveries for the portfolio's individual credit facilities (see *Appendix 1*).

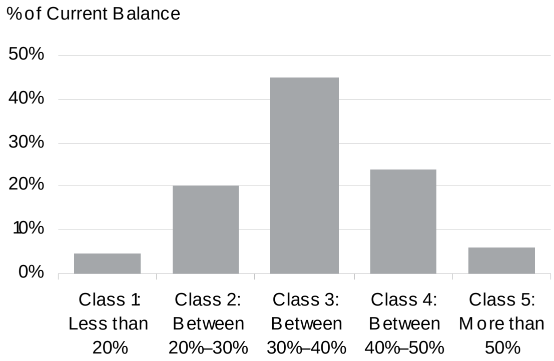
Default Probability

Generally, the two key determinants of default probability are a borrower's willingness and ability to make the mortgage payments. Willingness to pay is usually measured by the LTV: Fitch assumes higher default probabilities for high-LTV credit facilities and lower default probabilities for low-LTV credit facilities. The main reason for this is that, in a severe negative equity situation, borrowers in financial distress but with equity in their homes (low-LTV credit facilities) have an incentive to sell to maintain/protect their equity, thereby eliminating the need for the lender to repossess the property.

Affordability

The ability to pay is usually measured by the borrower's net income in relation to the mortgage payment. Caixa Catalunya focuses on a borrower's ability to pay, implements comparatively strict origination guidelines in this area and has a criteria maximum DTI of 40%. Approximately 30% of the pool has DTIs over 40%, and 55% of these have a co-obligor. DTI information was available on a loan-by-loan basis for 73% of the pool by value (see DTI definitions in *Appendix 1*). Fitch assumed the same distribution for the missing DTIs as that of the ones provided. The resulting WA DTI is 35.9%.

DTI Distribution



Source: Fitch and Transaction Data

Further Drawdown Amounts: Existing HIPOCAT Deals

	HIPOCAT 4	HIPOCAT 5	HIPOCAT 6	HIPOCAT 7	HIPOCAT 8	HIPOCAT 9	HIPOCAT 10
Issue date	Jul 01	Oct 02	Sep 03	Jun 04	May 05	Dec 05	Jun 06
Initial outstanding balance (EURm)	300.0	696.0	850.0	1,400.0	1,500.0	1,000.0	1,500.0
Number of CT facilities as of the closing date	4,787.0	10,149.0	10,467.0	14,333.0	15,465.0	8,277.0	13,429.0
Number of CT facilities as of Feb 2007	2,339.0	4,691.0	5,518.0	9,071.0	12,095.0	7,288.0	10,876.0
Number of CT facilities on which additional amounts have been drawn	738.0	1,087.0	994.0	2,269.0	5,211.0	2,231.0	3,903.0
% of current pool	31.6	23.2	18.0	25.0	43.1	30.6	35.9

Source: Fitch and transaction data

LTV

Fitch took the specific characteristics of the credit facilities into consideration in its default probability analysis of the portfolio. The agency used the maximum of OLTV of the first draw and the maximum facility drawn down amount under the credit facility to calculate its base default probabilities.

Employment Status

Caixa Catalunya provided employment information for 100% of the pool. According to the data provided, 10.56% of the pool by value includes loans granted to self-employed obligors. For such loans, Fitch increased the base default probabilities by 10%.

Loan Arrears

22.6% of the total balance is up to 30 days in arrears. Fitch has increased the base default probability of these loans by 12.5%. Loans more than 30 days in arrears were not hit since they have not been included in the pool. The agency has taken into consideration the fact that at a significant portion of up to 30 days arrears are due to technical arrears which occur as the mortgage payment is invoiced at the end of the month, and the cut-off date for the pool being at the beginning of the month.

Regional Concentration

The fund's regional concentration in Catalunya is 70.2%. Fitch has increased the base default probabilities for these loans by 5%.

Recovery Proceeds

To estimate recoveries on the mortgage credit facilities, Fitch examined house price movements in Spain on a regional basis from 1987-2004 and found significant differences – most notably between Madrid, Catalunya and País Vasco and the other regions. Cities in these three regions have experienced greater price increases than elsewhere in Spain. Based on its analysis of the real estate market, Fitch assumed marginally larger market value declines (MVDs) for certain regions and for some large urban areas. To determine the recovery rate for each loan within the pool, the agency employed the calculation described below that identifies the minimum of:

- the indexed property value net of foreclosure costs (based on Fitch's indexation methodology, whereby 50% credit is given for property price appreciation), reduced by the MVD factor; less: (i) accrued interest relating to the mortgage receivable based on the contractual rate for a period of three years; and (ii) the principal balance of the mortgage receivable; or
- the current balance plus accrued interest for a period of three years.

Recovery proceeds on the redrawn amount are allocated on a pro rata basis between the issuer and the seller. The WA CLTV of the provisional pool is around 82.9%.

Fitch has reviewed historical redraw data of previous HIPOCAT transactions. Observations from previous HIPOCAT deals indicate that a significant number of borrowers are indeed using the credit facilities (please see the *Further Drawdown Amounts: Existing HIPOCAT Deals* table above). To derive MVDs for the respective stress scenarios, Fitch then compared the characteristics of the Spanish real estate market with those of markets in other European countries. As with its other European mortgage default models, the agency has increased MVDs for higher-value properties. These are generally subject to higher declines in a deteriorating market than houses with average or below-average market values owing to limited demand.

Cash Flow Analysis

To evaluate the contribution of structural elements, such as excess spread, subordination and other factors, Fitch modelled the cash flows based on the WA recovery rate (WARR) and the WA frequency of foreclosure (WAFF) provided by the loan-by-loan collateral analysis (see "*A Guide to European RMBS Cash Flow Analysis*", dated 20 December 2002 and available at www.fitchratings.com).

The cash flow model assumes that defaults are spread over the first five years of origination, starting straight after closing. The analysis calculated the cost of carrying defaulted credit facilities as the difference between the performing balance of the collateral and the notional note balance until all the recovery proceeds are collected. Excess spread, the reserve fund and principal collections must be sufficient to cover the carrying cost until all recoveries are received.

CE analysis accounted for the interest deferral mechanism in place on the class B and C notes, which will redirect funds away from the junior notes and towards the more senior notes. Should the triggers be hit, while interest on the class B and C notes may be deferred for a period, it will ultimately be paid prior to the legal maturity date.

The agency also modelled prepayments, which can affect certain components of a transaction. Primarily, they lower the absolute amount of excess spread, which is key to the total CE in this structure. On the other hand, since the principal repayment is directed to the senior series, these notes benefit from higher

CE as a result of the increase in subordination. Prepayments may also cause adverse selection as the strongest obligors are likely to be most inclined to prepay, which would leave the pool dominated by weaker obligors as the collateral ages. With regards to the low prepayments stress that is in line with a 'AAA' rating scenario, Fitch applied an annual level that adjusts downwards from a base case ratio to 2.5% six months after closing. For HIPOCAT 11, the agency has adjusted the prepayment rates used based on historical information provided by Caixa Catalunya; these are 22% under 'AAA', 18% at 'A', 16% at 'BBB' and 13% at 'BB' scenarios.

The analysis showed that the CE levels provided for each of the tranches would be sufficient to withstand the default hurdles and losses determined by the agency for the individual ratings.

Class D Notes

The performance of the class D notes requires very favourable conditions for the collateral backing the series A to C notes. Fitch calculated an expected recovery rate after testing several cash flow scenarios commensurate with speculative grade rating levels. The sensitivity analysis performed consisted of testing several variables that affect the release of the reserve fund and consequently the availability of interest and principal payments on the class D notes. Fitch ran multiple stress scenario assumptions, including:

- alternative timing of default assumptions: back-loaded and front-loaded as well as evenly spread defaults;
- alternative interest rates: increasing, low and constant interest rate scenarios;
- prepayment speeds: high, low and average historical prepayment rates;
- different WA margin compression rates on the mortgage loans: the agency modelled high and low margin compression rates assuming the percentage of prepayments are allocated to the higher margin loans in the portfolio; and
- exercise of the clean-up call by the originator.

The 'CCC' rating on the class D notes is supported by the expected recovery rates. As default on the series D notes appears probable, a distribution of possible recovery rates was obtained. The recovery rate has been calculated as the present value of the class D notes' expected interest and principal payouts using a discount factor of 8.0%, as a proportion of the initial class D balance, and resulted in a range between 60% and 80%.

Performance Analytics

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency's view, an appropriate reflection of the issued notes' credit risk.

Fitch has not been provided with historical static arrears and delinquency information by Caixa Catalunya. The information provided was dynamic.

Early HIPOCAT deals rated by Fitch have shown 60+ day arrears that are higher than the Spanish index. However, recent deals tend to be in line with the index showing a decrease in 60+ day arrears compared to the earlier ones.

Details of the transactions' performance are available to subscribers at www.fitchresearch.com. Further information on this service is accessible at www.fitchratings.com.

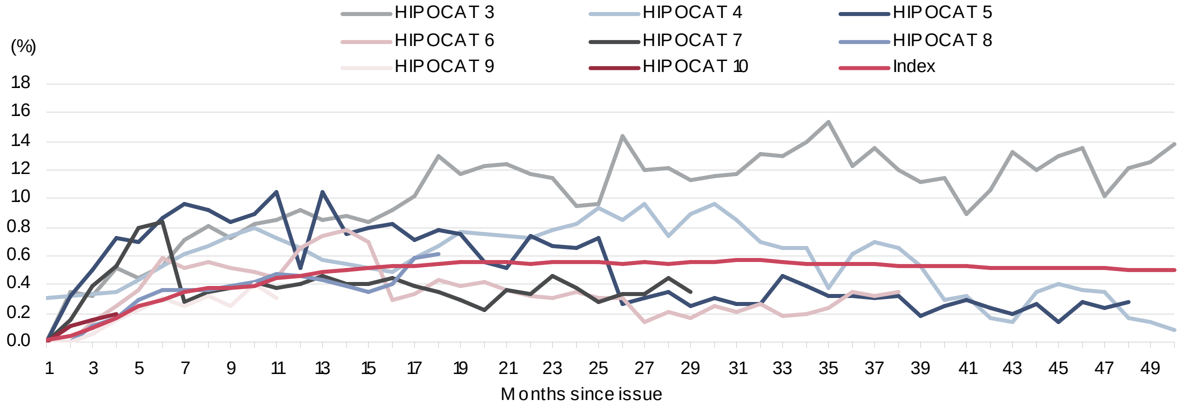
Issuer Report Grade

Fitch has recently introduced Issuer Report Scores as part of an ongoing effort to improve the transparency of transaction performance to investors. Transactions are scored on a system ranging from one star (meets basic requirements) to five stars (outstanding).

Fitch has assigned HIPOCAT 3, 4, 5, 6, 7, 8 and 9 a four star Issuer Report Score.

For further information on the agency's Issuer Report Scores, please see the reports "*Fitch Issuer Report Grades*", dated 25 November 2004 and "*Fitch Issuer Report Grades May 2006 Update*", dated 5 June 2006, both of which are available at www.fitchratings.com.

HIPOCAT Historical 60+ Days in Arrears



Source: Fitch

Appendix I

Rating Methodology

To determine appropriate levels of credit enhancement, Fitch analyses the collateral for Spanish residential transactions using a loan-by-loan mortgage default model. The model subjects the mortgage loans to stresses resulting from its assessments of historical house price movements and defaults. Fitch's study showed that the LTV, reflecting the size of the borrower's down-payment, and the borrower's income multiple (original loan advanced divided by income) are the primary indicators of default risk in Spain. Fitch also modelled the cash flow contribution from excess interest using stress scenarios determined by its default model. The cash flow test showed that each class of rated notes, taking available credit enhancement into account, can withstand loan losses at a level corresponding to the related stress scenario without incurring any principal loss or interest shortfall.

Default Probability

Generally, the two key determinants of default probability are the borrower's willingness and ability to make the mortgage payments. The willingness of a borrower to pay is usually measured by the LTV. Fitch's model assumes higher default probabilities for high-LTV loans and lower default probabilities for low-LTV loans. The main reason is that in a severe negative equity situation, borrowers in financial distress but with equity in their homes (low-LTV loans) have an incentive to sell and maintain/protect their equity, eliminating the need for the lender to repossess the property.

The ability to pay is usually measured by the borrower's net income in relation to the mortgage payment. Historical data available for Spain shows low levels of default. Base default probabilities are determined using a matrix that considers each loan's affordability factor and LTV. The matrix classifies affordability into five classes, the lowest of which (Class 1) encompasses loans with DTIs of less than 20% and the highest of which (Class 5) encompasses all loans with DTIs exceeding 50%. The average DTI for the mortgage market in Spain is circa 33%-37%.

Adjustments

Fitch adjusts the base default rates on a loan-by-loan basis to account for the individual loan characteristics of the collateral across all rating levels. In the absence of case-by-case specific mitigants, Fitch conducts the following adjustments:

- **Product Type:** Fitch may increase default probability assumptions by 0%-20% for loans that have riskier profile (i.e., flexible products) vis-à-vis standard variable rate amortising loans.
- **Repayment Type:** Mortgage payments by Spanish borrowers are generally made monthly by direct debit. Fitch will increase base default rates by 5% for quarterly payments and 10% for biannual or annual payment frequencies. Interest-only mortgages may be included in Spanish transactions at some point in the future. Fitch increases the default assumptions for these loans by up to 25% to take into account the balloon risk to the borrower and the strong reliance on the borrower's equity in the property.
- **Loan Purpose:** Fitch believes that a financially distressed borrower is more likely to default on a second home or investment property than on a primary residence. Accordingly, Fitch will increase the default probability by 15% to 50%. If the purpose of the loan is not the acquisition of a property in Spain, Fitch will increase the default probability by 50%-100%.
- **Borrower Profile:** Fitch increases the default probability on loans to self-employed borrowers by 20%-50% to account for their lack of a fixed annual salary and for non-Spanish residents as presumably such borrowers may have less incentive to repay a mortgage loan in periods of stress.
- **Arrears Status:** when rating portfolios combining current and arrears mortgages, Fitch increases base default rates for mortgages in arrears by 1-30, 31-60, and 61-90 days by 25%, 50% and 70%, respectively. Fitch assumes that mortgages over 91 days in arrears (non-performing status) will have a 100% probability of default.
- **Underwriting Quality:** Fitch's review and analysis of the origination process determines whether the agency decreases default rates by up to 25% or increases them by 0%-200%.

Loss Severity

To estimate loss severity on mortgage loans in Spain, Fitch examined house price movements on a regional basis from 1987–2004. The agency found significant differences in price development among the regions – mainly between the regions of Madrid, Catalunya, País Vasco and the rest of the regions in Spain. More recently, prices have increased significantly in certain coastal areas (including Cantabria, Valencia, Andalucia and Murcia). The cities of these regions have experienced higher price increases than other cities in Spain. As in most other countries, rural areas tend to develop on a more stable basis. Based on its analysis of the real estate market, Fitch assumed slightly higher MVDs for certain regions and for some large urban areas.

To derive MVDs for the respective stress scenarios, Fitch then compared the characteristics of the Spanish real estate market with markets in other European countries. As with its other European mortgage default models, Fitch has increased MVDs for lower and higher-value properties. These properties are generally subject to larger MVDs in a deteriorating market than homes with average market values owing to limited demand for such properties.

When calculating recovery value, Fitch's model reduces each property value by the MVD, external foreclosure expenses, and the cost to the servicer of carrying the loan from delinquency through to default. For Spain, Fitch assumes that external foreclosure costs represent €6,500 plus 4% of the realised value of the collateral at the time of default. Loss severity also incorporates the fact that in a recession period, the length of time to foreclosure may be longer than is currently the case. To calculate carrying costs, Fitch uses a worst-case scenario analysis, which assumes that the borrower does not pay any interest and the collateral is not realised for three years.

Additional stresses to property values may be conducted vis-à-vis residential properties, on a case-by-case basis, if the mortgage loans are backed by commercial properties or subsidised properties (i.e., Viviendas de Proteccion Oficial) or in transactions where relatively strong geographical concentration and a large proportion of second home properties are observed.

Appendix II: Summary

HIPOCAT 11, Fondo de Titulización de Activos — RMBS/Spain

Capital structure

Class	Rating	Size (%)[a]	Size (EURm)	Credit enhancement (%)	I/P PMT frequency	Legal maturity	Interest Rate + Spread	ISIN
A1	AAA	12.50	200.0	9.05	Quarterly	January 2050	3 Month Euribor + 0.04%	ES0345672002
A2	AAA	67.70	1083.2	9.05	Quarterly	January 2050	3 Month Euribor + 0.13%	ES0345672010
A3	AAA	12.50	200.0	9.05	Quarterly	January 2050	3 Month Euribor + 0.16%	ES0345672028
B	A+	3.30	52.8	5.75	Quarterly	January 2050	3 Month Euribor + 0.26%	ES0345672036
C	BBB	4.00	64.0	1.75	Quarterly	January 2050	3 Month Euribor + 0.50%	ES0345672044
D[b]	CCC	1.75	28.0	n.a.	Quarterly	January 2050	3 Month Euribor + 4.50%	ES0345672051

[a] The percentages are expressed as a proportion of the initial collateral balance
[b] Uncollateralised note issued to fund the creation of the reserve fund at closing date

Key Information

		Role	Party (Trigger)
Closing date	9 March 2007	**Seller/originator**	Caixa Catalunya
Country of assets	Spain	**Structurer**	JP Morgan and Gestión de Activos Titulizados SGFT
Structure	Pass through and sequential (pro rata under certain conditions)	**Issuer**	HIPOCAT 11, FTA
Type of assets	Variable rate, residential mortgages	**Lead managers**	Caixa Catalunya, JP Morgan, Natixis, UBS
Currency of assets	EUR	**Trustee**	Gestión de Activos Titulizados SGFT
Currency of notes	EUR	**Swap provider**	Caixa Catalunya ('A/F1')
Primary analyst	alvaro.gil@fitchratings.com	**Account bank**	Caixa Catalunya ('F1')
Secondary analyst	marina.alcalde@fitchratings.com	**Financial agent**	Caixa Catalunya ('F1')
Performance analyst	sf_surveillance@fitchratings.com		

Fitch Default Model Outputs

Rating level	AAA	A+	BBB	CCC
WAFF (%)	21.84	14.56	8.73	2.18
WARR (%)	55.82	64.71	70.52	83.36
WALS (%)	57.85	49.18	43.53	31.07
WAMVD (%)	45.29	36.77	31.11	18.21

Collateral

Pool characteristics

Current principal balance (EURm)	2,040.00	**Regional concentration (%)**	
Average current loan per borrower (EUR)	155,718.00	Catalunya	70.2
Average original loan per borrower (EUR)	162,835.00		
Number of loans	13,100.00	**Mortgage characteristics (%)**	
WA seasoning (months)	16.70	First ranking	100.0
Oldest loan in portfolio	August 1994	Second homes	-
Most recent loan in portfolio	October 2006		
< 30 Days in arrears (%)	22.60	**Loan to value (LTV) (%)**	
		WA original LTV	85.6
Interest rate type (%)		WA indexed current LTV	81.3
Variable	100.00	WA current LTV	82.9
WA interest	4.32		
WA margin over base rate	0.73	**Average calculated DTI (%)**	35.9
Interest index	IRPH (48.6%); 12-month Euribor (51.3%)		

Source: Fitch, transaction documents