

Hecho Relevante de HIPOCAT 9 Fondo de Titulización de Activos

Se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard & Poor's**, con fecha 6 de noviembre de 2014, comunica que ha bajado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 9 Fondo de Titulización de Activos**.

- **Serie A2a:** **BB-** (anterior BB)
- **Serie A2b:** **BB-** (anterior BB)
- **Serie B:** **B-** (anterior B)

- La Agencia de Calificación **Standard & Poor's**, con fecha 6 de noviembre de 2014, comunica que ha confirmado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 9 Fondo de Titulización de Activos**.

- **Serie C:** **CCC-** (anterior CCC-)
- **Serie D:** **D** (anterior D)

Adjuntamos las comunicaciones emitidas por Standard & Poor's.

Barcelona, 7 de noviembre de 2014

Javier García García
Director General

RatingsDirect®

Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 9 Following Application Of Updated Criteria

Surveillance Credit Analyst:

Nicolas Huschke, London +44 (0) 207 176 3459; nicolas.huschke@standardandpoors.com

Secondary Contact:

Virginie Couchet, Madrid (34) 91-389-6959; virginie.couchet@standardandpoors.com

OVERVIEW

- We have reviewed Hipocat 9 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- The application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating did not constrain our ratings in this transaction as our cash flow results indicated that the most senior class of notes could only achieve a 'BB-(sf)' rating.
- Following our review, we have lowered our ratings on the class A2a, A2b, and B notes, and have affirmed our ratings on the class C and D notes.
- Hipocat 9 is a Spanish RMBS transaction, which closed in November 2005. The transaction securitizes a pool of first-lien mortgage loans that Caixa d'Estalvis de Catalunya (now Catalunya Banc) originated.

LONDON (Standard & Poor's) Nov. 6, 2014--Standard & Poor's Ratings Services today lowered its credit ratings on Hipocat 9, Fondo de Titulizacion de Activos ' class A2a, A2b, and B notes. At the same time, we have affirmed our ratings on the class C and D notes (see list below).

Upon publishing our updated criteria for Spanish residential mortgage-backed securities (RMBS criteria) and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency

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rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation," and "Italy And Spain RMBS Methodology And Assumptions," both published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information that we have received, dated July 2014. Our analysis reflects the application of our RMBS criteria. Our RAS criteria do not apply to this transaction as the ratings in this transaction are below our 'BBB' long-term rating on the Kingdom of Spain.

Credit enhancement has increased to 12.65%, from a level of 9.78% in our previous review, based on performing balance (see "Ratings Lowered In Spanish RMBS Transaction Hipocat 9 Due To Interest Deferral Trigger Breach," published on July 31, 2014).

Class	Available Credit Enhancement (%)
A2a	12.65
A2b	12.65
B	6.13
C	0.70
D	(6.27)

This transaction features a reserve fund. However, due to high periodic losses, the reserve is fully depleted.

Severe delinquencies of more than 90 days at 8.03% are on average higher for this transaction than our Spanish RMBS index (see "Spanish RMBS Index Report Q1 2014: Collateral Performance Continues To Deteriorate Despite Signs Of Economic Recovery," published on June 6, 2014). However, delinquencies have decreased since our previous review when severe delinquencies of more than 90 days totaled 9.63%. Defaults are defined as mortgage loans in arrears for more than 18 months in this transaction. Cumulative losses, at 7.59%, are also higher than in other Spanish RMBS transactions that we rate. Prepayment levels have increased in this transaction in recent quarters, but remain low at 8%.

After applying our RMBS criteria to this transaction, our credit analysis results show an increase in the weighted-average foreclosure frequency (WAFF) and an increase in the weighted-average loss severity (WALS) for each rating level.

Rating level	WAFF (%)	WALS (%)
AAA	62.61	41.72

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AA	52.54	37.37
A	45.61	29.62
BBB	34.74	25.30
BB	28.12	22.22
B	25.57	19.35

The increase in the WAFF is mainly due to our increased base-case foreclosure frequency. However, the transaction's increased seasoning and improved performance since our previous review partly mitigated this. The increase in the WALs is mainly due to the application of our revised market value decline assumptions. The overall effect is an increase in the required credit coverage for each rating level.

Although credit enhancement for the class A2a and A2b notes has increased by 2.87% since our previous review, based on the initial loan balance under our RMBS criteria, we apply more cash flow scenarios, including delayed recession runs. Under these runs, the class A2a and A2b notes fail to achieve their currently assigned ratings. We have therefore lowered to 'BB- (sf)' from 'BB (sf)' our ratings on these classes of notes.

Credit enhancement for the class B notes has increased to 6.13% from 3.52% since our previous review. However, after applying our RMBS criteria, our expected credit loss has increased by more than the credit enhancement. We have therefore lowered our rating on this class of notes to 'B- (sf)' from 'B (sf)'.

Cumulative losses have increased to 7.59% from 6.12% since our previous review. At the current pace of increase, the class C notes' interest rate deferral trigger will be hit shortly. Taking this into account, we have affirmed our 'CCC- (sf)' rating on the class C notes.

We have affirmed our 'D (sf)' rating on the class D notes as this class hit its interest deferral trigger earlier this year.

We also consider credit stability in our analysis (see "Methodology: Credit Stability Criteria," published on May 3, 2010). To reflect moderate stress conditions, we adjusted our WAFF assumptions by assuming additional arrears of 8.00% for both one-year and three-year horizons. This did not result in our rating deteriorating below the maximum projected deterioration that we would associate with each relevant rating level, as outlined in our credit stability criteria.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and further falls in house prices for the remainder of 2014, which will then level off in 2015.

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On the back of improving but still depressed macroeconomic conditions, we don't expect the performance of the transactions in our Spanish RMBS index to improve in 2014.

We expect severe arrears in the portfolio to remain at their current levels, as there are a number of downside risks. These include inflation, weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

Hipocat 9 is a Spanish RMBS transaction, which closed in November 2005. The transaction securitizes a pool of first-lien mortgage loans that Caixa d'Estalvis de Catalunya (now Catalunya Banc) originated. The mortgage loans are mainly located in Catalonia and the transaction comprises loans granted to borrowers that contain flexible features.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

RELATED CRITERIA AND RESEARCH

Related Criteria

- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Standard & Poor's Ratings Definitions, Sept. 22, 2014

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- Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation, Sept. 18, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- Credit Conditions: Europe Decelerates (Again) Amid Rising Geopolitical Risks, Sept. 16, 2014
- Ratings Lowered In Spanish RMBS Transaction Hipocat 9 Due To Interest Deferral Trigger Breach, July 31, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Spanish RMBS Index Report Q1 2014: Collateral Performance Continues To Deteriorate Despite Signs Of Economic Recovery, June 6, 2014

RATINGS LIST

Class	Rating
To	From

Hipocat 9, Fondo de Titulizacion de Activos
€1.016 Billion Residential Mortgage-Backed Floating Rate Notes

Ratings Lowered

A2a	BB- (sf)	BB (sf)
A2b	BB- (sf)	BB (sf)
B	B- (sf)	B (sf)

Ratings Affirmed

C	CCC- (sf)
D	D (sf)

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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