

**Hecho Relevante de**

**HIPOCAT 8 FONDO DE TITULIZACIÓN DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 8 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 **Standard & Poor’s Ratings Services (“S&P”)**, con fecha 31 de mayo de 2019, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
  - **Serie B: AAA (sf)** (anterior **AA (sf)**)
  - **Serie C: BBB (sf)** (anterior **BB- (sf)**)
  - **Serie D: B+ (sf)** (anterior **B- (sf)**)

Asimismo, S&P ha confirmado la calificación de la siguiente serie de bonos:

- **Serie A2: AAA (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 31 de mayo de 2019.



(/en\_US/web/guest/home)  
**Rating Actions Taken On Spanish  
RMBS Transaction Hipocat 8  
Following Review**

29-May-2019 10:31 EDT

[View Analyst Contact Information](#)

#### OVERVIEW

Following our review of Hipocat 8 under our relevant criteria, we have raised our ratings on the class B, C, and D notes. At the same time, we have affirmed our rating on the class A2 notes.

Hipocat 8 is a Spanish RMBS transaction, which closed in May 2005 and securitizes first-ranking mortgage loans. Catalunya Banc, now part of BBVA (formerly named Catalunya Caixa), originated the pool, which comprises loans secured over owner-occupied properties, mainly located in Catalonia.

MADRID (S&P Global Ratings) May 29, 2019--S&P Global Ratings today raised its credit ratings on Hipocat 8, Fondo de Titulizacion de Activos' class B, C, and D notes. At the same time, we have affirmed our credit rating on the class A2 notes (see list below).

Upon revising our structured finance sovereign risk criteria and our counterparty criteria, we placed our ratings on Hipocat 8's class B notes under criteria observation (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceId/10836964)," published on Jan.

30, 2019, and "Counterparty Risk Framework: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceId/10861340),"

published on March 8, 2019). Following our review of the transaction's performance and the application of these criteria, our rating on these notes is no longer under criteria observation.

Today's rating actions follow the implementation of our revised structured finance sovereign risk criteria and counterparty criteria. They also reflect our full analysis of the most recent transaction information that we have received and the transaction's current structural features.

The analytical framework in our revised structured finance sovereign risk criteria assesses a security's ability to withstand a sovereign default scenario. These criteria classify the sensitivity of this transaction as low. Therefore, the highest rating that we can assign to the tranches in this transaction is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met.

Under our previous criteria, we could rate the senior-most tranche in a transaction up to six notches above the sovereign rating, while we could rate the remaining tranches in a transaction up to four notches above the sovereign. Additionally, under the previous criteria, in order to rate a tranche up to six notches above the sovereign, the tranche would have had to sustain an extreme stress (equivalent to 'AAA' benign stresses). Under the revised criteria, these particular conditions have been replaced with the introduction of the low sensitivity category. In order to rate a structured finance tranche above a sovereign that is rated 'A+' and below, we account for the impact of a sovereign default to determine if under such stress the security continues to meet its obligations. For Spanish transactions, we typically use asset-class specific assumptions from our standard 'A' run to replicate the impact of the sovereign default scenario.

Banco Bilbao Vizcaya Argentaria S.A. provides the interest rate swap contract, which is in line with our previous counterparty criteria. As per our revised criteria, considering the collateral arrangement's enforceability, the maximum supported rating is 'A', unless we delink our ratings on the notes from those on the counterparty.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Methodology And Assumptions: Assessing Pools

Of European Residential Loans (/en\_US/web/guest/article/-/view/sourceId/10154538)," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign. Therefore, our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level is 0.9%. Our foreclosure frequency assumption is 2.00% for the archetypal pool at the 'B' rating level.

Below are the credit analysis results after applying our European residential loans criteria to this transaction.

Rating level	WAFF (%)	WALS (%)
AAA	7.28	43.16
AA	4.87	36.65
A	3.66	22.82
BBB	2.69	13.57
BB	1.72	2.00
B	0.99	2.00

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

Credit enhancement available in Hipocat 8 has increased since our previous review as the reserve fund has been replenished to €11.58 million as of March 2019 (55% of the reserve fund target level). The reserve fund was fully depleted from December 2013 to January 2018 as it was used to provision for loans in foreclosure and in arrears over 18 months. In September 2018, the trustee, representing the fund, sold 51 repossessed properties, totalling around €3.4 million. Cash flows from the sale of these properties and recoveries from defaulted assets during 2018 and 2019 contributed to the increase in the reserve fund. We consider this sale and related revenues to be an unusual occurrence in the transaction's life. Banco Bilbao Vizcaya Argentaria S.A. (BBVA) has been the servicer of this pool of loans since September 2016. The trustee confirmed that the transaction's performance has improved in the last three years due to the active servicing policies put in place by BBVA, as well as the improved general macroeconomic conditions, namely the unemployment rate decrease.

The class A2, B, C, and D notes' credit enhancement based on the performing balances has increased to 40.24%, 30.24%, 16.66%, and 4.18%, respectively.

Following the application of our revised criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our sovereign risk criteria; (ii) the rating as capped by our counterparty criteria; or (iii) the rating that the class of notes can attain under our European residential loans criteria.

Our ratings on the notes in this transaction are no longer capped by the sovereign risk criteria.

The application of our European residential loans criteria, including our updated credit figures and our cash flow analysis, indicates that our ratings

on the class C and D notes could withstand our stresses at a higher rating level than those currently assigned. However, in reviewing our ratings on these classes and applying our credit and cash flow analysis, we have considered their position in the capital structure. We've also considered the reserve fund's current status, which, although it has improved, it remains at 55% of its target. Additionally, we've considered the scope of the improved credit enhancement since our previous review. We have therefore raised to 'BBB (sf)' from 'BB- (sf)' and 'B+ (sf)' from 'B- (sf)' our ratings on the class C and D notes, respectively.

Our credit and cash flow results indicate that credit enhancement available for class A2 is still commensurate with an 'AAA' rating. We have therefore affirmed our 'AAA (sf)' rating on class A2.

Our credit and cash flow results indicate that credit enhancement available for class B is now commensurate with an 'AAA' rating. Our rating on this class is no longer capped by our sovereign default risk criteria. We have therefore raised to 'AAA (sf)' our rating on the class B notes.

Hipocat 8 is a Spanish residential mortgage-backed securities (RMBS) transaction, which closed in May 2005 and securitizes first-ranking mortgage loans. Catalunya Banc (formerly named Catalunya Caixa) originated the pool, which comprises loans secured over owner-occupied properties, mainly located in Catalonia.

#### RELATED CRITERIA

Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceld/10861340), March 8, 2019

Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions (/en\_US/web/guest/article/-/view/sourceld/10836964), Jan. 30, 2019

Criteria | Structured Finance | General: Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en\_US/web/guest/article/-/view/sourceld/10154538), Aug. 4, 2017

Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology (/en\_US/web/guest/article/-/view/sourceld/9733017), March 29, 2017

Criteria | Structured Finance | General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD (/en\_US/web/guest/article/-/view/sourceld/9049216), March 2, 2015

Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions (/en\_US/web/guest/article/-/view/sourceld/8737366), Oct. 9, 2014

General Criteria: Methodology Applied To Bank Branch-Supported Transactions (/en\_US/web/guest/article/-/view/sourceld/8130806), Oct. 14, 2013

Criteria - Structured Finance - General: Global Derivative Agreement Criteria (/en\_US/web/guest/article/-/view/sourceld/8058839), June 24, 2013

Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications (/en\_US/web/guest/article/-/view/sourceld/7430465), July 12, 2012

General Criteria: Methodology: Credit Stability Criteria (/en\_US/web/guest/article/-/view/sourceld/5961504), May 3, 2010

Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment (/en\_US/web/guest/article/-/view/sourceld/5428209), May 28, 2009

#### RELATED RESEARCH

European Economic Snapshots: Domestic Demand Still A Safety Net (/en\_US/web/guest/article/-/view/sourcelid/10946686), April 12, 2019

209 European Structured Finance Ratings Placed Under Criteria Observation Due To Revised Sovereign Risk Criteria (/en\_US/web/guest/article/-/view/sourcelid/10896317), March 1, 2019

Spain 'A-/A-2' Ratings Affirmed; Outlook Positive (/en\_US/web/guest/article/-/view/sourcelid/10914629), March 22, 2019

European RMBS Index Report 2018 (/en\_US/web/guest/article/-/view/sourcelid/10832226), Feb. 19, 2019

Spanish RMBS Index Report Q4 2018 (/en\_US/web/guest/article/-/view/sourcelid/10874971), Feb. 19, 2019

Europe's Housing Markets Ease Off The Accelerator (/en\_US/web/guest/article/-/view/sourcelid/10868847), Feb. 19, 2019

Why 2019 Could Be A Good Year For Spanish RMBS Ratings (/en\_US/web/guest/article/-/view/sourcelid/10866061), Feb. 6, 2019

European Economic Snapshots For 1Q2019 Published (/en\_US/web/guest/article/-/view/sourcelid/10816761), Dec. 18, 2018

Ratings Raised In Spanish RMBS Transaction Hipocat 8 Following Review (/en\_US/web/guest/article/-/view/sourcelid/10561432), May 31, 2018

Outlook Assumptions For The Spanish Residential Mortgage Market (/en\_US/web/guest/article/-/view/sourcelid/10501493), April 17, 2018

2017 EMEA RMBS Scenario And Sensitivity Analysis (/en\_US/web/guest/article/-/view/sourcelid/10156650), July 6, 2017

Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourcelid/9913417), Dec. 16, 2016

European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors (/en\_US/web/guest/article/-/view/sourcelid/9914948), Dec. 16, 2016

#### RATINGS RAISED

Hipocat 8, Fondo de Titulizacion de Activos

Class	Rating	
	To	From
B	AAA (sf)	AA (sf)
C	BBB (sf)	BB- (sf)
D	B+ (sf)	B- (sf)

#### RATING AFFIRMED

Hipocat 8, Fondo de Titulizacion de Activos

Class	Rating
A2	AAA (sf)

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