RMBS/Spain
New Issue Report

HIPOCAT 9, Fondo de Titulización de Activos

Final Ratings*

Class	Amount (EURm)	Final Maturity	Rating	CE (%)
A1	200.0	Jul 2038	AAA	7.98
A2a	500.0	Jul 2038	AAA	7.98
A2b	236.2	Jul 2038	AAA	7.98
B	22.0	Jul 2038	AA+	5.78
C	18.3	Jul 2038	A+	3.95
D	23.5	Jul 2038	BBB+	1.60
E	16.0	Jul 2038	CC	N/A

Analysts

Gustavo Celi
+44 20 7862 4075
gustavo.celi@fitchratings.com

Pablo Perez
+44 20 7417 4263
pablo.perez@fitchratings.com

Performance Analytics

Charlotte Eady
+44 20 7417 4335
sf_surveillance@fitchratings.com

Closing occurred on 29 November 2005. Changes prior to closing: no changes occurred to the capital structure from the date of the presale report.

The collateral information throughout the report and on the data sheet is based on the provisional loan pool.

Summary

This EUR1,000 million transaction is a securitisation of Spanish residential *Crédito Total* mortgage loans ("CT" or "the collateral", see *Collateral*) secured on property located in Spain. Fitch Ratings has assigned final ratings to the notes issued by HIPOCAT 9, Fondo de Titulización de Activos ("HIPOCAT 9" or "the Fund") as indicated at left. At closing, HIPOCAT 9 will issue notes backed by the collateral, originated by Caixa d'Estalvis de Catalunya ("Caixa Catalunya" or "the seller", rated 'A'/'F1'), which will continue to service the mortgages.

HIPOCAT 9 is regulated by Spanish Securitisation Law 19/1992 and Royal Decree 926/1998. Its sole purpose is to convert the mortgage transmission certificates *(certificados de transmisión de hipoteca* or *"CTHs")* acquired from the seller into fixed-income securities. The *CTHs* will be subscribed on behalf of HIPOCAT 9 by Gestión de Activos Titulizados, S.A., S.G.F.T. ("the *Sociedad Gestora*"), a management company with limited liability incorporated under the laws of Spain, whose sole function is to manage asset-backed funds.

The ratings are based on the quality of the collateral, the underwriting and servicing of the mortgage loans, available credit enhancement ("CE") and the sound legal and financial structure of the transaction. Initial credit enhancement for the class A notes (classes A1, A2A and A2B), totalling 7.98 %, will be provided by the subordination of the class B (2.20%), class C (1.83%), and class D notes (2.35)% and a reserve fund sized at 1.60% of the initial note balance. In addition, the transaction will also benefit from the 0.65% excess margin guaranteed by the swap. The class E notes issued to finance the cash reserve fund were subscribed by the seller. The reserve fund was funded at closing. The class E notes are ultimately likely to default; the expected rating assigned to the class E notes is supported by the expected recovery rate for noteholders, i.e. the amounts investors are expected to receive during the life of the transaction

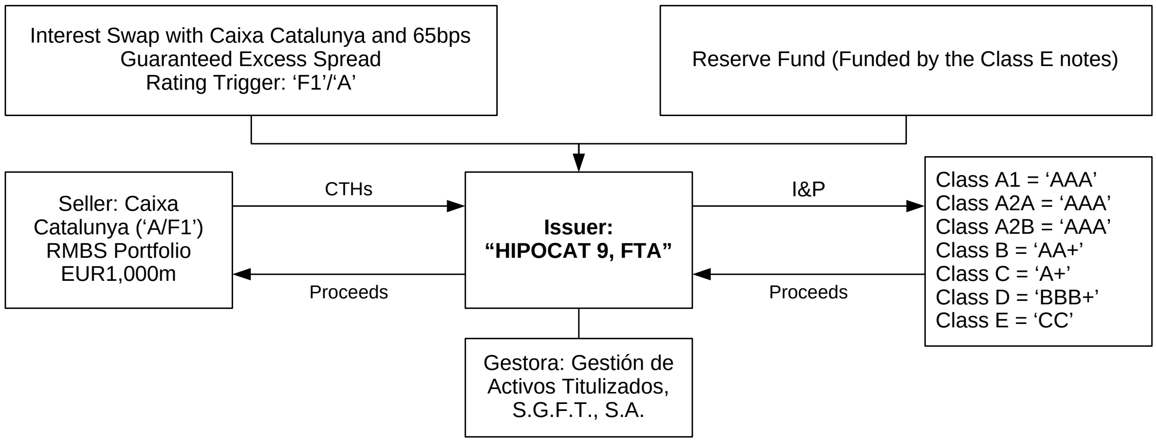
This is the ninth RMBS transaction originated by Caixa Catalunya under the HIPOCAT programme and the seventh rated by Fitch. Details of previous HIPOCAT transactions' performance are available at www.fitchresearch.com.

Credit Committee Highlights

- Caixa Catalunya is an established originator and underwriter. This is its ninth RMBS transaction (*please see Origination and Servicing section*).

- As in previous HIPOCAT deals, the collateral portfolio is composed of first drawings on CT loans. These loans offer borrowers the following options: i) payment holidays, whereby they can defer interest and principal payments for a predetermined period (a total of 36 months during the life of the loan) although interest not paid during the payment

Structure Diagram



Source: Transaction documents

holiday period will be capitalised; and ii) redraw, subject to a cumulative maximum loan-to-value ratio (“LTV”) of 80%, including any interest capitalised amounts. Further drawings under the CT loans will be funded by Caixa Catalunya and will not be included in this transaction.

- Fitch has assumed that all borrowers will redraw funds up to the maximum of the CT facility, typically up to the 80% LTV, though the original loan-to-value (“OLTV”) may have been higher than 80%. Furthermore, recovery proceeds from defaulted loan amounts under the CT facilities will be allocated pro rata between the holders of such drawn down amounts (i.e. HIPOCAT 9 and if the borrower draws down subsequent amounts, Caixa Catalunya). As a result:
  - For the purpose of calculating the default probabilities for each loan in the portfolio, Fitch has taken the maximum of the OLTV and that following the first drawdown based on the contractual maximum drawable amount. The CT facility enables the borrower to leverage their position in the property, exposing the loan to a higher contingent LTV. Fitch applies higher base case default probabilities on high-LTV loans to account for the additional credit risk.
  - As recovery proceeds from defaulted loan amounts under the CT facilities will be allocated *pro rata* between the issuer and the bondholders of such draw down amounts, the recovery rates were stressed under the *pro rata* allocation between the current loan amount and the maximum subsequent advances booked by Caixa Catalunya. In this instance, redraw risk is deemed low as drawdowns are limited to an 80% LTV, and the weighted average current LTV of the pool is 78.6%.

Please see *Credit Analysis* for additional details .

- The portfolio has a significant exposure to Catalunya (68.20%). Fitch has not stressed this geographical concentration since the region has historically been one of the stronger economies in Spain.
- The weighed average original LTV (“WAOLTV”) is 80.9%, and nearly 46% of the portfolio is in the 90% to 100% OLTV bucket.
- The average seasoning of 14.4 months contributed to a lower indexed current LTV of 73.9%.
- CE levels take into account a reserve fund, amounting to 1.60% of the initial outstanding balance of the notes, and the minimum guaranteed excess spread of 0.65% the swap will pay to the fund on a notional that is at least equal to the balance of collateral that is either performing or less than 90 days delinquent. Excess spread provided by the swap mitigates margin compression risks and the potential effects of negative carry (see *Swap Agreement*).
- The ratings of the class A to D notes address the likelihood that interest will be paid according to the terms and conditions of the documentation (which include interest deferral triggers for the class B, C and D notes) and that principal will be repaid by legal final maturity in July 2038.

Key Information
(As of 18 October 2005)

Portfolio Characteristics

Total Amount: EUR1,204m

WA Original LTV: 80.9%

WA Current LTV: 78.6%

WA Indexed Current LTV: 73.9%

WA Remaining Maturity: 323.1 months

WA Seasoning: 14.4 Months

Concentration in Catalunya Region: 68.2%

Structure

Fund: HIPOCAT 9, Fondo de Titulización de Activos ("HIPOCAT 9")

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

Seller: Caixa Catalunya (rated 'A/F1')

Servicer: Caixa Catalunya

Paying Agent: Caixa Catalunya

Swap Counterparty: Caixa Catalunya

Arranger: 'Deutsche Bank 'AA-(AA minus)'/'F1+'

Lead Managers: Barclays Capital 'AA+(AA plus)/F1+', Caixa Catalunya, Deutsche Bank, IXIS CIB (AAA/F1+)

Final Legal Maturity: July 2038

- Based on Fitch's scenario analysis, the class E notes are likely to default due to their structural characteristics (see *Class E Notes* below). The rating on the class E notes is supported by the expected recovery rate of outstanding principal and accrued interest, i.e. the amounts noteholders can expect to receive during the life of the transaction.

Financial Structure
HIPOCAT 9 is 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. At closing, Caixa Catalunya will transfer the collateral to the Fund, together with a pledge over all present or future claims and/or rights under the various transaction documents. The mortgages will be transferred to the Fund as *CTHs*.

An amortisation account and a treasury account will be held in the name of the issuer at Caixa Catalunya, as the paying agent. The first will be used to accumulate cash until the first amortisation date for the A2 notes in January 2007 (see *Amortisation of the Notes*), and the second to maintain the reserve fund and cover the ongoing expenses of the issuer, as detailed in the *Priority of Payments* section. Amounts standing to the credit of these accounts will earn the Fund a guaranteed return equal to three-month EURIBOR.

For both these accounts, the *Sociedad Gestora* will be required to take one of the following steps within 30 days if Caixa Catalunya's Short-term rating is downgraded below 'F1':

1. find a third party rated at least 'F1' to guarantee its obligations;
2. transfer the treasury and amortisation accounts to another entity rated at least 'F1';
3. if unable to effect either of the above, provide a guarantee of financial assets rated at least on a par with the Kingdom of Spain ('AAA');
4. if unable to effect option 2, above, invest the balance of the treasury account until the next payment date in fixed-income assets issued by entities rated at least 'F1+'.

Interest and principal collections will be given equal standing in the combined priority of payments, which is described below. Collections on the collateral received by the seller will be transferred into the treasury account within 48 hours of receipt.

Servicing of the Securitised Portfolio
Apart from acting as paying agent and swap counterparty, Caixa Catalunya will also act as servicer of the collateral. RD 685/82, which governs the issuance of the *CTHs* that will be subscribed by HIPOCAT 9, indicates that the issuer of the mortgage certificates must service the mortgage loans (which in turn back the notes) and does not envisage the *CTH* issuer being replaced as servicer of these loans. However, the transaction has certain mechanisms in place (i.e. litigation due to a breach in the contractual agreement) that may allow the *Sociedad Gestora* to appoint a replacement servicer.

Priority of Payments
On each quarterly payment date, in January, April, July and October, the combined ordinary priority of payments will be as follows:

a. expenses and servicing fees (including Caixa Catalunya's paying agency fee);
b. net swap payments (if applicable);
c. class A1 and A2 interest *pro rata*;
d. class B interest (if not deferred);
e. class C interest (if not deferred);
f. class D interest (if not deferred);
g. note principal in order of seniority (see *Amortisation of the Notes*);
h. class B interest if deferred, which will occur if gross cumulative defaults reach 13.78%;

i. class C interest if deferred, which will occur if gross cumulative defaults reach 10.39%;
j. class D interest if deferred, which will occur if gross cumulative defaults reach 7%;
k. replenishment of the reserve fund;
l. interest due on the class E notes;
m. principal due on the class E notes;
n. swap termination payments;
o. subordinated amounts, including interest and principal due on the start-up loan granted by the seller to the Fund at closing; and
p. any deferred consideration to the originator

Gross cumulative defaults are defined as the sum of defaulted collateral amounts (i.e. loans more than 18 months delinquent) gross of recovery proceeds from the foreclosure process.

Available funds are defined as the sum of principal and interest collections on the collateral, the balance and yield generated by the reserve fund and the net swap monies received from the swap counterparty if applicable (see *Swap Agreement*).

The structure will cover ordinary and extraordinary expenses through the 0.65% excess spread that is guaranteed by the swap agreement (see *Swap Agreement*).

Amortisation of the Notes

Principal due on any payment date will be paid subject to the availability of funds and according to the priority of payments. Amortisation of the notes will commence sequentially with the class A1 notes; amortisation of the A2a and A2b notes (the A2 notes) will begin only when the A1 notes have been repaid in full. The following additional conditions are applicable for the amortisation of the class A1, A2a and A2b notes:

- the earliest possible date amortisation can start for the A2 notes is the payment date falling in January 2007; and
- if the delinquency ratio – defined as the outstanding balance of loans 90 days or more in arrears over the outstanding balance of the collateral – exceeds 1.5%, the class A1 and A2 notes will be paid down *pari passu* rather than sequentially
- On each payment date before 15th January 2007, principal payments on the class A2 notes will be paid into the amortisation account.

If the A1 notes are fully amortised before the payment date in January 2007, and the delinquency ratio is less than 1.5%, the funds available for amortisation (i.e. the excess between the note balance minus the sum of non-defaulted collateral plus the balance of the amortisation account) will be credited to the amortisation account.

The other classes of notes will begin to amortise once the notes immediately senior to them have been fully paid down. For example, the class C notes will begin to pay down only when the class B notes have been repaid in full. Nevertheless, if all the conditions below are satisfied, then the B, C and D notes will amortise *pro rata*:

- The class B, C and D notes will be redeemed *pro rata* with the class A notes if: a) the principal outstanding balances on the B, C and D notes are equal to or more than 4.40%, 3.66%, and 4.70%, respectively, of the then-aggregate principal amount outstanding on the notes, (double the level at closing); and b) the outstanding balance of mortgages more than three months in arrears is less than 1.50% (for class A and B to amortise *pro rata*) 1.25%, (for class A, B and C to amortise *pro rata*) and 1.0% (for class A, B, C and D to amortise *pro rata*).

  Any amortisation of the B, C and D notes will be capped until their balances reach 4.40%, 3.66% and 4.70%, respectively, of the outstanding balance of the notes, excluding the class F notes.

- The class B, C and D notes may be redeemed *pro rata* only if: a) the reserve fund is at its required level; and b) the outstanding balance of mortgage loans is greater than 10% of the notes issued.

- All the notes (excluding the class E) are subject to a clean-up call when less than 10% of the initial collateral remains outstanding.

A clean-up call option in favour of the Fund will be available when the collateral balance falls to 10% of its original size. The Fund will be redeemed after the amortisation of the collateral and/or the notes. Other unwinding provisions also relate to legal changes that would have an adverse effect on the efficiency of the transaction for the originator, or exceptional circumstances that would affect the Fund's financial equilibrium. These provisions are subject to the availability of resources to pay the outstanding notes.

Provisioning for Defaults

Defaulted Loans, defined as those more than 18 months past due, or where Caixa Catalunya has begun mortgage enforcement proceedings, will be written off using available excess spread.

Swap Agreement

The Fund will enter into an interest rate hedging agreement with Caixa Catalunya to cover basis and margin compression risks. The Fund will pay Caixa Catalunya the interest rate received from the collateral, and in return will receive three-month EURIBOR plus the weighted average ("WA") margin on the notes plus 0.65%. This is calculated on a notional equal to: i) the balance of collateral that is either performing or less than 90 days in arrears; plus ii) broadly speaking, an amount that would cover the difference between the coupon paid on the notes and the interest yielded by the amortisation account. This has three main effects:

1. it hedges the basis risk arising from the different reference indices (e.g. 12-month EURIBOR for the collateral versus three-month EURIBOR for the notes);
2. it produces a stable spread (65bps) on the performing loan balance over the life of the transaction, mitigating any compression in the WA margin on the loans and offsetting the increase in note funding costs over time; and
3. it covers the negative carry of accumulating cash in the amortisation account, which only yields a flat rate of three-month EURIBOR, while still servicing the liability on the notes.

The notional amount will include the outstanding balance of the loans that have exercised the payment holiday option where this exceeds 35% of the initial collateral balance and the servicing fee of the collateral if Caixa Catalunya is replaced as servicer.

If Caixa Catalunya's Short- or Long-term rating 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 Short-term rating of at least 'A'/'F1' ; or,
- cash- or security-collateralise its obligations, in an amount satisfactory to Fitch's counterparty risk criteria .

Reserve Fund

The reserve fund was created at closing through the proceeds of the class E notes subscribed by the seller, and will equate to 1.60% of the initial note balance. Subject to the following conditions, it will be permitted to amortise to the lesser of:

- 1.60% of the initial note balance if the delinquency ratio is less than 3.0%, otherwise 1.70%; or
- 3.20% of the outstanding note balance if the delinquency ratio is less than 3.0%, otherwise 3.50%.

The reserve fund will be subject to an absolute floor of 0.80% of the original note balance if the delinquency ratio is below 3.0%, or 0.85% if otherwise.

The reserve fund will amortise between two payment dates if all of the following conditions are met:

- the delinquency ratio is less than 1.0%;
- on the previous payment date, the reserve fund was replenished to its required amount; and
- the closing date of the transaction was more than three years earlier.

Collateral

As of 18 October 2005, the collateral portfolio consisted of first disbursements under CT loans 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* table below.

The total portfolio comprised 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, a maximum DTI ratio of 40% and 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. The length of the payment holiday is further limited by the amount of capitalised interest, which, together with the current outstanding balance, must not exceed an 80% LTV ratio at any time.

Borrowers may apply for further redraws, which Caixa Catalunya will approve only if they pass a new credit analysis, regardless of previous redraws. Subsequent redraws are limited to the lesser of: 1) the contractual credit facility limit; or 2) an 80% LTV ratio. Some of the loans in the pool have a maximum OLTV of 100%. However, borrowers may only redraw funds under the facility after the CLTV falls below 80%, and then only up to a maximum of 80% of the property value. The maximum time to maturity for the line of credit, including all redraws, is 35 years (30 years for the first drawdown).

The purpose of the first draw down under the CT facility is always the acquisition of first home and only residential properties are accepted as collateral for the CT facilities.

Origination and Servicing

As part of its analysis, Fitch has reviewed and analysed Caixa Catalunya's origination and servicing guidelines. In an on-site visit in March 2005, the agency met the originator and servicer managers responsible for the mortgage loan department as well as members of the risk department. Fitch has not been advised of any changes in the underwriting and servicing guidelines and procedures of the originator.

Caixa Catalunya is the parent company of Spain's seventh largest banking group and the fourth largest savings bank by total assets. As such, it has a national presence in Spain.

Origination - Business Sources, key origination points

The majority of originations take place directly at the branch level. At end-2004, Caixa Catalunya had a 1,004 branch network, 75% of which was in Catalunya. Caixa Catalunya uses internet and telephone banking for information purposes only. 5%-10% of originations are sourced by intermediaries and Caixa Catalunya is the process of rationalising the number of small intermediaries it works with.

Underwriting Process

Catalunya is one the most competitive mortgage markets in Spain. Typically, 95% of Caixa Catalunya's originations will be approved at the branch level, whilst 5% would need to be sanctioned at a *Direccion Territorial* or regional office (of which Caixa Catalunya has six; four in Catalunya, one in Madrid and one on the Mediterranean Coast). Depending on the branch level of authority, loans between EUR200,000 and EUR320,000 can be approved at this level.

Since 2001, Caixa Catalunya has used credit scoring, but as a consultative rather than a decision-making tool. Like any big Spanish originator, CC has two credit scoring systems: behavioural (for existing clients) and reactive.

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).

Further Advances and Payment Holidays

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.

Branch Audits

On-site branch office audits are conducted every one to three years. However, remote audits are conducted every six months, or more frequently if the central office notices abnormal trends (i.e. significant growth in lending or arrears).

Property Appraisals

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. Historically, 2% of its own reviews have resulted in a different value reported by the appraisers.

Underwriting Criteria

- Maximum OLTV: Typically 80% but higher LTV loans can be granted if the borrower presents an acceptable guarantor or additional collateral. The borrower's credit history with Caixa Catalunya will be a significant factor in the approval process.
- Affordability: maximum 40% DTI, as calculated using stressed monthly debt obligations over the borrower's disposable income.
- Self-employed Borrowers: Verification of income in the form of the previous year's tax return.

Servicing

Servicing of performing loans has been automated. All loans are paid via direct debit from a borrower's account with Caixa Catalunya.

Early Arrears Management

Conducted typically at branch level with support from external recovery companies.

- Day 0: the borrower's accounts with Caixa Catalunya are blocked and any cash swept to service their debt.
- Day 10: the branch contacts the borrower by letter and telephone.
- Day 18: the branch decides if the case should be passed to an external telephone recovery company (telecobro). If not, the branch itself will service the loan up to 90 days in arrears.
- Day 30: second letter sent by the branch.
- Day 38: the branch decides if the file should be passed to an external recovery company. If not, the branch will continue to service the loan itself up to 90 days in arrears.

- Day 70: third letter sent by the branch. Another is sent to the guarantor.
- Day 90: the file is passed to the central recovery unit but the office remains the primary contact point for the borrower. The first telegrams are sent by the credit bureau.
- Day 110: fourth letter sent to the borrower, by Caixa Catalunya's legal department.
- Day 120: Second formal telegrams sent by the banking association and the credit bureau to the borrower and any guarantor.
- Day 150: decisions are taken in respect of instigating legal proceedings. An agreement can still be reached if the borrower pays at least one overdue instalment. Arrears will be capitalised.

Greater priority will be given to longer-outstanding debts, which means that the first drawdown on any loan has priority over subsequent drawdowns in terms of recoveries.

Serious Arrears Management

- Day 190 Legal demand is presented.
- Day 210 Foreclosure process commences

For borrowers who have exercised a payment holiday option, the foreclosure process may commence immediately after the first missed payment after the end of the payment holiday period

Recovery and arrears management is staffed by a team of 45, 12 of whom focus exclusively on mortgage loans. Additionally, Caixa Catalunya works with 71 external lawyers who assist in the foreclosure process

Foreclosure

Between 17 and 21 months after first instalment is missed.

Given the strong appreciation in property prices, Caixa Catalunya may seek recoveries via extrajudicial settlements in parallel with legal procedures, considering that the recovery proceeds will be higher than the principal amount owed by the borrower. On occasion, the borrower may even be able to repay the loan by refinancing with another bank or other sources.

Caixa Catalunya has several years of experience in servicing flexible products, in-depth knowledge of Catalunya and appears to have a very well organised servicing team. However, as with most Spanish servicers, it has yet to be tested in an environment of increasing interest rates and rising delinquencies.

Portfolio Summary

Pool Characteristics	
Current Principal Balance (EURm)	1,204
Average Current Loan per Borrower (EUR)	123,530
Average Original Loan per Borrower (EUR)	130,202
Oldest Loan in Portfolio	Apr-1994
Most Recent Loan in Portfolio	Apr-2005
Interest Rate Type	
Floating-Rate Loans (%)	100
WA Interest Margin (%)	3.43
Interest Index	EURIBOR/MIBOR/IRPH
Payments	
Payment Frequency (%)	Monthly
Payment Method	Direct Debit
Loans <30 Days in Arrears (%)	100
Regional Concentration (%)	
Catalunya	68.2
Lien Position (%)	
First-Ranking	100

Source: Fitch

Credit Analysis

Fitch's general methodology for assigning credit ratings to Spanish residential mortgage transactions is described in *Appendix 1*. The following section details the agency's particular areas of focus and concern regarding HIPOCAT 9, as well as factors it incorporated into its analysis to deal with them.

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).

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 loans and lower default probabilities for low-LTV loans. 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 loans) have an incentive to sell to maintain/protect their equity, thereby 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. Caixa Catalunya is focused on a

Further Drawn Down Amounts – Existing HIPOCAT deals

	HIPOCAT 4	HIPOCAT 5	HIPOCAT 6	HIPOCAT 7	HIPOCAT 8
Issue Date	16-Jul-01	17-Oct-02	17-Sep-03	8-Jun-04	6-May-05
Initial Outstanding Balance	300,000,000	696,000,000	850,000,000	1,400,000,000	1,500,000,000
Additional Drawn Down Amounts	8,269,314	16,505,772	15,976,745	24,878,315	10,040,007
% Additional Drawn Down Amounts	2.76%	2.4%	1.9%	1.8%	0.7%
Number of CT Facilities as of the Closing Date	4,787	10,149	10,467	14,333	17,195
Number of CT Facilities on Which Additional Amounts Have Been Drawn Down	478	626	413	482	526
% of the Pool	10.0%	6.2%	3.9%	3.4%	3.1%

Source: Fitch Performance Analytics

borrower's ability to pay, implements comparatively strict origination guidelines in this area and allows a maximum DTI of only 40%.

Fitch took the specific characteristics of the loans into consideration in its default probability analysis of the portfolio. The agency used the maximum of OLTV of the first draw and the maximum drawn down amount under the credit facility to calculate its base default probabilities,. Fitch increased the default probability for self-employed borrowers (around 21.7% of the pool).

Recoveries

To estimate recoveries on the mortgage loans, 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. Although price growth was stable in the period examined, it has recently increased in the regions of Comunidad Valenciana, Andalusia and Murcia.

To determine the recovery rate for each loan, Fitch employed the calculation described below. 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 n a *pro rata* basis between the issuer and the seller.

However redraw remains low in the early years of the transaction, since LTVs remain high and in line with the maximum 80% redraw ceiling. WA CLTV of the provisional pool is around 78.6%.

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 but drawing down small amounts (please see table above).

Cash Flow Analysis

To evaluate the contribution of structural elements, such as excess spread, the reserve fund and other factors, Fitch modelled the cash flows from the mortgages based on the WA recovery rate and WA frequency of foreclosure provided by the loan-by-loan collateral analysis. Recoveries included both interest and principal.

The cash flow model assumes that defaults are spread over the first seven years of origination immediately after closing. The analysis simulates the cost of carrying defaulted loans as the difference between the performing balance of the mortgages and the notional note balance. Excess spread, the reserve fund and principal must be sufficient to cover the carrying cost until recoveries are received after the assumed 36 months. Interest rates are stressed upwards over time; however, the effect of this factor is limited by the swap.

The cash flow analysis assumes a high level of prepayments on the mortgages – which stresses available excess spread – of 25%, 23%, 21% and 18% under 'AAA', 'AA', 'A' and 'BBB' scenarios, respectively.

Under these stresses, repayment of principal will be received before the final legal maturity date. Payment of interest will be received without interruption.

Class E Notes

The class E notes will be issued to finance the reserve fund, which will be fully funded at closing.

Amortisation of the class E notes will mirror the amortisation profile of the reserve fund. Principal funds available to amortise the class E notes will be limited to the cash released from the reserve fund. Furthermore, as typically seen in other RMBS deals, the reserve fund is subject to a floor (0.80% of the initial class A to class D note balance), and will be released to the class E noteholders on the legal final maturity date and such amount will be used to service accrued and unpaid interest, which will rank senior to principal of the class E. If available, excess spread may be used to pay interest and principal of the class E after January 2022.

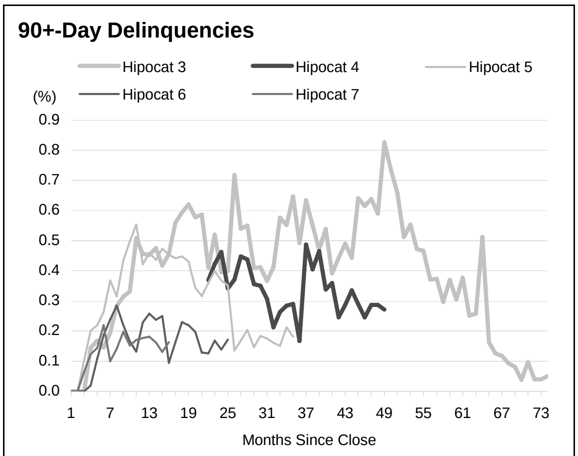
Repayment of the class E notes will be contingent upon very favourable conditions in relation to the collateral backing the class A to class D notes. Fitch calculated an expected recovery rate after testing several cash flow scenarios commensurate with speculative grade rating levels. The sensitivity analysis performed consisted of testing several variables that would affect the release of the reserve fund and consequently the availability of interest and principal payments on the class E notes. Fitch ran multiple stress scenario assumptions including:

- Alternative timing of default assumptions: back-loaded, 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;

The 'CC' expected rating on the class E notes is supported by the expected recovery rates. As a default on the class E notes appears probable, a distribution of possible recovery rates was obtained. The recovery rate has been calculated as the present value of the class E notes' expected interest and principal payouts. In 7% of cases, the expected recovery rate was below 40% of the initial note balance.

Performance Analytics

Using its credit cover multiple methodology, the agency upgraded five tranches and affirmed three tranches of HIPOCAT 3, 4 and 5, and affirmed the ratings of HIPOCAT 6 and HIPOCAT 7 in September 2005. Details of these transactions' performance are available at www.fitchresearch.com.



Source: Fitch Performance Analytics

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

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

Issuer Report Grades

Fitch published the second edition of the Issuer Report Grades (see report "*Rising Stars? Fitch Issuer Report Grades H1 2005 Update*" dated 7 June 2005). This is 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). Hipocat transactions have a current score of 4, which equate to "Good" according to Fitch's published reporting standards.

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 which 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 c. 27%-33%.

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 a 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 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 population 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 in Spain on a regional basis from 1987–2004. The agency found significant differences in price development among the regions – mainly between the regions of Madrid, Cataluña, País Vasco and the rest of the regions in Spain. More recently, prices have increased significantly in certain coastal areas (including Cantabria, Valencia, Andalusia 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 MVD 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 EUR6500 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 a period of three years.

Additional stresses to property values may be conducted *vis a 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 large proportion of second house properties are observed.

Mortgage Insurance

Mortgage insurance will typically cover losses up to a maximum cover amount incurred by a lender on loans that are advanced in excess of a certain LTV threshold attachment point. Lenders can insure borrowers who meet certain eligibility criteria and, in the event of a default on the loan, the insurers will cover a pre-agreed amount (not typically 100%) – generally covering principal, unpaid accrued interest and repossession costs in the event of a loss by the lender. However, the insurance is not fully guaranteed and is subject to an assessment to determine the validity of the claim. Failure to comply with the agreed policy can lead to a reduction or denial of the claim. An efficient and timely servicer that minimises claims errors – and, therefore, the potential for claims to be rejected – is essential in this process.

Fitch gives credit to mortgage insurance in its analysis on a case-by-case basis as no two mortgage insurance policies are the same. The analysis will focus on the following aspects, among others: (i) the credit ratings of the mortgage insurance provider; (ii) an assessment of the servicer’s ability to claim loss amounts under the policy; (iii) the terms and conditions of the insurance policy; and (iv) the history of claim payouts by the mortgage insurance provider.

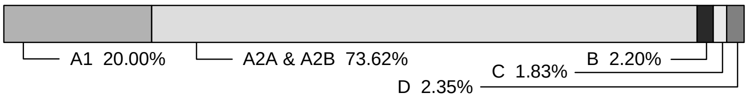
Appendix II: Summary

HIPOCAT 9, Fondo de Titulización de Activos — RMBS/Spain

Capital Structure

Class	Rating	Size(%)	Size (EURm)	Credit Enhancement (%)	Spread (%)	I/P PMT Freq	Maturity	Coupon
A1	AAA	19.69	200.0	7.98	0.04	Quarterly	July 2038	3M Euribor + 0.04%
A2a&b	AAA	72.46	736.2	7.98	0.13	Quarterly	July 2038	3M Euribor + 0.13%
B	AA+	2.17	22.0	5.78	0.17	Quarterly	July 2038	3M Euribor + 0.17%
C	A+	1.80	18.3	3.95	0.29	Quarterly	July 2038	3M Euribor + 0.29%
D	BBB+	2.31	23.5	1.60	0.53	Quarterly	July 2038	3M Euribor + 0.53%
E	CC	1.57	16.0	N/A	4.50	Quarterly	July 2038	3M Euribor + 4.50%

	Size (%)	Size (EURm)
Initial Reserve Fund	1.60	1.6
Excess Spread Guaranteed by Swap	0.65	



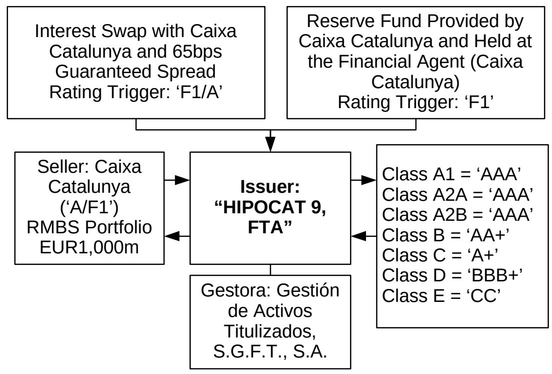
Key Information

Closing Date	November 2005	**Role**	Party (Trigger)
Country of Assets	Spain	**Seller/Originator**	Caixa Catalunya
Structure	Sequential	**Structurers**	Deutsche Bank and Gestión de Activos Titulizados SGFT
Type of Assets	Residential Mortgages	**Issuer**	HIPOCAT 9, FTA
Currency of Assets	EUR	**Lead Manager**	Barclays Capital 'AA+(AA plus)/F1+', Caixa Catalunya, Deutsche Bank 'AA-(AA minus)/F1+', IXIS CIB (AAA/F1+) Merrill Lynch International, Lehman Brothers
Currency of Notes	EUR	**Trustee**	Gestión de Activos Titulizados SGFT
Primary Analyst	gustavo.celi@fitchratings.com	**Swap Provider**	Caixa Catalunya ('A/F1')
Secondary Analyst	Pablo.perez@fitchratings.com	**Financial Agent**	Caixa Catalunya ('F1')
Performance Analyst	sf_surveillance@fitchratings.com		

Fitch Default Model Outputs

Rating Level	AAA	AA	A	BBB
WAFF (%)	17.22	13.78	10.3	6.89
WARR (%)	59.84	65.53	71.10	75.33
WALS (%)	55.20	49.50	43.90	39.70
WAMVD (%)	44.80	39.8	34.70	30.80

Simplified Structure Diagram



Source: Transaction documents

Collateral

Pool Characteristics

Current Principal Balance (EUR)	1,204
Average Current Loan per Borrower (EUR)	123,530
Average Original Loan per Borrower (EUR)	130,202
Number of Loans	
WA Seasoning (Months)	14.4
Oldest Loan in Portfolio	April 1994
Most Recent Loan in Portfolio	April 2005
< 30 Days in Arrears (%)	100
Interest Rate Type (%)	
Variable	100
Fixed	0
WA Interest	3.4
Interest Index	IRPH, EURIBOR / MIBOR

Regional Concentration (%)	
Catalunya	68.2
Mortgage Characteristics (%)	
First Ranking	100
Second Homes	0
Loan to Value (LTV) (%)	
WA Original LTV	80.9
WA Indexed Current LTV	73.9
WA Current LTV	78.6
Average Calculated DTI (%)	35

Source: Fitch, this is information may differ from that included in the transaction documents