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New Issue: Hipocat 9, Fondo de Titulizacion de Activos

€1.016 Billion Residential Mortgage-Backed Floating-Rate Notes

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Ratings Detail

Class	Rating*	Amount (Mil. €)	Available credit support (%)**	Interest	Legal final maturity
A1	AAA	200.0	7.98	Three-month EURIBOR plus 4 bps	July 15, 2038
A2a***	AAA	500.0	7.98	Three-month EURIBOR plus 13 bps	July 15, 2038
A2b***	AAA	236.2	7.98	Three-month EURIBOR plus 13 bps	July 15, 2038
B	AA	22.0	5.78	Three-month EURIBOR plus 17 bps	July 15, 2038
C	A	18.3	3.95	Three-month EURIBOR plus 29 bps	July 15, 2038
D	BBB-	23.5	1.6	Three-month EURIBOR plus 53 bps	July 15, 2038
E	NR	16.0	N/A	Three-month EURIBOR plus 450 bps	July 15, 2038

*Standard & Poor's ratings address timely interest and ultimate principal. **The credit support is based on current figures. ***The class A2 notes start amortizing after Jan. 15, 2007. NR—Not rated. N/A—Not applicable.

Transaction Participants	
Originator	Caixa d'Estalvis de Catalunya
Arrangers	Deutsche Bank AG, and Gestión de Activos Titulizados, S.G.F.T. S.A.
Lead managers	Deutsche Bank AG, Barclays Bank PLC, IXIS Corporates & Investment Bank, Caixa d'Estalvis de Catalunya, Lehman Brothers, and Merrill Lynch
Seller	Caixa d'Estalvis de Catalunya
Mortgage servicer	Caixa d'Estalvis de Catalunya
Security trustee	Gestión de Activos Titulizados, S.G.F.T. S.A.
Interest swap counterparty	Caixa d'Estalvis de Catalunya
GIC provider	Caixa d'Estalvis de Catalunya
Transaction account provider	Caixa d'Estalvis de Catalunya

Transaction Key Features	
Closing date	November 2005
Collateral	Securitization of the first drawdown of Caixa d'Estalvis de Catalunya's "Crédito Total (Cuota Variable)" product. This product is structured under a credit line contract. The credit line is secured by a first-lien mortgage over a residential property (see "Collateral Description")
Principal outstanding (Mil. €)	1,000
Country of origination	Spain
Geographic concentration	67.5% in Catalonia
Property occupancy	100% owner-occupied
Weighted-average LTV ratio (%)	78.6
Average loan balance (€)	123,530
Loan size range (€)	15,001-775,136
Weighted-average seasoning (months)	14

Transaction Key Features (cont.)	
Weighted-average asset life remaining (years)	27.1
Weighted-average mortgage interest rate (%)	3.42
Weighted-average margin at closing (%)	0.62
Weighted-average liability interest rate (%)	Weighted-average coupon on notes at closing
Arrears	There are no loans with arrears greater than one month at closing
Redemption profile	Annuity (principal and interest payment)
Excess spread at closing	0.65% from the basis swap contract
Cash reserve (percentage of note balance at issuance)	1.6
Mortgage priority	First-lien
Maximum LTV ratio (%)	100
Principal deficiency ledger	No
Number of jumbo loans (> €400,000)	34

Transaction Summary

Credit ratings have been assigned to the €1.016 billion residential mortgage-backed floating-rate notes issued by Hipocat 9, Fondo de Titulización de Activos.

The sole purpose of Hipocat 9 is to acquire the mortgage loan participations ("certificados de transmision de hipoteca") from the participations' issuer, Caixa d'Estalvis de Catalunya (Caixa Catalunya), and to fund this through the issuance of six classes of mortgage-backed floating-rate notes (the class A2 notes are subdivided into two subclasses, A2a and A2b). The class E notes fund the cash reserve and are not backed by the pool of securitized mortgages.

The notes are backed ultimately by a pool of first-ranking mortgages secured over owner-occupied residential properties in Spain and originated by Caixa Catalunya.

Caixa Catalunya is a leading financial entity in Catalonia, where its activities, including mortgage lending, are concentrated. Caixa Catalunya is the fourth-largest savings bank in Spain.

Notable Features

This is the ninth securitization of Caixa Catalunya's residential mortgage portfolio.

The collateral for this issuance comprises solely flexible loans, which allow borrowers to take payment holidays and make further drawdowns.

The transaction mixes principal and interest from the mortgages to pay interest and principal due under the notes. However, to protect the holders of the more senior notes under certain stress scenarios, the priority of payments features a trigger based on the accumulated level of defaults. If the trigger is breached, a portion of the payment of subordinated interest is moved to a more subordinated position in the priority of payments.

The transaction also features a write-off mechanism where principal amortization is accelerated by the amount of loans over 18 months past due.

Strengths, Concerns, And Mitigating Factors

Strengths

- An interest rate swap provides excess spread of 65 bps. The notional of the swap covers any loans up to three months delinquent, the negative carry on the class A2 notes, the servicer fee if Caixa Catalunya is replaced as servicer, and interest payments on the mortgages in payment holidays if more than 35% of the pool has exercised this option. The swap mitigates the basis risk of the transaction.
- The reserve fund, which is funded through the issuance of the class E notes, is available to pay interest and principal on the notes.
- Loans that are over 18 months past due are written off. The effect of this mechanism is to trap excess spread to amortize the notes more quickly.
- Caixa Catalunya is an experienced servicer and originator with eight previous mortgage securitizations and one SME loan securitization.

Concerns

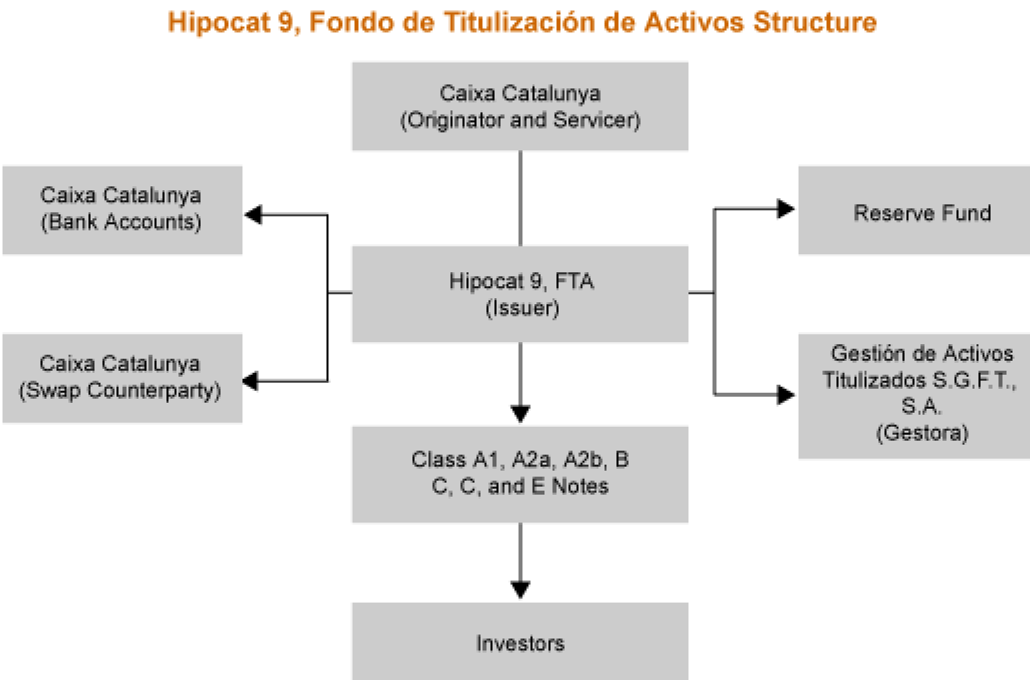
- Potential further drawdowns can be made on the loans if the total outstanding balance, including the new drawdown, is below 80% of the valuation amount, as the mortgage loans are revolving credit lines.
- Of the pool, 67.5% is concentrated in Catalonia, which is the originator's main market.
- The current weighted-average LTV ratio of the collateral is at a relatively high level of 78.6%.

Mitigating factors

- Standard & Poor's analysis has taken into account the fact that further drawdowns from the credit line ranks pari passu with the initial mortgage loan. These drawdowns are not an obligation of the originator, and Caixa Catalunya may decide not to grant further loans.
- Concentration and high LTV ratios were taken into consideration in Standard & Poor's credit analysis.

Transaction Structure

At closing, the originator issued transmission certificates that were purchased by Gestión de Activos Titulizados, S.G.F.T., S.A. the "sociedad gestora" (trustee equivalent), on behalf of the issuer (see chart).



Each transmission certificate represents, in an equal amount, the initial drawdown of each securitized mortgage loan. The transmission certificates entitle Hipocat 9 to any rights and proceeds due under the securitized portion of the mortgage loans.

The total outstanding amount of the mortgage loans purchased was €1 billion. To fund the purchase of the collateral, Hipocat 9 issues six classes (the class A2 notes were divided into two subclasses) of floating-rate, quarterly paying notes. The class E notes are used to fund the reserve fund.

The class A1 notes start amortizing on the first interest payment date after closing. The class A2 notes do not start amortizing before Jan. 15, 2007.

The collateral is serviced by Caixa Catalunya, which collects the amounts due under the mortgages. All of the monthly payments into the servicer's account are made on the first day of each month. The servicer transfers daily those payments to the transaction account of the issuer. The amounts held receive a guaranteed interest rate equal to three-month EURIBOR flat.

The issuer entered into an interest swap agreement with Caixa Catalunya to counteract any basis risk arising from the various indices on the mortgages in the pool and the reference interest rate of the notes. Swap payments consist of the coupon on the notes plus an additional spread of 65 bps.

Transaction Participants

Hipocat 9, Fondo de Titulización de Activos (issuer)

The issuer, Hipocat 9, is a "fondo de titulización de activos" created for the sole purpose of purchasing the transmission certificates from Caixa Catalunya, issuing the notes, and carrying on related activities. The issuer represents a distinct and closed pool of assets available for distribution to the noteholders. The assets are insulated from the insolvency of the originator and the sociedad gestora.

Gestión de Activos Titulizados, S.G.F.T. S.A. (trustee or sociedad gestora)

The sociedad gestora is Gestión de Activos Titulizados, S.G.F.T. The creation of the sociedad gestora was authorized by the Ministry of Economy and Treasury on Feb. 27, 1998. Under the legislation for mortgage securitization in Spain, the day-to-day operations of the issuer are managed by the sociedad gestora, which represents and defends the interests of the noteholders. The sociedad gestora, on behalf of the issuer, entered into certain contracts (two GIC agreements, a swap agreement, and subordinated loans) needed to protect it against credit losses and liquidity shortfalls that are assumed to arise in connection with the holding of the transmission certificates. In this transaction, the main responsibilities of the sociedad gestora are to create the issuer, issue the notes on behalf of the issuer, calculate the interest rate on the notes, notify noteholders of any relevant information applicable to the notes, transmission certificates, and organize the annual audit.

Caixa d'Estalvis de Catalunya (servicer, originator, and swap counterparty)

Caixa Catalunya is the second-largest savings bank in Catalonia, the fourth-largest savings bank in Spain, and the eighth-largest banking group in Spain by deposits.

The Caixa Catalunya banking group consists of Caixa Catalunya, the holding bank, and a range of companies that provide services, investment funds, and pension activities, among other things, in the financial, insurance, real estate, and credit areas, including mortgage-lending activities.

On Dec. 31, 2004, Caixa Catalunya had about €36 billion in consolidated assets with a large network, which at the same date comprised 1,004 branches (approximately 73.1% of which are in Catalonia) and 1,318 ATMs. At the end of 2004, the workforce numbered over 5,100.

Collateral Description

As of Oct. 18, 2005, the provisional pool of mortgage loans consisted of 9,748 amortizing loans secured by first-ranking mortgages over residential owner-occupied properties in Spain. The mortgages are registered on the property register. The initial LTV ratio of the loans can be up to 100%.

The product securitized is a flexible mortgage loan called "Crédito Total (Cuota Variable)", which is effectively a flexible, revolving credit line. One of the features of the product is to offer borrowers the possibility of making further drawdowns on the loans as they are repaid.

The portion of the securitized mortgage loans is the first drawdown made under the credit line. Subsequent drawdowns can be made up to 80% of the original LTV ratio, though the amount of the original loan cannot be exceeded if lower than 80%.

The initial and subsequent drawdowns made under the credit line are guaranteed by the underlying property.

Further drawdowns are treated separately but rank in seniority pari passu with the initial withdrawal. In contrast with the initial withdrawal, the maturity of which can be up to 30 years, subsequent drawdowns must be repaid within a maximum of 10 years. The maturity of additional drawdowns cannot exceed the loan's original maturity date.

Additional drawdowns are not automatically granted, and in any case they must meet Caixa Catalunya's requirements and credit approval.

Another feature of these loans is the option to take payment holidays. Borrowers can take up to 12 consecutive months of payment holiday up to five times during the loan's life. The maximum total of payment holidays cannot exceed 36 months.

Caixa Catalunya has the option to grant payment holidays, and a series of conditions must be met before a payment holiday can be taken. During a payment holiday, interest is capitalized. Therefore, Caixa Catalunya recalculates the new monthly installments from the end of the payment holiday. The original limit cannot be exceeded because of the capitalized interest.

None of the loans is more than 30 days in arrears.

The other characteristics of the securitized pool are shown in charts 2 to 4.

Chart 2

LTV Ratio Distribution

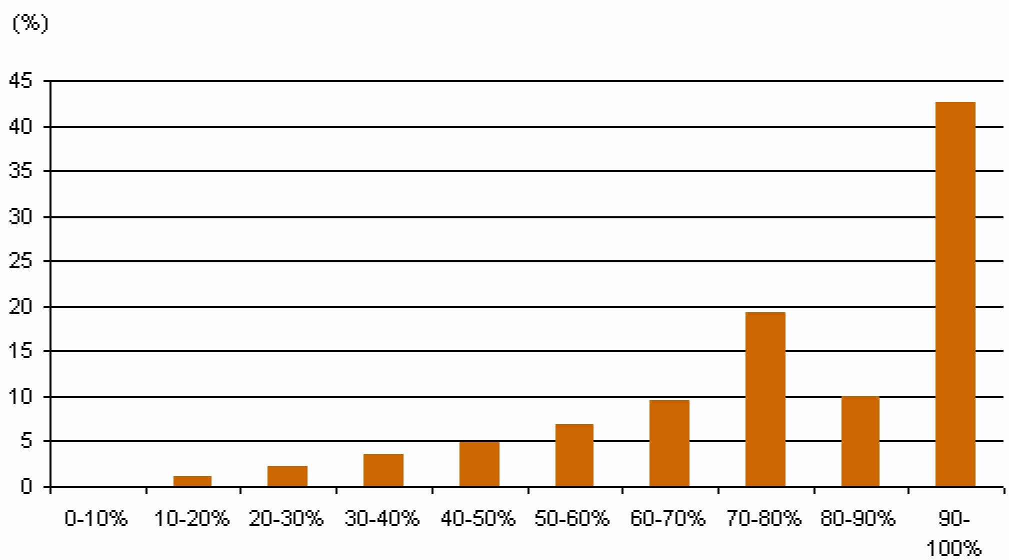


Chart 3

Seasoning Distribution

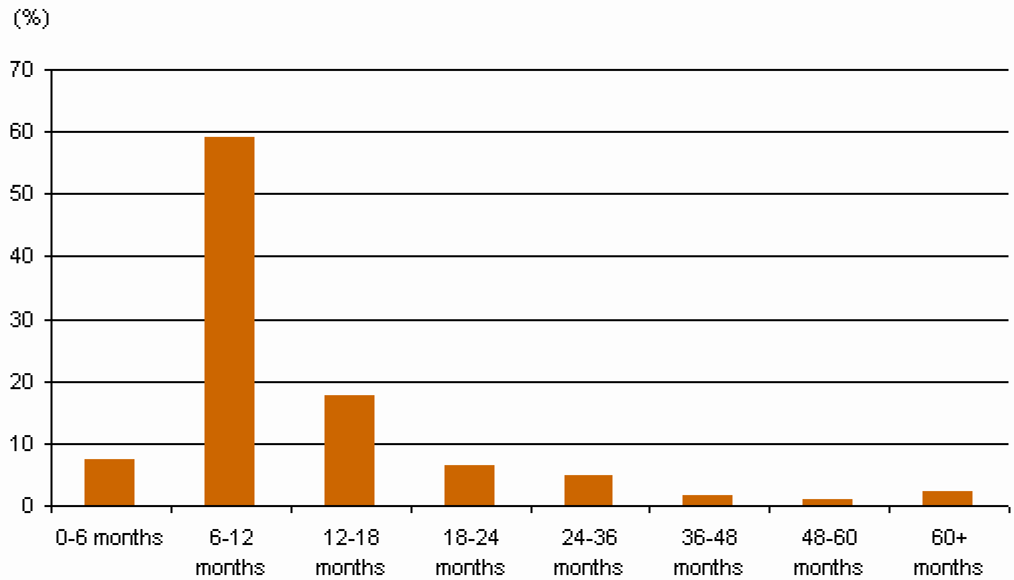
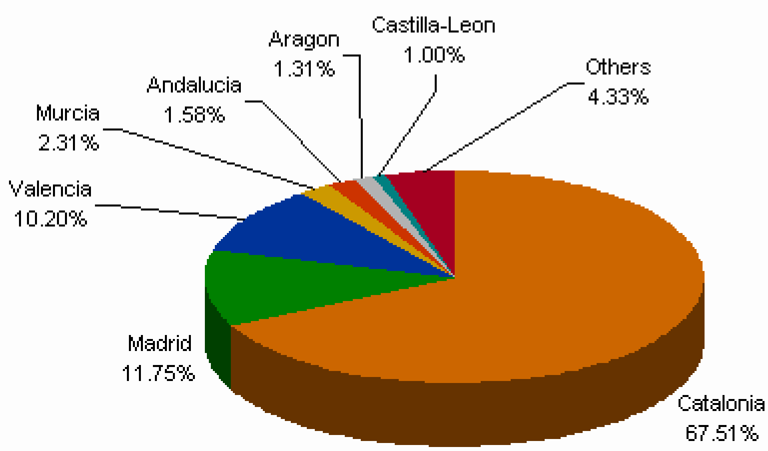


Chart 4

Geographic Distribution



Collateral risk assessment

Standard & Poor's conducted a loan-level analysis to assess the credit risk of the pool of mortgages. The collateral risk assessment analyzed the foreclosure frequency and loss severity of each loan. These depend on the characteristics of the borrower, the loan, and the desired rating on the notes.

The potential loss associated with a loan can be calculated by multiplying the foreclosure frequency by the loss severity. To quantify the potential losses associated with the entire pool, Standard & Poor's calculates a WAFF and a WALS at each rating level. The WALS was based on the maximum exposure incurred by the loans, should further drawdowns be granted.

The product of WAFF and WALS variables estimates the required loss protection during the life of the collateral in the absence of additional mitigating factors. The higher the targeted rating, the higher the required enhancement level.

Credit Structure

Mortgage loan interest rates

The pool consists of floating-rate mortgage loans that are indexed to EURIBOR and the Madrid interbank offered rate (MIBOR) one year, or IRPH (Indice de Referencia de Préstamos Hipotecarios; 36.52% of the pool). Mortgages in the pool have a weighted-average margin over the floating rate of 62 bps. The weighted-average interest rate is 3.42%.

Cash collection arrangements

All payments made by the borrowers are paid into the collection account maintained with the seller. Principal, interest, and any penalties or prepayments are collected by the servicer in this account. Payments under the mortgage loans are due on the first business day of each month and payment settlements are done by direct debit.

On behalf of Hipocat 9, the servicer usually transfers daily, but in any case no later than 48 hours, the collected amounts to the GIC account held at Caixa Catalunya in the name of Hipocat 9.

Transaction account and amortization account

Hipocat 9 entered into two GIC agreements with Caixa Catalunya for the transaction account and the amortization account, under which Caixa Catalunya guarantees a rate of interest equal to the reference rate of the notes. The interest rate is reset quarterly.

The amounts corresponding to the amortization of the class A2 notes is deposited in the amortization account until the beginning of its redemption, on Jan. 15, 2007. The account is held with Caixa Catalunya.

If maintaining the accounts with Caixa Catalunya adversely affects the ratings on the notes, the sociedad gestora must, within 30 days:

- Seek to obtain a guarantee from another entity with a minimum short-term rating of 'A-1';
- Transfer the account, under the most favorable conditions, to an entity with a minimum short-term rating of 'A-1'; or
- If neither of the above is possible, seek a pledge on short-term euro-denominated securities that carry a rating at least equal to the rating on Spanish public debt or invest in short-term euro-denominated securities.

Account for excess funds

If the credit quality of Caixa Catalunya adversely affects the rating on the notes, the funds held in the accounts with Caixa Catalunya in excess of 20% of the outstanding balance of the notes is transferred immediately to an 'A-1+' rated financial entity.

If the rating on the entity where the account for excess funds is held is lowered below 'A-1+', the trustee has 30 days either to find an 'A-1+' rated replacement entity or obtain a guarantee from an 'A-1+' rated entity.

Interest swap agreement

Hipocat 9 pays the interest received on the mortgage portfolio to the swap counterparty and receives from the swap counterparty an amount calculated by applying three-month EURIBOR plus the weighted-average margin of the notes plus 65 bps on the notional of the swap.

The notional for the swap counterparty's calculation is:

- The daily average of the performing balance of the assets (up to 90 days past due) excluding the balance in payment holidays (except if these amounts exceed 35% of the performing balance of the pool); plus
- The negative carry in the structure due to the cash accumulation mechanism for the class A2 notes and the servicer fee if Caixa Catalunya is replaced as servicer, divided by the sum of the weighted-average interest on the notes and 65 bps.

As the swap counterparty is paying the servicing fee if Caixa Catalunya is replaced as servicer, if Caixa Catalunya is removed as swap counterparty, any cost of replacement is borne by Caixa Catalunya.

If maintaining Caixa Catalunya as swap counterparty adversely affects the ratings on the notes, Caixa Catalunya has 30 days either to find a substitute with a short-term rating of at least 'A-1', to find a guarantor with a short-term rating of at least 'A-1', or to post collateral according to Standard & Poor's criteria.

Reserve fund

The fondo issued the class E notes in order to fund the reserve fund. The reserve fund is fixed for the first three years of the transaction and then subsequently amortize according to the performance of the transaction.

If the arrears ratio is lower than 3%, the reserve fund is the lower of:

- 1.6% of the issue amount; or
- The higher of 3.20% of the outstanding balance of the notes and 0.8% of the original balance of the notes.

If the arrears ratio is greater than 3%, the reserve fund is the lower of:

- 1.7% of the issue amount; or
- The higher of 3.50% of the outstanding balance of the notes and 0.85% of the original balance of the notes.

The reserve fund does not amortize if the three-month rolling arrears ratio is greater than 1%, or if the reserve fund was not at its required level on the previous interest payment date.

The reserve fund is used to pay interest and principal on the notes.

Redemption of the notes

Unless redeemed earlier, the notes are redeemed at their legal final maturity on July 15, 2038, which is more than 30 months after the maturity of the longest-term mortgage loan in the pool.

Payments to the noteholders are made in arrears quarterly, commencing on April 15, 2006. The notes receive three-month EURIBOR plus a margin.

The transaction mixes principal and interest to pay interest and principal on the notes. All available funds allocated in the priority of payments comes from the funds received from the swap counterparty and the yield of the GIC account, principal repayments on the collateral and, if necessary, from the reserve fund.

At any payment date the amount of principal due under the notes ("the amortization amount") is calculated as the difference between the outstanding balance of the notes (classes A to D) and the sum of the outstanding balance of the assets, excluding the loans which are more than 18 months past due, and the balance of the amortization account.

The class A1 notes start amortizing from the first interest payment date. However, all amortization amounts corresponding to the class A2 notes are held in the amortization account until Jan. 15, 2007, unless the class A1 notes are amortized earlier. The subclass A2a and A2b notes amortize pro rata in all situations.

No amounts are allocated to the amortization of the class A2 notes until the class A1 notes are fully amortized except if, on any payment date, the three-month arrears ratio is greater than 1.5%, in which case the class A1 and A2 notes are paid pro rata.

The subordinated notes amortize sequentially. Pro rata payment among the outstanding notes applies if a series of conditions, featured below, are met:

- The class B notes amortize pro rata when they represent at least 4.4% of the outstanding balance of the class A to D notes, and the delinquency ratio (loans more than 90 days and less than 18 months in arrears to the total outstanding balance) is lower than 1.5%.
- The class C notes amortize pro rata when they represent at least 3.66% of the outstanding balance of the class A to D notes, and the delinquency ratio is lower than 1.25%.
- The class D notes amortize pro rata when they represent at least 4.7% of the outstanding balance of the class A to D notes, and the delinquency ratio is lower than 1%.
- The reserve fund must be fully topped up.
- The outstanding balance of the loans must be greater than 10% of the pool at closing.

Interest rate subordination triggers

A trigger was implemented to subordinate interest on the more subordinated notes for the benefit of payment of principal for the more senior notes. The trigger is activated if the level of defaults reaches certain levels depending on the rating on the relevant class.

The trigger is that:

- Interest on the class B notes is postponed if the accumulated level of defaults is over 13.82%.
- Interest on the class C notes is postponed if the accumulated level of defaults is over 10.39%.
- Interest on the class D notes is postponed if the accumulated level of defaults is over 7.00%.

Standard & Poor's Stress Test

Standard & Poor's analysis includes a conservative assessment of the credit risk inherent in the transaction, as described in "Collateral risk assessment". The credit enhancement levels were sized after analyzing the effect that severe stress scenarios would have on the mortgage loan collateral. As a result of this analysis, Standard & Poor's estimated the largest amount of potential losses that could occur as a result of these stress scenarios and set the amount of loss protection required on the notes.

Specific penalties were applied with respect to the levels of aggregate defaults expected on the pool to reflect the foreclosure frequency attached to specific assets and/or the assets' location, and any terms and conditions that might increase or decrease credit risk. The analysis fully reflects the specific features of the Spanish market with respect to loss severity, foreclosure costs, and foreclosure periods.

A cash flow model simulating the portfolio's performance within the transaction's documented structure was run under certain rating scenarios to stress liquidity and the level of excess spread in the transaction. Prepayment levels, fees, and expenses paid by the issuer and delinquencies were the most important parameters stressed in all the runs.

Key Performance Indicators

The key performance indicators in the surveillance of this transaction are:

- Total and 90-day delinquencies;
- Cumulative realized losses;
- LTV ratios and seasoning;
- Constant prepayment rates;
- Supporting parties credit risk evolution; and
- Increases in credit enhancement for the notes.

Criteria Referenced

- "European Legal Criteria for Structured Finance Transactions" (published on March 23, 2005).
- "Guidelines for the Use of Automated Valuation Models for U.K. RMBS Transactions" (published on Feb. 20, 2004).
- "Criteria For Rating Spanish Residential Mortgage-Backed Securities" (published in March 2002).

Related Articles

- "Sophistication Of Mortgage Credit Pricing To Benefit European RMBS" (published on Oct. 10, 2005).
- "Rating Transitions 2004: Upgrades Outnumber Downgrades for First Time in European Structured Finance" (published on Jan. 17, 2005).

All criteria and related articles are available on RatingsDirect, Standard & Poor's Web-based credit analysis system, at www.ratingsdirect.com. The criteria can also be found on Standard & Poor's Web site at www.standardandpoors.com.

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