

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 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
 - **Serie A2: AAA (sf)** (anterior **AA+ (sf)**)
 - **Serie B: AA (sf)** (anterior **A (sf)**)
 - **Serie C: BB- (sf)** (anterior **B- (sf)**)
 - **Serie D: B- (sf)** (anterior **CCC- (sf)**)

Se adjunta la comunicación emitida por S&P.

Madrid, 31 de mayo de 2018.

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(/en_US/web/guest/home) Ratings Raised In Spanish RMBS Transaction Hipocat 8 Following Review

31-May-2018 08:30 EDT

[View Analyst Contact Information](#)

OVERVIEW

On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.

On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.

On April 24, 2018, we placed on CreditWatch positive our ratings on Hipocat 8's class A2, B, and C notes, as we needed to conduct a full analysis to determine the impact of these recent events.

Following our review of this transaction under our relevant criteria, we have raised our ratings on all tranches and resolved our CreditWatch placements.

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 31, 2018--S&P Global Ratings today raised and removed from CreditWatch positive its credit ratings on Hipocat 8, Fondo de Titulizacion de Activos' class A2, B, and C notes. At the same time, we raised our rating on the class D notes (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and reflect the transaction's current structural features (see "Related Criteria"). We have also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The Spanish Residential Mortgage Market (/en_US/web/guest/article/-/view/sourceId/10501493)," published on April 17, 2018).

Our structured finance ratings above the sovereign (RAS) criteria classify the sensitivity of this transaction as moderate (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions (/en_US/web/guest/article/-/view/sourceId/9748207)," published on Aug. 8, 2016). Therefore, after our March 23, 2018 upgrade of Spain to 'A-' from 'BBB+', the highest rating that we can assign to the senior-most tranche in this transaction is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met (see "Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive (/en_US/web/guest/article/-/view/sourceId/10478992)"). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating.

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, we revised our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level to 0.9% from 1.6%, in line with table 87 of our European residential loans criteria, by lowering our foreclosure frequency assumption to 2.00% from 3.33% for the archetypal pool at the 'B' rating level (see "Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en_US/web/guest/article/-/view/sourceId/10496083)," published on April 17, 2018).

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous review, mainly driven by our revised foreclosure frequency assumptions.

Rating level	WAFF (%)	WALS (%)
AAA	21.58	24.66
AA	15.01	20.24
A	11.37	13.60

BBB	8.51	10.25
BB	5.73	8.01
B	3.55	6.06

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

Credit enhancement available in Hipocat 8 has increased since the previous review as the amortization deficit, i.e., the difference between accrued and paid principal has decreased. As of March 2017, the amortization deficit was €16.89 million. That decreased during 2017 to €2.40 million in March 2018. The reserve fund has been fully depleted since December 2013 as it was used to provision for loans in foreclosure and in arrears over 18 months. In November, the servicer, Banco Bilbao Vizcaya Argentaria (BBVA) acquired around €5 million of repossessed properties from the fund. Cash flows from the sale of these properties contributed to the decrease in the amortization deficit. In addition, according to the trustee, during 2017, recoveries from defaulted assets contributed to narrowing the gap between assets and liabilities in this transaction.

Following the application of our 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 RAS 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.

The application of our RAS criteria caps our rating on the class A2 and B notes at six and four notches above our unsolicited 'A-' long-term sovereign rating on Spain, respectively. We have therefore raised to 'AAA (sf)' from 'AA+ (sf)' our rating on the class A2 notes and to 'AA (sf)' from 'A (sf)' our rating on the class B notes. We have removed our ratings on these classes of notes from CreditWatch positive.

Our ratings on the class C and D notes are not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determine our rating on the class C notes at 'BB- (sf)'. We have therefore raised to 'BB- (sf)' from 'B- (sf)' and removed from CreditWatch positive our rating on the class C notes. In reviewing our rating on the class C notes, in addition to applying our credit and cash flow analysis which considered various recovery assumptions for the defaulted assets, we have considered its position in the capital structure and sensitivity to the various recovery assumptions.

The class D notes are not able to pass our cash flow stresses at the 'B' rating level. Our cash flow analysis for the class D notes shows that we do not expect a default to occur in the next 12 months. In line with paragraphs 92 and 93 of our European residential loans criteria, and our criteria for assigning 'CCC' category ratings, we have raised to 'B- (sf)' from 'CCC- (sf)' our rating on the class D notes (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings (/en_US/web/guest/article/-/view/sourceId/7554329)," published on Oct. 1, 2012).

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RELATED CRITERIA

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: Ratings Above The Sovereign -

Structured Finance: Methodology And Assumptions (/en_US/web/guest/article/-/view/sourceld/9748207), Aug. 8, 2016

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: Counterparty Risk Framework

Methodology And Assumptions (/en_US/web/guest/article/-/view/sourceld/7157027), June 25, 2013

Criteria - Structured Finance - General: Global Derivative Agreement

Criteria (/en_US/web/guest/article/-/view/sourceld/8058839), June 24, 2013

General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC'

Ratings (/en_US/web/guest/article/-/view/sourceld/7554329), Oct. 1, 2012

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

General Criteria: Use Of CreditWatch And Outlooks (/en_US/web/guest/article/-/view/sourceld/5612636), Sept. 14, 2009

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

Spanish RMBS Index Report Q1 2018, (/en_US/web/guest/article/-/view/sourceld/10550195) May 24, 2018
 Ratings On 213 Tranches In 82 Spanish RMBS Transactions Placed On
 CreditWatch Positive (/en_US/web/guest/article/-/view/sourceld/10515506), April 24, 2018
 Outlook Assumptions For The Spanish Residential Mortgage Market (/en_US/web/guest/article/-/view/sourceld/10501493), April
 17, 2018
 Guidance: Methodology And Assumptions: Assessing Pools Of European
 Residential Loans (/en_US/web/guest/article/-/view/sourceld/10496083), April 17, 2018
 Reduced Funding Risks Lead To Upgrades At Several Spanish Banks (/en_US/web/guest/article/-/view/sourceld/10497833), April 6,
 2018
 Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary
 Consolidation; Outlook Positive (/en_US/web/guest/article/-/view/sourceld/10478992), March 23, 2018
 Spanish RMBS Index Report Q4 2017 (/en_US/web/guest/article/-/view/sourceld/10440275), March 1, 2018
 2017 EMEA RMBS Scenario And Sensitivity Analysis (/en_US/web/guest/article/-/view/sourceld/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/sourceld/9913417), Dec. 1
 6, 2016
 European Structured Finance Scenario And Sensitivity Analysis 2016: The
 Effects Of The Top Five Macroeconomic Factors (/en_US/web/guest/article/-/view/sourceld/9914948), Dec. 1
 6, 2016
 Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 8
 Following Review (/en_US/web/guest/article/-/view/sourceld/10086305), May 10, 2017

RATINGS LIST

Class	Rating	
	To	From

Hipocat 8, Fondo de Titulizacion de Activos
 €1.5 Billion Mortgage-Backed Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AAA (sf)	AA+ (sf)
B	AA (sf)	A (sf)
C	BB- (sf)	B- (sf)

Rating Raised

D	B- (sf)	CCC- (sf)
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