

**Hecho Relevante de**

**HIPOCAT 9 FONDO DE TITULIZACIÓN DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 9 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 Global Ratings ("S&P")**, con fecha 22 de noviembre de 2019, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2a: AA sf** (anterior **A- sf**)
- **Serie A2b: AA sf** (anterior **A- sf**)
- **Serie B: A sf** (anterior **BBB- sf**)
- **Serie C: BB sf** (anterior **CC sf**)
- **Serie D: CCC sf** (anterior **D sf**)

Se adjunta la comunicación emitida por S&P.

Madrid, 25 de noviembre de 2019.

# Hipocat 9 Spanish RMBS Ratings Raised

November 22, 2019

## Overview

- Following our review of Hipocat 9 under our relevant criteria, we have raised our ratings on all classes of notes in this transaction.
- Hipocat 9 is a Spanish RMBS transaction that closed in November 2005 and securitizes first-ranking mortgage credits. Catalunya Banc (formerly named Caixa Catalunya and now part of BBVA) originated the pool, which comprises credits secured over owner-occupied properties, mainly in Catalonia.

MADRID (S&P Global Ratings) Nov. 22, 2019--S&P Global Ratings today raised its credit ratings on Hipocat 9, Fondo de Titulizacion de Activos' class A2a, A2b, B, C, and D notes.

Today's upgrades follow the application of our relevant criteria (see "Related 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 servicer, Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Negative/A-2), has a standardized, integrated, and centralized servicing platform. 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 BBVA's active servicing policies, as well as the improved general macroeconomic conditions, namely the unemployment rate decrease.

In the second quarter of 2019, BBVA sold Hipocat 9's foreclosed loans, which resulted in €6.7 million of extraordinary available funds on the July interest payment date (IPD). Consequently, the reserve fund was topped-up on the July IPD to €10.47 million from €3.23 million. On the October IPD, the reserve fund was again partially topped-up to €11.20 million, which represents about 66% of its required level. Our ratings on the class C and D notes are linked to our long-term issuer credit rating (ICR) on the servicer because in our cash flow analysis we exclude the application of a commingling loss at rating levels at and below the ICR on the servicer (i.e. 'A-').

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 at all ratings compared with our previous review, mainly driven by the increased seasoning and decreased arrears, as well as the decreased current loan-to-value ratios due to the pool's amortization. The increase in the 'AAA' repossession market value decline partially offset these positive factors.

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**WAFF And WALs Levels**

<b>Rating level</b>	<b>WAFF (%)</b>	<b>WALS (%)</b>
AAA	21.45	42.03
AA	14.62	35.25
A	11.02	24.85
BBB	8.15	19.98
BB	5.35	14.85
B	3.18	11.13

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

Available credit enhancement has increased since our previous review as the amortization deficit, i.e., the difference between accrued and paid principal, has been cancelled due to the increase in available funds and the reserve fund has been partially replenished. As of April 2018, the amortization deficit was €6.56 million and was totally cancelled in October 2018. Additionally, the reserve fund, which had been fully depleted since October 2013 as it was used to provision for loans in foreclosure and in arrears over 18 months, started to build-up gradually over the last year.

Following the application of our criteria, we have determined that our assigned ratings 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 analysis also indicates that the available credit enhancement for the class A2a, A2b, and B notes is commensurate with higher ratings than those currently assigned. However, in reviewing our ratings on these classes of notes, in addition to applying our credit and cash flow analysis, which considered various recovery assumptions for the defaulted assets, we have considered their position in the capital structure, their sensitivity to the various recovery assumptions, the scope of the improvement in credit enhancement since our previous review, and the extraordinary nature of the sale of the foreclosed loans. We have therefore raised to 'AA (sf)' from 'A- (sf)' our ratings on the class A2a and A2b notes. At the same time, we raised to 'A (sf)' from 'BBB- (sf)' our rating on the class B notes. Our ratings on these classes of notes are not capped by our sovereign risk criteria.

Due to the negative reference index (three-month Euro Interbank Offered Rate [EURIBOR]), the coupon accrued by the class C notes is zero. Therefore, this class of notes has not missed any timely interest payments in the past, despite the fact that interest on this class is deferred after senior class principal amortization in the priority of payments (see "Ratings Raised On Hipocat 9's Class A2a, A2b, And B Spanish RMBS Notes; Other Ratings Affirmed," published on June 21, 2018). Given the current available resources in the transaction (i.e. outstanding reserve fund), the increased credit enhancement, and the improvement in the credit analysis, the class C notes now pass our 'BB' stresses. Therefore, we have raised to 'BB (sf)' from 'CC (sf)' our rating on class C notes.

The class D notes experienced interest shortfalls in the past. Given the aforementioned improvement of the pool's credit profile and the available credit enhancement, the class D notes have paid all due and unpaid interest during the past 12 months. As per our 'CCC' category rating criteria, we rate an issue 'CCC' when it is currently vulnerable to nonpayment, and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation. At present, the class A to C notes do not bear any interest due to

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the negative interest rates, which benefits the class D notes. At the same time, the class D notes' interest will remain subordinated after senior notes amortization for the rest of the transaction's life. Therefore, in line with our criteria, we have raised to 'CCC (sf)' from 'D (sf)' our rating on the class D notes.

Our ratings in Hipocat 9 address the timely payment of interest and ultimate principal during the transaction's life (see "General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings," published on Oct. 24, 2013).

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## Related Criteria

- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | RMBS: Global Methodology And Assumptions: Assessing Pools Of Residential Loans, Jan. 25, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Structured Finance Temporary Interest Shortfall Methodology, Dec. 15, 2015
- General Criteria: Post-Default Ratings Methodology: When Does S&P Global Ratings Raise A Rating From 'D' Or 'SD'?, March 23, 2015
- 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, March 2, 2015
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28,

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2009

### Related Research

- Economic Snapshot Report Finds That Europe's Economy Is Slowing Further Amid Rising Uncertainties, Oct. 22, 2019
- Europe's Housing Markets Lose Speed As The Economy Weakens, Sept. 24, 2019
- Spain Ratings Raised To 'A/A-1' From 'A-/A-2' On Economic Resilience; Outlook Stable, Sept. 20, 2019
- Spanish RMBS Index Report Q2 2019, Aug. 27, 2019
- Ratings Raised On Hipocat 9's Class A2a, A2b, And B Spanish RMBS Notes; Other Ratings Affirmed, June 21, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016

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