

Hecho Relevante de HIPOCAT 7 Fondo de Titulización de Activos

Se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Standard & Poor's**, con fecha 12 de febrero de 2015, comunica que ha confirmado las calificaciones crediticias de las siguientes Series de Bonos emitidos por **HIPOCAT 7 Fondo de Titulización de Activos**.

- **Serie A2:** **BBB-** (anterior BBB-)
- **Serie B:** **BB** (anterior BB)
- **Serie C:** **B+** (anterior B+)
- **Serie D:** **B-** (anterior B-)

Adjuntamos las comunicaciones emitidas por Standard & Poor's.

Barcelona, 13 de febrero de 2015

Javier García García
Director General

RatingsDirect®

Ratings Affirmed In Spanish RMBS Transaction Hipocat 7 Following Application Of Updated Criteria

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OVERVIEW

- We have reviewed Hipocat 7 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- Following our review, we have affirmed our ratings on the class A2, B, C, and D notes.
- Hipocat 7 is a Spanish RMBS transaction, which closed in June 2004 and securitizes first-ranking mortgage loans. Catalunya Banc (formerly named Caixa Catalunya) originated the pool, which comprises loans secured over owner-occupied properties, mainly located in Catalonia.

LONDON (Standard & Poor's) Feb. 12, 2015--Standard & Poor's Ratings Services today affirmed its credit ratings on Hipocat 7, Fondo de Titulizacion de Activos' class A2, B, C, and D notes (see list below).

Upon publishing our updated criteria for Spanish residential mortgage-backed securities (RMBS criteria) and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation," and "Italy

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And Spain RMBS Methodology And Assumptions," both published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's affirmations follow our credit and cash flow analysis of the most recent transaction information that we have received in October 2014. Our analysis reflects the application of our RMBS criteria.

As all of our ratings in this transaction are below our long-term rating on the Kingdom of Spain (BBB/Stable/A-2), we have not applied our RAS criteria.

Interest on the class B notes will be deferred if the difference between the outstanding balance of the class A notes and the available funds, after payment of the B notes' interest, is greater than the sum of the outstanding balance of the mortgages and the amortization account.

Interest on the class C notes will be deferred if the difference between the outstanding balance of the class A and B notes and the available funds, after payment of the C notes' interest, is greater than the sum of the outstanding balance of the mortgages and the amortization account.

Interest on the class D notes will be deferred if the difference between the outstanding balance of the class A, B, and C notes and the available funds, after payment of the D notes' interest, is greater than the sum of the outstanding balance of the mortgages and the amortization account.

Credit enhancement for the class A2 notes has increased to 19.9%, from 16.3% at our previous review (see "Ratings Raised In Spanish RMBS Transactions Hipocat 7 And 8 For Counterparty Reasons," published on July 15, 2014).

Class	Available credit enhancement (%)
A2	19.9
B	15.4
C	6.9
D	1.2

This transaction features a reserve fund, which currently represents 1.3% of the outstanding performing balance of the mortgage assets. The reserve fund has been drawn to cover losses and is currently at 18% of its required amount.

Severe delinquencies of more than 90 days at 4.7% are on average in line with our Spanish RMBS index (see "Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To Rise As The Housing Market Slowly Recovers," published on Jan. 2, 2015). Defaults are defined as mortgage loans in arrears for more than 18 months in this transaction. Cumulative defaults are equal to

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2.5%. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion.

After applying our RMBS criteria to this transaction, our credit analysis results show a decrease in the weighted-average foreclosure frequency (WAFF) and an increase in the weighted-average loss severity (WALS) for each rating level.

Rating level	WAFF (%)	WALS (%)
AAA	55.74	27.24
AA	44.15	22.25
A	37.02	13.81
BBB	27.60	9.62
BB	19.58	6.93
B	16.92	4.62

The decrease in the WAFF is mainly due to the higher originator adjustments we have applied (to account for the relatively poor performance of the Hipocat transactions compared with the Spanish market in general) only partially offsetting the lower arrears projections. The increase in the WALS is mainly due to the application of our revised market value decline assumptions. The overall effect is an increase in the required credit coverage for the 'AAA' to 'A' rating levels.

Taking into account the results of our updated credit and cash flow analysis, we consider the available credit enhancement for the class A2, B, C, and D notes to be commensurate with our currently assigned ratings. We have therefore affirmed our 'BBB- (sf)' rating on the class A2 notes, our 'BB (sf)' rating on the class B notes, our 'B+ (sf)' rating on the class C notes, and our 'B- (sf)' rating on the class D notes.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and house prices leveling off in 2015.

On the back of improving but still depressed macroeconomic conditions, we don't expect the performance of the transactions in our Spanish RMBS index to improve in 2015.

We expect severe arrears in the portfolio to remain at their current levels, as there are a number of downside risks. These include weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

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Banc (formerly named Caixa Catalunya) originated. The mortgage loans are mainly located in Catalonia and the transaction comprises loans secured over owner-occupied properties.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

RELATED CRITERIA AND RESEARCH

Related Criteria

- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To Rise As The Housing Market Slowly Recovers, Jan. 2, 2015
- Credit Conditions: The Eurozone Crawls Into 2015 With Weak Momentum, Dec. 4, 2014
- Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation, Sept. 18, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- Credit Conditions: Europe Decelerates (Again) Amid Rising Geopolitical Risks, Sept. 16, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 2014
- Ratings Raised In Spanish RMBS Transactions Hipocat 7 And 8 For Counterparty Reasons, July 15, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The

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Effects Of The Top Five Macroeconomic Factors, July 8, 2014

- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- New Issue: Hipocat 7, Fondo de Titulizacion de Activos, July 6, 2004

RATINGS LIST

Class Rating

Hipocat 7, Fondo de Titulizacion de Activos
€1.4 Billion Mortgage-Backed Floating-Rate Notes

Ratings Affirmed

A2	BBB- (sf)
B	BB (sf)
C	B+ (sf)
D	B- (sf)

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