

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 10 de mayo de 2017, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2:** **AA+ (sf)** (anterior **BBB- (sf)**)
- **Serie B:** **A (sf)** (anterior **BB (sf)**)

Ha bajado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie D:** **CCC- (sf)** (anterior **CCC (sf)**)

Asimismo, ha confirmado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie C:** **B- (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 11 de mayo de 2017.

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada

Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 8 Following Review

Primary Credit Analyst:

Rocio Romero, Madrid (34) 91-389-6968; rocio.romero@spglobal.com

OVERVIEW

- We have reviewed Hipocat 8 by conducting our credit and cash flow analysis under our updated European residential loans criteria, our structured finance ratings above the sovereign criteria, and our current counterparty criteria.
- Following our review, we have raised our ratings on the class A2 and B notes.
- At the same time, we have affirmed our rating on the class C notes and lowered our rating on the class D notes.
- Hipocat 8 is a Spanish RMBS transaction, which closed in May 2005 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.

MADRID (S&P Global Ratings) May 10, 2017--S&P Global Ratings has today raised its credit ratings on Hipocat 8, Fondo de Titulizacion de Activos' class A2 and B notes. At the same time, we have affirmed our rating on the class C notes and lowered our rating on the class D notes (see list below).

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information that we have received as of the March 2017 investor report. Our analysis reflects the application of our European residential loans criteria, our structured finance ratings above the sovereign (RAS) criteria, and our current counterparty criteria (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on Dec. 23, 2016, "Ratings Above The Sovereign - Structured Finance: Methodology And

Assumptions," published on Aug. 8, 2016, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

Our RAS criteria designate the country risk sensitivity for residential mortgage-backed securities (RMBS) as moderate. Our credit and cash flow analysis indicates that the class A2 and B notes now have sufficient credit enhancement to withstand our stresses at the 'AA+' and 'A+' rating levels, respectively. Our RAS criteria cap our ratings in this transaction at six notches above our 'BBB+' foreign currency long-term sovereign rating on the Kingdom of Spain for the class A2 notes and at two notches above our rating on Spain for the class B notes. We have therefore raised to 'AA+ (sf)' from 'BBB- (sf)' and to 'A (sf)' from 'BB (sf)' our ratings on the class A2 and B notes, respectively.

Under our current counterparty criteria, Cecabank S.A., as the swap provider, cannot support a rating on the notes that is higher than our 'BBB' long-term issuer credit rating on Cecabank. We have therefore performed our credit and cash flow analysis without giving benefit to the swap provider, to determine if the class A2 and B notes could achieve a higher rating when giving no benefit to the swap provider. Our ratings on both the class A2 and B notes are de-linked from our rating on the swap provider, Cecabank.

The transaction features an interest deferral trigger for the class B to D notes. If breached, the interest payments are subordinated below principal in the priority of payments. These triggers are based on the difference between the available funds and the outstanding balance of the notes. None of these triggers has been breached to date. However, given the trend in defaults, the class D trigger may be breached in the near future, in our view.

The class C and D notes are not able to pass our cash flow stresses at the 'B' rating level. Our cash flow analysis for the class C 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 affirmed our 'B- (sf)' rating on the class C notes (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012). At the same time, the class D notes are undercollateralized, the credit enhancement has decreased since our previous review, we estimate that the interest deferral trigger will be breached in the near term, and our cash flow analysis shows interest shortfalls in the next 12 month (see "Ratings Affirmed In Spanish RMBS Transaction Hipocat 8 Following Application Of Updated Criteria," published on March 3, 2015). Therefore, in line with our criteria for assigning 'CCC' category ratings and given the degree of financial stress for class D notes, we have lowered to 'CCC- (sf)' from 'CCC (sf)' our rating on the class D notes.

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Available credit enhancement for the class A2 and B notes has increased since our previous review due to the amortization of the class A2 notes. At the same time, available credit enhancement for the class C and D notes has decreased due to the full depletion of the reserve fund, limited prepayments, and uncured defaults, which have led to the class D notes being undercollateralized.

Class	Available credit enhancement, excluding defaulted loans (%)
A2	20.90
B	13.39
C	3.20
D	(6.16)

Hipocat 8 features a reserve fund, which can amortize to a target amount. However, it is now depleted as it was used to provision for defaulted assets.

Severe delinquencies of more than 90 days, excluding defaults, are 1.84%, which is below our Spanish residential mortgage-backed securities (RMBS) index, although they have been above the index in the past (see "Spanish RMBS Index Report Q4 2016," published on April 4, 2017).

Mortgage loans in arrears for more than 18 months are classified as default in this transaction and, consequently, artificially written off. As of December 2016, defaults at 9.75% were higher than in other Spanish RMBS transactions that we rate. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion.

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

Rating level	WAFF (%)	WALS (%)	CC (%)
AAA	22.88	21.42	4.90
AA	16.97	18.04	3.06
A	13.65	12.21	1.67
BBB	10.12	9.38	0.95
BB	6.48	7.51	0.49
B	5.30	5.89	0.31

CC--Credit coverage.

Our European residential loans criteria set the minimum projected losses at 0.35% at the 'B' rating level. The projected losses that we compare with these credit coverage floors include the negative carry resulting from interest due

on the rated liabilities during the foreclosure period. Projected losses with interest meet the minimum floor level at the 'B' rating level.

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 European residential loans criteria, to reflect this view (see "Outlook Assumptions For the Spanish Residential Mortgage Market," published on June 24, 2016). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and house prices stabilization during 2017.

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RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Dec. 23, 2016
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, 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, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 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: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Spanish RMBS Index Report Q4 2016, April 4, 2017
- Outlook On Spain-Based BBVA And Santander Consumer Finance Revised To Positive Following Action On Sovereign, April 3, 2017

Various Rating Actions Taken In Spanish RMBS Transaction Hipocat 8 Following Review

- Kingdom of Spain Outlook Revised To Positive On Strong And Balanced Economic Performance; 'BBB+/A-2' Ratings Affirmed, March 31, 2017
- European Economic Snapshots: Resilience Despite Political Risk, Feb. 28, 2017
- A Stronger Eurozone Economy, Despite Higher Volatility On Bond Markets, Feb. 20, 2017
- Europe's Housing Markets Continue To Recover Amid Extended QE, Feb. 15, 2017
- QE In The Eurozone: Lower For Longer Means Lower For Longer, Jan. 23, 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
- Outlook Assumptions For the Spanish Residential Mortgage Market, June 24, 2016
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Ratings Affirmed In Spanish RMBS Transaction Hipocat 8 Following Application Of Updated Criteria, March 3, 2015

RATINGS LIST

Class	Rating
To	From

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

Ratings Raised

A2	AA+ (sf)	BBB- (sf)
B	A (sf)	BB (sf)

Rating Affirmed

C	B- (sf)
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Rating Lowered

D	CCC- (sf)	CCC (sf)
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