

Hecho Relevante de

HIPOCAT 10 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 10 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 **Moody’s Investors Service (Moody’s)**, con fecha 27 de diciembre de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2: A3 (sf)** (anterior **Ba3 (sf)**)
- **Serie A3: A3 (sf)** (anterior **Ba3 (sf)**)

Se adjunta la comunicación emitida por Moody’s.

Madrid, 2 de enero de 2019.

Rating Action: Moody's upgrades 28 tranches' ratings in 17 Spanish RMBS

27 Dec 2018

Madrid, December 27, 2018 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of 28 Notes and affirmed the ratings of 20 Notes in 17 Spanish RMBS deals.

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF476858 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer.

Maximum achievable rating is Aa1(sf) for structured transactions in Spain, driven by Local Currency Ceiling (Aa1) of the country.

RATINGS RATIONALE

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF476858 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Key Rationale for Action and Constraining Factor(s)
- Current Expected Loss percentage of Original Balance (Current EL % OB)
- Current MILAN Credit Enhancement

Upgrades are prompted by an increase in the credit enhancement available for the affected tranches and in some cases better than expected collateral performance, namely the portfolio Expected Loss (EL) and Milan CE.

In addition to the reasons above, the transactions, Hipocat 10, FTA and Hipocat 9, FTA benefited from higher than expected levels of principal payments recovered from previously defaulted collateral.

Revision of Key Collateral Assumptions

As part of the rating action, Moody's reassessed its lifetime loss expectation for the portfolio reflecting the collateral performance to date.

Moody's updated the MILAN CE assumption in some cases based on updated loan by loan data on the underlying pools and also due to the Minimum Expected Loss Multiple, a floor defined in Moody's updated methodology for rating EMEA RMBS transactions.

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF476858 to see new assumptions.

Increase in Available Credit Enhancement

The increase in the available credit enhancement may be explained by deleveraging (e.g. sequential amortization and/or non-amortizing reserve funds and/or trapping of excess spread) and, in some cases, driven by the replenishment of the Reserve Funds which were partially or fully drawn in prior payment dates.

Moody's assessed the exposure to the swap counterparties. Moody's analysis considered the risks of additional losses on the Notes if they were to become unhedged following a swap counterparty default by using the CR Assessment as reference point for swap counterparties.

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF476858 to see Notes constrained by swap counterparty risk.

Principal Methodology

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN

Framework" published in September 2017. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

The analysis undertaken by Moody's at the initial assignment of these ratings for RMBS securities may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see "Moody's Approach to Rating RMBS Using the MILAN Framework" for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

The Credit Ratings in the List of Affected Credit Ratings were assigned in accordance with Moody's existing Methodology entitled "Moody's Approach to Rating RMBS Using the MILAN Framework" dated 11 September 2017. Please note that on 14 November 2018, Moody's released a Request for Comment, in which it has requested market feedback on potential revisions to its Methodology for rating RMBS using the MILAN Framework. If the revised Methodology is implemented as proposed, the Credit Ratings in the List of Affected Credit Ratings may be neutrally affected. Please refer to Moody's Request for Comment, titled "Proposed Update to Moody's Global Approach to Rating RMBS Using the MILAN Framework" for further details regarding the implications of the proposed Methodology revisions on certain Credit Ratings.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include: (1) performance of the underlying collateral that is better than Moody's expected; (2) deleveraging of the capital structure; (3) improvements in the credit quality of the transaction counterparties; and (4) a decrease in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include: (1) an increase in sovereign risk; (2) performance of the underlying collateral that is worse than Moody's expected; (3) deterioration in the notes' available credit enhancement; and (4) deterioration in the credit quality of the transaction counterparties.

REGULATORY DISCLOSURES

Please click on this link http://www.moodys.com/viewresearchdoc.aspx?docid=PBS_SF476858 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Releasing Office

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

The below contact information is provided for information purposes only. Please see the ratings tab of the issuer page at www.moody's.com, for each of the ratings covered, Moody's disclosures on the lead rating analyst and the Moody's legal entity that has issued the ratings.

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Please see the ratings tab on the issuer/entity page on www.moody's.com for additional regulatory disclosures for each credit rating.

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