

Hecho Relevante de

HIPOCAT 7 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 7 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 29 de abril de 2019, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie C: Aa1 (sf)** (anterior **Aa3 (sf)**)
- **Serie D: Baa3 (sf)** (anterior **Ba2 (sf)**)

Asimismo, Moody’s ha confirmado las calificaciones asignadas a las siguientes Series de Bonos:

- **Serie A2: Aa1 (sf)**
- **Serie B: Aa1 (sf)**

Se adjunta la comunicación emitida por Moody’s.

Madrid, 30 de abril de 2019.

Rating Action: Moody's upgrades five tranches in three Spanish RMBS

29 Apr 2019

Madrid, April 29, 2019 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of five Notes and affirmed the ratings of six Notes in three Spanish RMBS deals.

The upgrades are prompted by increased levels of credit enhancement for the affected Notes for HIPOCAT 7, FTA and HIPOCAT 8, FTA and by better than expected collateral performance, namely the portfolio Expected Loss (EL) for RURAL HIPOTECARIO XII, FTA.

Moody's affirmed the ratings of the Notes that had sufficient credit enhancement to maintain their current rating.

Issuer: HIPOCAT 7, FTA

...EUR 1148.3M Class A2 Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Affirmed Aa1 (sf)

...EUR 21.7M Class B Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Affirmed Aa1 (sf)

...EUR 42.0M Class C Notes, Upgraded to Aa1 (sf); previously on Jun 29, 2018 Upgraded to Aa3 (sf)

...EUR 28.0M Class D Notes, Upgraded to Baa3 (sf); previously on Jun 29, 2018 Upgraded to Ba2 (sf)

Issuer: HIPOCAT 8, FTA

...EUR 1155.5M Class A2 Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Affirmed Aa1 (sf)

...EUR 26.2M Class B Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Upgraded to Aa1 (sf)

...EUR 35.6M Class C Notes, Upgraded to A3 (sf); previously on Jun 29, 2018 Upgraded to Baa3 (sf)

...EUR 32.7M Class D Notes, Upgraded to B3 (sf); previously on Jun 29, 2018 Affirmed Caa3 (sf)

Issuer: RURAL HIPOTECARIO XII, FTA

...EUR 862.2M Class A Notes, Affirmed **Aa1** (sf); previously on Jun 29, 2018 Affirmed **Aa1** (sf)

...EUR 20.5M Class B Notes, Affirmed **A1** (sf); previously on Jun 29, 2018 Upgraded to **A1** (sf)

...EUR 27.3M Class C Notes, Upgraded to **Baa3** (sf); previously on Jun 29, 2018 Affirmed **Ba2** (sf)

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

RATINGS RATIONALE

The upgrades are prompted by increased levels of credit enhancement for the affected Notes for HIPOCAT 7, FTA and HIPOCAT 8, FTA and by better than expected collateral performance, namely the portfolio Expected Loss (EL) for RURAL HIPOTECARIO XII, FTA.

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.

For RURAL HIPOTECARIO XII, FTA Moody's decreased the expected loss assumption to 2.88% as a percentage of the original pool balance from 3.80%. The performance of the transaction has improved since the last rating action, with 90-day arrears decreasing to 0.88% from 0.95% and cumulative defaults remaining broadly stable. Moody's has maintained the expected loss assumption for HIPOCAT 7, FTA and HIPOCAT 8,

FTA.

Moody's has also assessed loan-by-loan information as a part of its detailed transaction review to determine the credit support consistent with target rating levels and the volatility of future losses. As a result, Moody's has maintained the portfolio credit MILAN assumption for all three transactions.

Increase in Available Credit Enhancement

The available credit enhancement for HIPOCAT 7, FTA and HIPOCAT 8, FTA increased due to the replenishment of the Reserve Funds which were partially drawn in prior payment dates.

- HIPOCAT 7, FTA Class C Notes to 19.60% from 14.90% and Class D Notes to 10.10% from 6.30%

- HIPOCAT 8, FTA Class C Notes to 17.10% from 9.90% and Class D Notes to 4.7% from -0.80%

Replenishment of the Reserve Funds for the transactions HIPOCAT 7, FTA and HIPOCAT 8, FTA are partially explained from higher than expected levels of principal payments recovered from previously defaulted collateral.

Today's rating action took into consideration the Notes' exposure to relevant counterparties, such as servicers, account banks or swap providers.

Principal Methodology

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in March 2019. Please see the Rating Methodologies page on www.moody.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.

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

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.

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

Items color coded in purple in this Press Release relate to unsolicited ratings for a rated entity which is non-participating.

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