Otra Información 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 la presente información relevante:

La Agencia de Calificación **Moody's Investors Service (Moody's)**, con fecha 26 de febrero de 2020, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie D**: **A3 (sf)** (anterior **Baa3 (sf)**)

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

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

Se adjunta la comunicación emitida por Moody's.

Madrid, 26 de febrero de 2020.

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades ratings in two Spanish RMBS transactions

26 Feb 2020

Milan, February 26, 2020 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of four Notes in two Spanish RMBS deals. The rating action reflects:

- Better than expected collateral performance on HIPOCAT 7, FTA ("HIPOCAT 7") and

- The increased levels of credit enhancement for the affected Notes on AyT HIPOTECARIO MIXTO V, FTA ("AYT HIPOTECARIO MIXTO V")

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

Issuer: AyT HIPOTECARIO MIXTO V, FTA

....EUR 649.4M Class A Notes, Upgraded to Aa1 (sf); previously on Jun 29, 2018 Upgraded to Aa2 (sf)

....EUR 12.2M Class B Notes, Upgraded to A3 (sf); previously on Jun 29, 2018 Upgraded to Baa2 (sf)

....EUR 13.4M Class C Notes, Upgraded to B3 (sf); previously on Jun 29, 2018 Affirmed Caa1 (sf)

Issuer: HIPOCAT 7, FTA

....EUR 1148.3M Class A2 Notes, Affirmed Aa1 (sf); previously on Apr 29, 2019 Affirmed Aa1 (sf)

....EUR 21.7M Class B Notes, Affirmed Aa1 (sf); previously on Apr 29, 2019 Affirmed Aa1 (sf)

....EUR 42.0M Class C Notes, Affirmed Aa1 (sf); previously on Apr 29, 2019 Upgraded to Aa1 (sf)

....EUR 28M Class D Notes, Upgraded to A3 (sf); previously on Apr 29, 2019 Upgraded to Baa3 (sf)

Maximum achievable rating is Aa1 (sf) for structured finance transactions in Spain, driven by the corresponding local currency country ceiling of the country.

RATINGS RATIONALE

The rating action is prompted by:

- Decreased key collateral assumptions, namely the portfolio Expected Loss (EL) and MILAN CE assumptions due to better than expected collateral performance on HIPOCAT 7, FTA

- An increase in credit enhancement for the affected tranches in AyT HIPOTECARIO MIXTO V, FTA

Revision of Key Collateral Assumptions:

As part of the rating action, Moody's reassessed its lifetime loss expectation for the portfolio backing HIPOCAT 7 to reflect the collateral performance to date.

The performance of the HIPOCAT 7 transaction has continued to improve since the last rating action. Despite some recent slight increase in 30-90 delinquencies, total delinquencies have decreased since the last rating action, with 90 days plus arrears currently standing at 0.36% of current pool balance. Cumulative defaults currently stand at 3.86% of original pool balance, only marginally up from 3.82% a year earlier.

Moody's decreased the expected loss assumption to 2.36% as a percentage of original pool balance from 2.45% due to the improving performance.

Moody's updated the MILAN CE due to the Minimum Expected Loss Multiple, a floor defined in Moody's methodology for rating EMEA RMBS transactions. As a result, Moody's has decreased the MILAN CE assumption to 13%.

Increase in Available Credit Enhancement

Sequential amortization and non-amortizing reserve funds led to the increase in the credit enhancement available in the AYT HIPOTECARIO MIXTO V transaction.

For instance, the credit enhancement for the most senior tranche affected by today's rating action on AYT HIPOTECARIO MIXTO V increased to 21.17% from 16.57% since the last rating action.

Reserve fund in HIPOCAT 7 is now at its floor level following replenishment in July 2019 and subsequent reduction in October 2019 after unexpected receipt of recoveries from previously defaulted collateral in addition to standard recoveries. Classes B, C and D have been amortising pro-rata since July 2019 after reserve fund replenished to its target level.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in July 2019. 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 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) an increase in available credit enhancement; (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.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or Note of the same series, category/class of debt, security 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.moodys.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.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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

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