

Hecho Relevante de

HIPOCAT 9 FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **HIPOCAT 9 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 5 de diciembre de 2019, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie D: B2 (sf)** (anterior **Caa3 (sf)**)

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

- **Serie A2a: Aa1 (sf)**
- **Serie A2b: Aa1 (sf)**
- **Serie B: A1 (sf)**
- **Serie C: Ba3 (sf)**

Se adjunta la comunicación emitida por Moody’s.

Madrid, 5 de diciembre de 2019.

**Rating Action: Moody's takes rating action on Spanish RMBS transactions
Hipocat 9, FTA and Hipocat 10, FTA**

05 Dec 2019

Madrid, December 05, 2019 -- Moody's Investors Service ("Moody's") has today upgraded the ratings of four Notes in Hipocat 9, FTA ("Hipocat 9") and Hipocat 10, FTA ("Hipocat 10").

The upgrade in Hipocat 9 reflects the increase in credit enhancement for the affected Note due to material replenishment of the reserve fund driven by, amongst others, unexpected receipt of recoveries from previously defaulted collateral. The increased credit enhancement on all Notes offsets the negative impact of the correction of an input error in the interest deferral triggers modelled as of last rating action.

The upgrades in Hipocat 10 reflect the increase in credit enhancement for the affected Notes due to material reduction in unpaid Principal Deficiency Ledger ("PDL") driven by, amongst others, unexpected receipt of recoveries from previously defaulted collateral.

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

Issuer: HIPOCAT 9, FTA

...EUR 500.0M Class A2a Notes, Affirmed Aa1 (sf); previously on Dec 27, 2018 Affirmed Aa1 (sf)

...EUR 236.2M Class A2b Notes, Affirmed Aa1 (sf); previously on Dec 27, 2018 Affirmed Aa1 (sf)

...EUR 22M Class B Notes, Affirmed A1 (sf); previously on Dec 27, 2018 Upgraded to A1 (sf)

...EUR 18.3M Class C Notes, Affirmed Ba3 (sf); previously on Dec 27, 2018 Upgraded to Ba3 (sf)

...EUR 23.5M Class D Notes, Upgraded to B2 (sf); previously on Dec 27, 2018 Upgraded to Caa3 (sf)

Issuer: HIPOCAT 10, FTA

...EUR 733.4M Class A2 Notes, Upgraded to Aa1 (sf); previously on Dec 27, 2018 Upgraded to A3 (sf)

...EUR 300.0M Class A3 Notes, Upgraded to Aa1 (sf); previously on Dec 27, 2018 Upgraded to A3 (sf)

...EUR 54.8M Class B Notes, Upgraded to Caa1 (sf); previously on Feb 25, 2015 Downgraded to Caa3 (sf)

RATINGS RATIONALE

The rating action reflects the increase in credit enhancement for the affected Notes due to significant replenishment of the reserve fund for Hipocat 9 and material reduction in unpaid PDL for Hipocat 10 driven by, amongst others, unexpected receipt of recoveries from previously defaulted collateral.

Increase in Available Credit Enhancement due to material reduction in unpaid PDL for Hipocat 10 and replenishment of Reserve Fund for Hipocat 9

The reserve fund balance for Hipocat 9 has increased to EUR 11.2 million as of October 2019 from EUR 0.3 million since the last rating action in December 2018. Deleveraging and reserve fund replenishment has led to the increase in the credit enhancement available for the Classes B, C and D to 29.6%, 19.4% and 6.3% from 20.7%, 11.7% and 0.1% respectively as of the last rating action.

The unpaid PDL for Hipocat 10 has decreased to EUR 15.8 million as of October 2019 from EUR 35.5 million since the last rating action in December 2018. Deleveraging and PDL reduction has led to the increase in the credit enhancement available for the Class A Notes to 32.9% as a percentage of the performing pool balance, from 21.7% as of the last rating action.

Both transactions have benefited from unexpected receipt of recoveries from previously defaulted collateral in addition to standard recoveries. For example, Hipocat 9 and Hipocat 10 reported EUR 6.8 million and EUR 12.9 million additional available funds as of July 2019 respectively.

Correction of input error in the interest deferral triggers modelling

Today's rating action on Hipocat 9 also reflect the correction of an input error in the interest deferral triggers modelled as of last rating action. The levels for Classes B, C and D were incorrectly set at higher level than the contractual ones making them less likely to be breached. These inputs have now been corrected and incorporated in today's modelling for the transaction. The negative impact of the correction was largely offset by the increased credit enhancement for all Notes.

Revision of Key Collateral Assumptions

As part of the rating action, Moody's reassessed its lifetime loss expectation for the portfolios reflecting their collateral performances to date. The expected loss assumption as a percentage of original pool balance was lowered to 10.65% from 10.97% for Hipocat 10. The pool factor as of October 2019 is 17.31%.

Moody's also assessed loan-by-loan information as part of its detailed transactions review to determine the credit support consistent with target rating levels and the volatility of future losses. The MILAN credit enhancement assumption was reduced to 21% from 23.2% for Hipocat 10.

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.moody.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) a decrease in sovereign risk; (2) performance of the underlying collateral that is better than Moody's expected; and (3) an increase in available credit enhancement.

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 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

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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.

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.

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