

**Otra Información Relevante de**

**BANCAJA 8, Fondo de Titulización de Activos**

En virtud de lo establecido en el Folleto Informativo de **BANCAJA 8, 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 **Fitch Ratings** ("**Fitch**"), con fecha 12 de febrero de 2020, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
  - **Serie A: AAAsf**, perspectiva estable
  - **Serie B: AAsf**, perspectiva estable
  - **Serie C: A+sf**, perspectiva estable
  - **Serie D: BBsf**, perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 13 de febrero de 2020.

12 Feb 2020 | Affirmation

# Fitch Upgrades 1 Tranche of Bancaja RMBS Series; Affirms 13 Others

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Fitch Ratings-Madrid-12 February 2020:

Fitch Ratings has upgraded one tranche and affirmed 13 tranches of four Spanish RMBS transactions under the Bancaja RMBS programme. The Outlooks are Stable. A full list of rating actions is below.

## Bancaja 8, FTA

----Class A ES0312887005; Long Term Rating; Affirmed; AAAsf; RO:Sta

----Class B ES0312887013; Long Term Rating; Affirmed; AAsf; RO:Sta

----Class C ES0312887021; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class D ES0312887039; Long Term Rating; Affirmed; BBSf; RO:Sta

## Bancaja 9, FTA

----Series A2 ES0312888011; Long Term Rating; Affirmed; A+sf; RO:Sta

----Series B ES0312888029; Long Term Rating; Affirmed; A+sf; RO:Sta

----Series C ES0312888037; Long Term Rating; Affirmed; BBB+sf; RO:Sta

----Series D ES0312888045; Long Term Rating; Affirmed; B+sf; RO:Sta

----Series E ES0312888052; Long Term Rating; Affirmed; CCsf

## Bancaja 7, FTA

----Class A2 ES0312886015; Long Term Rating; Affirmed; AAAsf; RO:Sta

----Class B ES0312886023; Long Term Rating; Affirmed; A+sf; RO:Sta

----Class C ES0312886031; Long Term Rating; Affirmed; Asf; RO:Sta

----Class D ES0312886049; Long Term Rating; Upgrade; BBB-sf; RO:Sta

## Bancaja 13, FTA

----Class A ES0312847009; Long Term Rating; Affirmed; A+sf; RO:Sta

## Transaction Summary

The transactions comprise residential mortgages serviced by Bankia S.A. (BBB/F2/Stable).

## KEY RATING DRIVERS

## Rising or Stable Credit Enhancement

Current and projected levels of credit enhancement (CE) of the notes are sufficient to mitigate the credit and cash flow stresses under their respective rating scenarios, as reflected by today's upgrade and affirmations. While Fitch expects Bancaja 8, Bancaja 9 and Bancaja 13 CE ratios to continue increasing in the short-term due to continuing sequential amortisation, CE ratios could decline for most tranches if the pro-rata amortisation mechanism is activated with the application of a reverse sequential amortisation of the notes until targets for outstanding notes as a share of the total notes' balance are met. For example, Bancaja 8 class A notes current CE of 42.5% could fall to around the 11.7% CE floor if pro-rata amortisation is triggered.

With regard to Bancaja 7, CE ratios are expected to remain stable over the short-to medium-term due to the prevailing pro-rata amortisation, which will switch to sequential when the outstanding portfolio balance over initial portfolio balance represents less than 10% (currently at 11.9%).

## High Seasoning/Stable Asset Performance

The rating actions reflect Fitch's expectation of stable credit trends given the significant seasoning of the securitised portfolios of more than 12 years, the prevailing low interest-rate environment and a benign Spanish macroeconomic outlook. Three-month plus arrears (excluding defaults) as a percentage of the current pool balance remains between 0.6% (Bancaja 7) and 1.3% (Bancaja 13) as of the latest reporting date, while cumulative gross defaults relative to portfolio initial balances range between 1.4% (Bancaja 7) and 9.3% (Bancaja 13).

## Counterparty Rating Caps

Fitch views Bancaja 9 as being exposed payment interruption risk in the event of servicer disruption as the available liquidity sources (reserve funds) are considered insufficient to cover senior fees, net swap payments and senior notes' interest during a minimum of three months period needed to implement alternative servicing arrangements. The notes' maximum achievable ratings are commensurate with the 'Asf' category, in line with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

Bancaja 13 class A notes' rating is capped at 'A+sf' as the account bank minimum eligibility ratings contractually defined at 'BBB+' and 'F2' are insufficient to support 'AAsf' or 'AAAsf' ratings in accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria.

## Geographical Concentration and Loan Origination Risks

The securitised portfolios are exposed to geographical concentration mainly in the region of Valencia. In line with Fitch's European RMBS rating criteria, higher rating multiples are applied to

the base foreclosure frequency assumption to the portion of the portfolio that exceeds 2.5x the population within this region. Additionally, around 50% of these portfolios is linked to loans originated via brokers, which are considered higher-risk than branch-originated loans, and are subject to a foreclosure frequency adjustment factor of 150%.

#### RATING SENSITIVITIES

A worsening of the Spanish macroeconomic environment, especially employment conditions or an abrupt shift of interest rates, could jeopardise the underlying borrowers' affordability. This could have negative rating implications, especially for junior tranches that are less protected by structural CE.

#### CRITERIA VARIATION

##### Shortened Back-loaded Default Distribution

For Bancaja 7, Fitch has shortened the back-loaded default distribution timing to 172 months from 180 months to align it with the remaining time to maturity of the last maturing loan in the portfolio. This constitutes a variation from its European RMBS Rating Criteria. The model-implied rating impact of this variation cannot be assessed as cash flows cannot be modelled without this adjustment.

##### Recovery Rate Haircut

For Bancaja 9, Fitch has applied a 15% haircut to the ResiGlobal model-estimated recovery rates across all rating scenarios considering the materially lower transaction recoveries on cumulative defaults observed to date (around 61%) versus un-adjusted model expectations. This constitutes a variation from our European RMBS Rating Criteria with a maximum model-implied rating impact of 3 notches.

#### USE OF THIRD PARTY DUE DILIGENCE PURSUANT TO SEC RULE 17G -10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

#### DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pools and the transactions. There were no findings that affected the rating analysis.

Fitch has not reviewed the results of any third-party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring. Fitch did not undertake a review of the information provided about the underlying asset pools ahead of the transactions' initial closing.

The subsequent performance of the transactions over the years is consistent with the agency's expectations given the operating environment and Fitch is therefore satisfied that the asset pool information relied upon for its initial rating analysis was adequately reliable.

Overall, Fitch's assessment of the information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

#### SOURCES OF INFORMATION

The information below was used in the analysis.

Loan level data sourced from the European Data Warehouse with the following cut-off dates:

October 2019 for Bancaja 8 and 13

November 2019 for Bancaja 7

December 2019 for Bancaja 9

Issuer and servicer reports provided by Europea De Titulizacion, SGFT as of:

October 2019 for Bancaja 8 and 13

November 2019 for Bancaja 7

December 2019 for Bancaja 9

As the loan-by-loan portfolio data sourced from the European Data Warehouse did not include information about property occupancy type data, Fitch has not considered any second home exposure in its credit analysis.

#### MODELS

<https://www.fitchratings.com/site/structuredfinance/rmbs/resiglobal>

<https://www.fitchratings.com/site/structuredfinance/emeacfm>

## ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the transactions, either due to their nature or to the way in which they are being managed.

Bancaja 9, FTA has an ESG Relevance Score of 5 for Transaction & Collateral Structure due to payment interruption risk, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a change to the rating of four notches.

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## **Applicable Criteria**

[European RMBS Rating Criteria \(pub. 25 Oct 2019\)](#)

[Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds \(Excel\)](#)

[\(pub. 06 Dec 2019\)](#)

[Global Structured Finance Rating Criteria \(pub. 02 May 2019\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 29 Jan 2020\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 29 Jan 2020\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 06 Feb 2020\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 06 Dec 2019\)](#)

## **Additional Disclosures**

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