<u>Otra Información Relevante de</u> **<u>BANCAJA 8, Fondo de Titulización de Activos</u>**

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 9 de octubre 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

Asimismo, Fitch comunica que ha descendido la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie D**: **B+sf,** perspectiva estable (anterior, **BBsf**)

Se adjunta la comunicación emitida por Fitch.

Madrid, 23 de octubre de 2020.

Fitch Ratings

09 Oct 2020 | Downgrade

Fitch Downgrades One Tranche of Two Bancaja RMBS Series; Affirms Eight Others

Fitch Ratings-Madrid/London-09 October 2020:

Fitch Ratings has downgraded one tranche (Bancaja 8 class D notes to 'B+sf' from 'BBsf') and affirmed eight tranches of two Spanish RMBS transactions. The Outlooks are Stable for all tranches except for Bancaja 9 class D that has a Negative Outlook.

A full list of rating actions is below.

Bancaja 8, FTA
----Class A ES0312887005; Long Term Rating; Affirmed; AAAsf; Rating Outlook Stable
----Class B ES0312887013; Long Term Rating; Affirmed; AAsf; Rating Outlook Stable
----Class C ES0312887021; Long Term Rating; Affirmed; A+sf; Rating Outlook Stable
----Class D ES0312887039; Long Term Rating; Downgrade; B+sf; Rating Outlook Stable
Bancaja 9, FTA
----Series A2 ES0312888011; Long Term Rating; Affirmed; A+sf; Rating Outlook Stable
----Series B ES0312888029; Long Term Rating; Affirmed; A+sf; Rating Outlook Stable
----Series C ES0312888037; Long Term Rating; Affirmed; BBB+sf; Rating Outlook Stable
----Series D ES0312888045; Long Term Rating; Affirmed; B+sf; Rating Outlook Negative
----Series E ES0312888052; Long Term Rating; Affirmed; CCsf

Transaction Summary

The transactions comprise fully amortising Spanish residential mortgages serviced by Bankia S.A. (BBB/Rating Watch Positive/F2).

KEY RATING DRIVERS

COVID-19 and Catalonia Additional Stresses

In its analysis of the transactions, Fitch has applied additional stresses in conjunction with its European RMBS Rating Criteria in response to the coronavirus outbreak and the recent legislative developments in Catalonia. Fitch anticipates a generalised weakening of the Spanish borrowers' ability to keep up with mortgage payments linked to a spike in unemployment and vulnerability for self-employed borrowers. Performance indicators such as the level of arrears could increase in the following months and, therefore, Fitch has also incorporated a 10% increase to the weighted average foreclosure frequency (WAFF) of the portfolios. See: "EMEA RMBS: Criteria Assumptions Updated due to Impact of the Coronavirus Pandemic" and "Spain RMBS: Criteria Assumptions Updated Due to Decree Law in Catalonia" at www.fitchratings.com.

As outlined in "Fitch Ratings Coronavirus Scenarios: Baseline and Downside Cases -- Update", we also consider a downside coronavirus scenario for sensitivity purposes whereby a more severe and prolonged period of stress is assumed. Under this scenario, Fitch's analysis accommodates a further increase to the portfolio WAFF and a decrease to the WA recovery rates (RR).

Credit Enhancement Trends

While Fitch expects credit enhancement (CE) ratios to continue increasing in the short term due to the prevailing sequential amortisation of both transactions, CE ratios could reduce for most tranches if the pro-rata amortisation of the notes is activated using a reverse sequential pay mechanism until tranche thickness targets are met. For example, Bancaja 8 class A notes' current CE of 46.3% could fall to about 18.4% if the pro-rata amortisation applies.

The affirmation of most notes' ratings reflects our view that CE is sufficient to mitigate the immediate risks associated with our base-case coronavirus scenario. On the other hand, the downgrade of Bancaja 8 class D notes' ratings reflects insufficient CE to compensate for the larger projected losses under our base-case coronavirus scenario. The Negative Outlook on Bancaja 9 class D reflects the rating's vulnerability over the longer term driven by performance volatility if the economic outlook deteriorates as a consequence of a more severe coronavirus crisis. The sensitivity of the ratings to scenarios more severe than currently expected is provided in Rating Sensitivities below.

Bancaja 9 Capped on Payment Interruption Risk

Fitch views Bancaja 9 as being exposed to payment interruption risk in the event of a servicer disruption as the available liquidity sources (eg reserve fund) are considered insufficient to cover senior fees, net swap payments and senior notes' interest during a minimum period of three months 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.

Fitch does not expect the COVID-19 emergency support measures introduced by the Spanish government and banks for borrowers in vulnerability to negatively affect the special-purpose vehicles' liquidity positions, given the low take-up rate of payment holidays in the transactions estimated to be under the 9% national average as of June 2020.

Portfolio Risky Attributes

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 FF assumption to the portion of the portfolios that exceed two and a half times the population share of this region relative to the national count. Additionally, about 50% of these portfolios is linked to loans originated via brokers, which are considered riskier than branch-originated loans and are subject to a FF adjustment factor of 150%.

The portfolios have significant seasoning of about 15 years. Three-month plus arrears (excluding defaults) as a percentage of the current pool balance remain below 2% for both transactions as of the latest reporting date, while cumulative gross defaults relative to portfolio initial balances range between 4.3% (Bancaja 8) and 7.9% (Bancaja 9).

Bancaja 9 has an Environmental, Social and Governance (ESG) Relevance Score of '5' for Transaction & Collateral Structure due to unmitigated payment interruption risk, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a downward adjustment to the ratings by at least one notch.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to a positive rating action/upgrade:

- Increases in CE ratios as the transactions deleverage to fully compensate the credit losses and cash-flow stresses that are commensurate with higher rating scenarios, all else being equal

- For Bancaja 9 class A and B notes, improved liquidity protection against a servicer disruption event. This is because the ratings are currently capped at 'A+sf' on an unmitigated payment interruption risk

Factors that could, individually or collectively, lead to a negative rating action/downgrade:

- A longer-than-expected coronavirus crisis that weakens macroeconomic fundamentals and the mortgage market in Spain beyond Fitch's current base case. CE ratios cannot fully compensate the credit losses and cash-flow stresses associated with the current ratings scenarios, all else being equal. To approximate this scenario, a rating sensitivity has been conducted by increasing default rates by 15% and reducing recovery expectations by 15%, which would imply downgrades of more than one notch for some of the notes

- A downgrade to Spain's Long-Term Issuer Default Rating (IDR) that could lower the maximum achievable rating for Spanish structured finance transactions. This is because class A notes on Bancaja 8 are capped at the 'AAAsf' maximum achievable rating in Spain - six notches above the sovereign IDR

Best/Worst Case Rating Scenario

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit https://www.fitchratings.com/site/re/10111579.

CRITERIA VARIATION

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

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING
The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

Bancaja 9, FTA: Transaction & Collateral Structure: '5'

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 entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

Additional information is available on www.fitchratings.com

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Applicable Criteria

European RMBS Rating Criteria (pub. 22 May 2020) (including rating assumption sensitivity)
Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds (Excel) (pub. 06 Dec 2019)
Global Structured Finance Rating Criteria (pub. 17 Jun 2020) (including rating assumption sensitivity)
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. 23 Sep 2020)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 06 Dec 2019)

Applicable Model

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).
Multi-Asset Cash Flow Model, v2.8.0 (1)
ResiGlobal Model: Europe, v1.6.4 (1)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
Solicitation Status
Endorsement Status
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