

Hecho Relevante de

BANCAJA 10 FONDO DE TITULIZACION DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BANCAJA 10 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 **Standard & Poor’s Global Ratings (“S&P”)**, con fecha 11 de junio de 2018, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

- **Serie A2: AAA (sf)** (anterior **AA+ (sf)**)
- **Serie A3: AA (sf)** (anterior **AA- (sf)**)

Asimismo, S&P ha confirmado las calificaciones asignadas a las restantes Series de Bonos:

- **Serie B: CC (sf)**
- **Serie C: D (sf)**
- **Serie D: D (sf)**
- **Serie E: D (sf)**

Se adjunta la comunicación emitida por S&P.

Madrid, 13 de junio de 2018.

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Apoderado

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Ratings

(/en_US/web/guest/home)

Various Rating Actions Taken On Bancaja 10's Spanish RMBS Notes Following Review

11-Jun-2018 11:10 EDT

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OVERVIEW

On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.

On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.

On April 24, 2018, we placed on CreditWatch positive our ratings on Bancaja 10's class A2 and A3 notes, as we needed to conduct a full analysis to determine the impact of these recent events.

Following our review of this transaction under our relevant criteria, we have taken various rating actions and resolved our CreditWatch placements.

Bancaja 10 is a Spanish RMBS transaction that closed in January 2007 and securitizes residential mortgage loans.

LONDON (S&P Global Ratings) June 11, 2018--S&P Global Ratings today raised and removed from CreditWatch positive its credit ratings on Bancaja 10, Fondo de Titulizacion de Activos' class A2 and A3 notes. At the same time, we affirmed our ratings on the class B, C, D, and E notes (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and reflect the transaction's current structural features (see "Related Criteria"). We have also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The Spanish Residential Mortgage Market (/en_US/web/guest/article/-/view/sourceId/10501493)," published on April 17, 2018).

Our structured finance ratings above the sovereign (RAS) criteria classify the sensitivity of this transaction as moderate (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions (/en_US/web/guest/article/-/view/sourceId/9748207)," published on Aug. 8, 2016). Therefore, after our March 23, 2018 upgrade of Spain to 'A-' from 'BBB+', the highest rating that we can assign to the senior-most tranche in this transaction is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met (see "Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive (/en_US/web/guest/article/-/view/sourceId/10478992)"). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating.

Under our current counterparty criteria, JP Morgan Chase Bank, N.A., as the swap provider, cannot support a rating on the notes that is higher than 'AA-', which is our long-term issuer credit rating on JP Morgan Chase Bank plus one notch. We have therefore performed our credit and cash flow analysis without giving benefit to the swap provider, to determine if the class A2 and A3 notes could achieve a higher rating when giving no benefit to the swap provider.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en_US/web/guest/article/-/view/sourceId/10154538)," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign. Therefore, we revised our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level to 0.9% from 1.6%, in line with table 87 of our European residential loans criteria, by lowering our foreclosure frequency assumption to 2.00% from 3.33% for the archetypal pool at the 'B' rating level (see "Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en_US/web/guest/article/-/view/sourceId/10496083)," published on April 17, 2018).

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous

review, mainly driven by our revised foreclosure frequency assumptions.

Rating level	WAFF (%)	WALS (%)
AAA	17.51	33.81
AA	12.30	28.57
A	9.48	20.07
BBB	7.19	15.60
BB	4.98	12.63
B	3.28	10.07

Since our previous review, the class A2 and A3 notes' credit enhancement has increased to 64.2% and 15.0%, respectively, from 62.8% and 14.8% due to the amortization of the notes, which is sequential as the reserve fund has been fully depleted since 2013. The class B, C, and D notes' credit enhancement has decreased to 8.4%, 3.1%, and 0.5% respectively, from 8.4%, 3.2%, and 0.7%. The class E notes were never collateralized as they were issued to fund the cash reserve at closing.

Following the application of our criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our counterparty criteria, or (iii) the rating that the class of notes can attain under our European residential loans criteria.

The application of our European residential loans criteria and related credit and cash flow analysis indicates that the available credit enhancement for the class A2 notes is commensurate with a 'AAA (sf)' rating. Furthermore, under our RAS criteria, this class of notes can be rated up to six notches above our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'AAA (sf)' from 'AA+ (sf)' and removed from CreditWatch positive our rating on this class of notes.

The application of our European residential loans criteria and related credit and cash flow analysis indicates that the class A3 notes can achieve a 'AAA (sf)' rating. Because of the pro rata trigger between the class A2 and A3 notes, which is based on the ratio between the outstanding balance of performing assets up to 90 days in arrears and the outstanding balance of the class A notes being lower than or equal to one, we expect the class A3 payments to remain subordinated to the class A2 notes for the rest of the transaction's life. As such, the application of our RAS criteria caps our rating on these classes of notes at four notches above our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'AA (sf)' from 'AA- (sf)' and removed from CreditWatch positive our rating on the class A3 notes.

Under the transaction documents, the class B notes' interest deferral trigger is based on the level of cumulative defaults over the original securitized balance. Due to the increase in the level of defaults on the Feb. 22, 2018 interest payment date (IPD), the class B notes breached their 10.90% interest deferral trigger. However, due to the negative three-month Euro Interbank

Offered Rate (EURIBOR) rate (the index to which the notes are referenced), no interest was due for this class of notes on the latest IPD, and the class B notes did not default based on our ratings definitions. Our ratings in this transaction address timely interest and ultimate principal payments. The affirmation of our 'CC (sf)' rating on the class B notes reflects the application of our "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings (/en_US/web/guest/article/-/view/sourceId/7554329)," published on Oct. 1, 2012. We expect the default of this class of notes to be a virtual certainty within the next 12 months if the three-month EURIBOR rate starts to increase. Moreover, in our view, this class of notes is likely to default even under the most optimistic collateral performance scenario due to the interest deferral trigger breach.

We have affirmed our 'D (sf)' ratings on the class C, D, and E notes as they continue to miss interest payments.

Bancaja 10 is a Spanish residential mortgage-backed securities (RMBS) transaction that closed in January 2007 and securitizes residential mortgage loans. Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja; now Bankia S.A.) originated the pools, which are mainly located in the Valencia region.

RELATED CRITERIA

Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans (/en_US/web/guest/article/-/view/sourceld/10154538), Aug. 4, 2017

Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology (/en_US/web/guest/article/-/view/sourceld/9733017), March 29, 2017

Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions (/en_US/web/guest/article/-/view/sourceld/9748207), Aug. 8, 2016

Criteria - Structured Finance - General: Structured Finance Temporary Interest Shortfall Methodology (/en_US/web/guest/article/-/view/sourceld/9404717), Dec. 15, 2015

Criteria - Structured Finance - General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD (/en_US/web/guest/article/-/view/sourceld/9049216), March 2, 2015

Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions (/en_US/web/guest/article/-/view/sourceld/8737366), Oct. 9, 2014

General Criteria: Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings (/en_US/web/guest/article/-/view/sourceld/8097062), Oct. 24, 2013

General Criteria: Methodology Applied To Bank Branch-Supported Transactions (/en_US/web/guest/article/-/view/sourceld/8130806), Oct. 14, 2013

Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions (/en_US/web/guest/article/-/view/sourceld/7157027), June 25, 2013

Criteria - Structured Finance - General: Global Derivative Agreement Criteria (/en_US/web/guest/article/-/view/sourceld/8058839), June 24, 2013

General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings (/en_US/web/guest/article/-/view/sourceld/7554329), Oct. 1, 2012

Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications (/en_US/web/guest/article/-/view/sourceld/7430465), July 12, 2012

General Criteria: Methodology: Credit Stability Criteria (/en_US/web/guest/article/-/view/sourceld/5961504), May 3, 2010

General Criteria: Use Of CreditWatch And Outlooks (/en_US/web/guest/article/-/view/sourceld/5612636), Sept. 14, 2009

Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment (/en_US/web/guest/article/-/view/sourceld/5428209), May 28, 2009

RELATED RESEARCH

Spanish RMBS Index Report Q1 2018 (/en_US/web/guest/article/-/view/sourceld/10550195), May 24, 2018
 Ratings On 213 Tranches In 82 Spanish RMBS Transactions Placed On
 CreditWatch Positive (/en_US/web/guest/article/-/view/sourceld/10515506), April 24, 2018
 Outlook Assumptions For The Spanish Residential Mortgage Market (/en_US/web/guest/article/-/view/sourceld/10501493), April
 17, 2018
 Guidance: Methodology And Assumptions: Assessing Pools Of European
 Residential Loans (/en_US/web/guest/article/-/view/sourceld/10496083), April 17, 2018
 Reduced Funding Risks Lead To Upgrades At Several Spanish Banks (/en_US/web/guest/article/-/view/sourceld/10497833), April 6,
 2018
 Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary
 Consolidation; Outlook Positive (/en_US/web/guest/article/-/view/sourceld/10478992), March 23, 2018
 Rating Raised To 'CC (sf)' On Bancaja 10's Class B Spanish RMBS Notes Due
 To Effective Non-Default (/en_US/web/guest/article/-/view/sourceld/10453188), March 1, 2018
 2017 EMEA RMBS Scenario And Sensitivity Analysis (/en_US/web/guest/article/-/view/sourceld/10156650), July 6, 2017
 Global Structured Finance Scenario And Sensitivity Analysis 2016: The
 Effects Of The Top Five Macroeconomic Factors (/en_US/web/guest/article/-/view/sourceld/9913417), Dec. 1
 6, 2016
 European Structured Finance Scenario And Sensitivity Analysis 2016: The
 Effects Of The Top Five Macroeconomic Factors (/en_US/web/guest/article/-/view/sourceld/9914948), Dec. 1
 6, 2016

RATINGS LIST

Class	Rating	To	From
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Bancaja 10, Fondo de Titulizacion de Activos
 €2.631 Billion Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AAA (sf)		AA+ (sf)/Watch Pos
A3	AA (sf)		AA- (sf)/Watch Pos

Ratings Affirmed

B	CC (sf)		
C	D (sf)		
D	D (sf)		
E	D (sf)		

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