Otra Información Relevante de BANCAJA 7, Fondo de Titulización de Activos

En virtud de lo establecido en el Folleto Informativo de **BANCAJA 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 **Fitch Ratings** ("**Fitch**"), con fecha 17 de agosto de 2020, comunica que ha confirmado las calificaciones asignadas a las siguientes Serie de Bonos emitidos por el Fondo:

  - **Serie A2**: **AAAsf**
  - **Serie B**: **A+sf**
  - **Serie C**: **Asf**
  - **Serie D**: **BBB-sf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 20 de agosto de 2020.

Lagasca, 120 (1º) -28006 MADRID- Telf.: (34) 91 411 84 67 – www.edt-sg.com – info@edt-sg.com
Registro Mercantil de Madrid. Tomo 5461, Folio 49, Sección 8, Hoja M-89355, Inscripción 1ª Fecha 11/03/93 NIF A-80514466

FitchRatings

RATING ACTION COMMENTARY

Fitch Affirms Bancaja 7 RMBS; off RWN

Mon 17 Aug, 2020 - 7:42 ET

Fitch Ratings - Madrid - 17 Aug 2020: Fitch Ratings has affirmed all tranches of Bancaja 7, FTA and removed the class C and D notes from Rating Watch Negative (RWN). The Outlook on the class D notes is Negative. A full list of rating actions is below.

RATING ACTIONS

ENTITY/DEBT	RATING			PRIOR
Bancaja 7, FTA				
• Class A2 ES0312886015	LT	AAAsf Rating Outlook Stable	Affirmed	AAAsf Ra Outlook Stable
• Class B ES0312886023	LT	A+sf Rating Outlook Stable	Affirmed	A+sf Rat Outlook Stable
• Class C ES0312886031	LT	Asf Rating Outlook Stable	Affirmed	Asf Ratir Watch Negative
• Class D ES0312886049	LT	BBB-sf Rating Outlook Negative	Affirmed	BBB-sf Rating Watch

VIEW ADDITIONAL RATING DETAILS

TRANSACTION SUMMARY

The transaction consists of residential mortgages serviced by Bankia S.A. (BBB/RWN/F2). The origination was done by Bancaja, which in 2011 transferred all rights to Bankia.

KEY RATING DRIVERS

COVID-19 Additional Stress Assumptions

Fitch has identified additional stress scenarios to be applied in conjunction with its European RMBS Rating Criteria in response to the coronavirus outbreak and the recent legislative developments in Catalonia (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). The agency applied these additional stresses for the rating analysis.

To capture the possible build-up of arrears in the following months due to the COVID-19 crisis, we have performed an arrears sensitivity by increasing the default rate by 10%. We have not made an additional adjustment for payment holidays as they account for only around 9% of the Spanish mortgage market, which is low compared with other European countries such as the UK or Italy. The reserve fund level is also sufficient to cover transaction costs, net swap payments and interest due on the senior notes for several periods.

Notes off RWN, Outlook Negative

The class C and class D notes have been removed from RWN on which they were placed since 16 April 2020 (see 'Fitch Puts 85 Spanish & Portuguese RMBS Tranches on RWN on Coronavirus Shock' on www.fitchratings.com) after Fitch found the ratings were sufficient to tolerate the COVID-19 additional stress scenarios.

The Negative Outlook on the class D notes reflect their sensitivity to an extended foreclosure timing stemming from the Catalonian assets (10.7% of total assets) for which Fitch has made an adjustment. This may result in some recoveries only being available after the legal final maturity of the notes.

Arrears Expected to Rise

Based on the increase of early stage arrears (with loans in arrears between one and three months increasing to 1.7% from 0.9% over the past year), the level of three-month plus arrears (excluding defaults) as a percentage of the current pool balance, which currently stands at below 1%, can be expected to increase as well. Cumulative gross defaults relative to the portfolio's initial balance amount to 1.4% as at the latest reporting date.

Geographical Concentration; Loan Origination Risks

The securitised portfolio is 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 the portfolio 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

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

-Better-than-expected performance of the asset pool and an increase in credit enhancement (CE) after a switch to sequential amortisation could lead to upgrade.

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

-Weakening liquidity due to large take-ups on mortgage payment moratoriums, and new defaults, eg as a consequence of the coronavirus crisis.

-A longer-than-expected coronavirus crisis that erodes macroeconomic fundamentals and the mortgage market in Spain beyond Fitch's current base case. CE cannot fully compensate the credit losses and cash flow stresses associated with the higher stresses, all else being equal.

As outlined in "Fitch Ratings Coronavirus Scenarios: Baseline and Downside Cases", we consider a more severe downside coronavirus scenario for sensitivity purposes whereby a more severe and prolonged period of stress is assumed with a halting recovery from 2Q21. Under this scenario, Fitch's analysis uses a 15% weighted average foreclosure frequency (WAFF) increase and a 15% decrease in the weighted average recovery rate (WARR) above the additional stresses applied in conjunction with its European RMBS Rating Criteria in response to the coronavirus outbreak. This scenario could lead to downgrades of one to five notches across all tranches, with greatest impact on the lower-rated class C and class D tranches.

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.

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 pool and the transaction. 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 transaction's 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 and together with the assumptions referred to above, 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

The highest level of ESG credit relevance, if present, is a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity(ies), either due to their nature or to the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg.

FITCH RATINGS ANALYSTS

Marcos Meier
Analyst
Surveillance Rating Analyst
+34 91 702 5776
Fitch Ratings Spain - Madrid
Paseo de la Castellana 31 9°B Madrid 28046

Eberhard Hackel
Senior Director
Committee Chairperson
+49 69 768076 117

MEDIA CONTACTS

Athos Larkou
London
+44 20 3530 1549
athos.larkou@thefitchgroup.com

Additional information is available on www.fitchratings.com

APPLICABLE CRITERIA

Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds (Excel) (pub. 06 Dec 2019)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 06 Dec 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)

European RMBS Rating Criteria (pub. 22 May 2020) (including rating assumption sensitivity)

Global Structured Finance Rating Criteria (pub. 17 Jun 2020) (including rating assumption sensitivity)

APPLICABLE MODELS

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, v1.6.3 (1)

ADDITIONAL DISCLOSURES

Dodd-Frank Rating Information Disclosure Form

Solicitation Status

Endorsement Policy

ENDORSEMENT STATUS

Bancaja 7, FTA	EU Issued

DISCLAIMER

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS. IN ADDITION, THE FOLLOWING HTTPS://WWW.FITCHRATINGS.COM/RATING-DEFINITIONS-DOCUMENT DETAILS FITCH'S RATING DEFINITIONS FOR EACH RATING SCALE AND RATING CATEGORIES, INCLUDING DEFINITIONS RELATING TO DEFAULT. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY. FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH RATINGS WEBSITE.

READ LESS

COPYRIGHT

earlier than to print subscribers.
For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001
Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see https://www.fitchratings.com/site/regulatory), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

READ LESS

SOLICITATION STATUS

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

ENDORSEMENT POLICY

Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

Structured Finance   Structured Finance: RMBS   Europe   Spain