

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.

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	AAA _{sf} Rating Outlook Stable	Affirmed	AAA _{sf} Rating Outlook Stable
● Class B ES0312886023	LT	A+ _{sf} Rating Outlook Stable	Affirmed	A+ _{sf} Rating Outlook Stable
● Class C ES0312886031	LT	A _{sf} Rating Outlook Stable	Affirmed	A _{sf} Rating 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.

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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

ENDORSEMENT STATUS

Bancaja 7, FTA

EU Issued

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