FitchRatings

Fitch Upgrades Rural Hipotecario Global I; Outlook Stable

Fitch Ratings-London-09 April 2018: Fitch Ratings has upgraded two tranches of Rural Hipotecario Global I, FTA, affirmed three tranches, and removed them all from Rating Watch Evolving (RWE). The Outlooks are Stable Outlooks. A full list of rating actions is at the end of this rating action commentary.

The transaction is a securitisation of first-ranking residential and some commercial mortgage loans originated and secured on properties located in Spain, originated by 11 sellers.

KEY RATING DRIVERS

European RMBS Rating Criteria

The rating actions reflect the application of the European RMBS Rating Criteria. We placed the ratings on RWE on 5 October 2017 pending the criteria's publication.

Stable Performance; Sufficient Credit Enhancement

The ratings actions reflect the transaction's stable asset performance, supported by high seasoning, and sufficient credit enhancement (CE) available to support the rated notes.

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.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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 were material to this 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 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.

SOURCES OF INFORMATION
The information below was used in the analysis.
-Loan-by-loan data provided by the European Data Warehouse as at 12 January 2018.
-Transaction reporting provided by Europea de Titulizacion as at 31 December 2017 and 18 January 2018.

MODELS
The models below were used in the analysis. Click on the link for a description of the model

ResiEMEA. (https://www.fitchratings.com/jsp/creditdesk/ToolsAndModels.faces?context=2&detail=135)
EMEA
Cash Flow Model. (https://www.fitchratings.com/web_content/pages/sf/emea-cash-flow-model.htm)

The rating actions are as follows:
Class A (ISIN: ES0374273003) affirmed at 'AA+sf'; off RWE; Outlook Stable
Class B (ISIN: ES0374273011) affirmed at 'A+sf'; off RWE; Outlook Stable
Class C (ISIN: ES0374273029) upgraded to 'Asf' from 'A-sf'; off RWE; Outlook Stable
Class D (ISIN: ES0374273037) upgraded to 'BBBsf' from 'BB+sf'; off RWE; Outlook Stable
Class E (ISIN: ES0374273045) upgraded to 'CCCsf' from 'CCsf'; maintained RE at 80%

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Additional information is available on www.fitchratings.com

Applicable Criteria
European RMBS Rating Criteria (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018676)
Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018863)
Global Structured Finance Rating Criteria (pub. 03 May 2017) (https://www.fitchratings.com/site/re/897411)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898537)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898538)
Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 18 Sep 2017) (https://www.fitchratings.com/site/re/903496)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018549)

Additional Disclosures
Dodd-Frank Rating Information Disclosure Form (https://www.fitchratings.com/site/dodd-frank-disclosure/10026466)
Solicitation Status (https://www.fitchratings.com/site/pr/10026466#solicitation)
Endorsement Policy (https://www.fitchratings.com/regulatory)

forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

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Solicitation Status

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FitchRatings

Fitch Upgrades 6 Tranches of Valencia Hipotecario Spanish RMBS, Affirms Others

Fitch Ratings-London-10 April 2018: Fitch Ratings has upgraded six tranches of three Valencia Hipotecario Spanish RMBS transactions, revised the Rating Watch on one and affirmed the others, as follows:

Valencia Hipotecario 1, Fondo de Titulizacion de Activos (VH1):
Class A (ISIN ES0382744003): upgraded to 'AAAsf' from 'AA+sf'; off Rating Watch Evolving (RWE); Outlook Stable
Class B (ISIN ES0382744011): upgraded to 'AAAsf' from 'AA+sf' ; off RWE; Outlook Stable
Class C (ISIN ES0382744029): 'Asf' Rating Watch revised to Positive from Evolving

Valencia Hipotecario 2, Fondo de Titulizacion de Hipotecaria (VH2):
Class A (ISIN ES0382745000): upgraded to 'AAAsf' from 'AA+sf'; off RWE; Outlook Stable
Class B (ISIN ES0382745018): affirmed at 'A+sf'; off RWE; Outlook Stable
Class C (ISIN ES0382745026): affirmed at 'BBBsf'; off RWE; Outlook Stable
Class D (ISIN ES0382745034): affirmed at 'CCCsf'; off RWE; Recovery Estimate 90%

Valencia Hipotecario 3, Fondo de Titulizacion de Activos (VH3):
Class A2 (ISIN ES0382746016): upgraded to 'AAsf' from 'AA-sf'; off RWE; Outlook Stable
Class B (ISIN ES0382746024): upgraded to 'A-sf' from 'BBBsf'; off RWE; Outlook Stable
Class C (ISIN ES0382746032): upgraded to 'BBBsf' from 'BB+sf'; off RWE; Outlook Stable
Class D (ISIN ES0382746040): affirmed at 'CCCsf'; off RWE; Recovery Estimate 90%

The transactions comprise residential mortgage loans serviced by CaixaBank, S.A. (BBB/Positive/F2) in Spain.

KEY RATING DRIVERS
European RMBS Rating Criteria and Recent Sovereign Upgrade

The upgrades and removal from RWE follow the implementation of Fitch's new European RMBS Rating criteria, published on 27 October 2017. The upgrades to 'AAAsf' also follow the recent upgrade of Spain's Issuer Default Rating to 'A-' (see Fitch Upgrades Spain to 'A-'; Outlook Stable).

High Seasoning, Sound Asset Performance
Three-month plus arrears (excluding defaults) have remained low since the last review, ranging between 0.5% (VH1 - November 2017) and 0.9% (VH2 - January 2018) of the portfolio outstanding balance at the relative portfolio dates. Cumulative gross defaults (defined as loans in arrears for more than 18 months) ranged between 0.5% and 3.7% of the initial portfolio balance for VH1 and VH3, respectively.

All three portfolios have built substantial seasoning, currently ranging between 13 and 16 years. As a result, the weighted average unindexed current loan-to-value (LTV) ratios have dropped to between 25.1% and 38.7%, compared with the weighted average original LTVs of around 70%. For this reason, Fitch expects performance to remain stable over the short to medium term.

Credit Enhancement (CE) Trends
All three transactions include amortisation mechanisms that allow the notes to be paid down pro-rata rather than sequentially as long as performance and tranche thickness (tranche size relative to total outstanding) triggers are fulfilled. Fitch views the available and projected CE across the series sufficient to withstand the associated rating stresses, which is reflected in the upgrades and affirmations.

Fitch expects CE to continue building up substantially for VH1's senior notes because the pro-rata amortisation of the class A to C notes will shortly switch to sequential when the outstanding portfolio balance represents less than 10% of its original amount (currently at 10.9%).

VH2's cash RF has amortised close to its floor of EUR5 million. This will allow CE available to all tranches, including the class C notes, to build up at a higher pace as the conditions for pro-rata amortisation are not expected to be breached in the short to medium term under Fitch's base case scenario.

VH3's class B and C notes started to amortise when the respective pro-rata conditions were satisfied (December 2016 and December2017, respectively) and have currently amortised to about 40% of their original balances, causing a material increase in CE. The upgrade of the junior notes reflects the resulting improved resilience to Fitch's stresses.

Exposure to Transaction Account Bank Default Risk

VH1's class C notes' rating is capped at the issuer account bank provider's rating (Barclays Bank plc; A/RWP) due to excessive counterparty risk. The cash reserve, held at the account bank, represents a very material component of the junior notes' CE. According to Fitch's criteria, a sudden loss of these reserves would cause a downgrade of the class D notes' rating by more than 10 notches. As such, the class D notes' maximum achievable rating is linked to the SPV account bank provider.

Geographic Concentration Risk
The securitised portfolio is exposed to geographical concentration in Comunidad Valenciana and Murcia. As per its criteria, Fitch has applied a higher set of rating multiples to the base foreclosure frequency assumption to the portion of the portfolio that exceeds two and a half times the population within these regions.

RATING SENSITIVITIES
The rating of VH1's class C notes is sensitive to changes in the SPV account bank's rating (Barclays Bank), as the transaction's cash reserves are kept at this bank account and represent the only source of CE for this tranche.

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.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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-by-loan data provided by European Data Warehouse at 20 November 2017, 18 January 2018 and 18 December 2017 for Valencia Hipotecario 1, 2 and 3 respectively.
- Transaction reporting provided by European de Titulacionas as at 31 January 2018

MODELS
ResiEMEA. (https://www.fitchratings.com/site/structuredfinance/rmbs/resiemea)
EMEA Cash Flow Model.
(https://www.fitchratings.com/site/structuredfinance/emeacfm)

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Applicable Criteria
European RMBS Rating Criteria (pub. 02 Feb 2018)
(https://www.fitchratings.com/site/re/10018676)
Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018)
(https://www.fitchratings.com/site/re/10018863)
Global Structured Finance Rating Criteria (pub. 03 May 2017)
(https://www.fitchratings.com/site/re/897411)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May

2017) (https://www.fitchratings.com/site/re/898537)
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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.

Solicitation Status

Fitch Ratings was paid to determine each credit rating announced in this Rating Action Commentary (RAC) by the obligatory being rated or the issuer, underwriter, depositor, or sponsor of the security or money market instrument being rated, except for the following:

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 (https://www.fitchratings.com/regulatory) 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.

FitchRatings

Fitch Upgrades 3 Tranches of Bankinter RMBS Series; Affirms Others

Fitch Ratings-Frankfurt/London-17 April 2018: Fitch Ratings has upgraded three and affirmed six tranches of the Bankinter RMBS series. All ratings have been removed from Rating Watch Evolving (RWE). A full list of rating actions is at the end of this rating action commentary.

These transactions are Spanish prime RMBS comprising loans originated and serviced by Bankinter. The removal of the RWE follows the implementation of Fitch's new European RMBS Rating Criteria. The ratings were initially placed on RWE on 5 October 2017.

KEY RATING DRIVERS
Sovereign Upgrade
The upgrade follows an upgrade on Spain's Long-Term Issuer Default Rating to 'A-'/Stable from 'BBB+'/Positive on 19 January 2018. This has allowed the maximum achievable rating of Spanish structured finance transactions to be 'AAAsf' for the first time since 2012, maintaining a six-notch differential with the sovereign rating. As a result the most senior tranches of Bankinter 7 and Bankinter 9 Series T have been upgraded to 'AAAsf' from 'AA+sf'.

Deleveraging; Sound Asset Performance
The securitised portfolios are reasonably seasoned at approximately 17 and 15 years for Bankinter 7 and Bankinter 9. As such, the weighted average current loan-to-value (LTV) ratios have dropped below 50%, compared with the weighted average original LTVs of between 65% and 91%.

Moreover, the transactions continue to show sound asset performance with three-month plus arrears (excluding defaults) as a percentage of the current pool balance at below 0.6% as of the last reporting period. Fitch expects performance to remain stable given the significant seasoning of the portfolios and the macroeconomic outlook in Spain.

Credit Enhancement Adequate
Current and projected credit enhancement (CE) for the rated notes is sufficient to mitigate the credit and cash flow stresses under the relevant rating scenarios, and consistent with the upgrades and affirmations of the notes. CE ratios are expected

to remain stable over the short- to medium-term given the current pro-rata amortisation mechanism of the transactions. The amortisation of the notes will switch to sequential when the outstanding portfolio balance represents less than 10% of its original amount (currently in range between 16% and 29%).

Excessive Counterparty Exposure
The class C note rating of each transaction is capped at the SPV account bank' rating (Societe Generale S.A.; A/Stable/F1), as the only source of structural CE for these classes is the reserve funds, which are kept at the bank account.

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. Moreover, as the class C notes' ratings are capped at the SPV bank account provider rating, a change to the account bank rating could trigger a corresponding change to the class C notes' ratings.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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. Because loan-by-loan portfolio data sourced from the European Data Warehouse did not reconcile with the past information about payment type of the securitised loans and data received by Europea de Titulizacion (EdT), Fitch has assumed payment type for all loans to be "annuity" instead of "instalment build-up", in line with EdT data and last year's 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.
-Transaction reporting provided by EdT since closing until December 2017 and January 2018 for Bankinter 7 and Bankinter 9 (series P and series T) respectively
-Loan-by-loan data sourced from the European Data Warehouse, dated January 2018, for Bankinter 9 (series P and series T).
-Loan-by-loan data provided by Bankinter, dated as at December 2017, for Bankinter 7
-Updates from EdT up to 5 April 2018

MODELS

The models below were used in the analysis. Click on the link for a description of the model.
ResiEMEA. (https://www.fitchratings.com/site/structuredfinance/rmbs/resiemea)
EMEA Cash Flow Model.
(https://www.fitchratings.com/site/structuredfinance/emeacfm)

The rating actions are as follows:

Bankinter 7, FTH
Class A (ES0313547004) upgraded to 'AAAsf' from 'AA+sf', removed from RWE; Outlook Stable
Class B (ES0313547012) upgraded to 'AAsf' from 'A+sf', removed from RWE; Outlook Stable
Class C (ES0313547020) affirmed at 'Asf', removed from RWE; Outlook Stable

Bankinter 9-P, FTA
Class A2 (ES0313814016) affirmed at 'AA+sf', removed from RWE; Outlook Positive
Class B (ES0313814024) affirmed at 'Asf', removed from RWE; Outlook Stable
Class C (ES0313814032) affirmed at 'BBB+sf', removed from RWE; Outlook Stable

Bankinter 9-T, FTA
Class A2 (ES0313814057) upgraded to 'AAAsf' from 'AA+sf', removed from RWE; Outlook Stable
Class B (ES0313814065) affirmed at 'Asf', removed from RWE; Outlook Stable
Class C (ES0313814073) affirmed at 'BBB-sf, removed from RWE; Outlook Stable

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Additional information is available on www.fitchratings.com

Applicable Criteria
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FitchRatings

Fitch Upgrades 4 Tranches of Bancaja 9 & 13

Fitch Ratings-Madrid/London-18 April 2018: Fitch Ratings has upgraded four tranches of Bancaja 9, FTA and Bancaja 13, FTA and affirmed two tranches. All tranches have been removed from Rating Watch Evolving (RWE). A full list of rating actions is at the end of this rating action commentary.

The transactions are static securitisations of Spanish mortgage loans, issued between 2006 and 2008, comprising seasoned loans originated and serviced by Bankia, S.A. (BBB-/Positive/F3). The removal of the RWE follows the implementation of Fitch's new European RMBS Rating Criteria. The ratings were initially placed on RWE on 5 October 2017.

KEY RATING DRIVERS
Stable Asset Performance
Both transactions show a stable asset performance with three-month plus arrears (excluding defaults) as a percentage of the current pool balance decreasing further or remaining stable at low levels in the range of 1% for Bancaja 9 to 1.7% for Bancaja 13. This is in line with Fitch's expectation of an improved real estate market and macroeconomic environment in Spain.

Payment Interruption Risk
Bancaja 9 is exposed to payment interruption risk as the available structural mitigant - the reserve fund (reduced by expected losses) - is considered insufficient to cover senior fees, net swap payments and class A note interest in the event of a servicer disruption. However, as collections are swept on a daily basis to the issuer account and are held with a regulated bank (Bankia S.A.), operational risks are minimised. In line with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria, Bancaja 9's notes' ratings are only considered commensurate with ratings in the 'Asf' category.

Counterparty Cap
Bancaja 13's class A notes' rating is capped at the 'Asf' category, which is the maximum achievable rating where the account bank replacement triggers are set at 'BBB+' or 'F2'.

Credit Enhancement Trends
Both transactions are currently amortising sequentially. However, transaction

documents include pro-rata amortisation triggers that Fitch took into account when modelling the liability structure.

Reserve Fund Replenishment
Both Bancaja 9 and 13 reserve funds are below the required amount. Gross excess spread and recoveries in Bancaja 9 and 13 have been sufficient to cover period defaults and partially replenish the reserve funds, so that they currently stand at around 60% and 73% of their respective targets.

RATING SENSITIVITIES
Deterioration in asset performance may result from economic factors, in particular the increasing effect of unemployment. A corresponding increase in new defaults and associated pressure on excess spread levels and reserve funds could result in negative rating action.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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 portfolios 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 pool ahead of the Bancaja 9 initial closing. The subsequent performance of the transaction 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.

Prior to assignment of ratings to Bancaja 13 in August 2011, Fitch reviewed the results of a third party assessment conducted on the asset portfolio information ahead of initial closing in December 2008, which indicated no adverse findings that was material to the rating analysis.

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.

Transaction reporting provided by Europea de Titulizacion since close and until:
-March 2018 for Bancaja 9 and 13

Loan-by-loan data provided by the European Data Warehouse as of:
-March 2018 for Bancaja 9
-January 2018 for Bancaja 13

MODELS
The models below were used in the analysis. Click on the link for a description of the model.

ResiEMEA. (https://www.fitchratings.com/site/structuredfinance/rmbs/resiemea)
EMEA Cash Flow Model.
(https://www.fitchratings.com/site/structuredfinance/emeacfm)

Fitch has taken the following rating actions:

Bancaja 9, FTA
Class A2 (ISIN ES0312888011): upgraded to 'A+sf' from 'Asf'; removed from RWE; Outlook Stable
Class B (ISIN ES0312888029): upgraded to 'A-sf' from 'BBBsf'; removed from RWE; Outlook Stable
Class C (ISIN ES0312888037): upgraded to 'BBB-sf' from 'BBsf'; removed from RWE; Outlook Stable
Class D (ISIN ES0312888045): affirmed at 'Bsf'; removed from RWE; Outlook Stable
Class E (ISIN ES0312888052): affirmed at 'CCsf'; removed from RWE; Recovery Estimate 0%

Bancaja 13, FTA
Class A (ISIN ES0312847009): upgraded to 'A+sf' from 'A-sf'; removed from RWE; Outlook Stable

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Applicable Criteria
European RMBS Rating Criteria (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018676)
Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018863)
Global Structured Finance Rating Criteria (pub. 03 May 2017) (https://www.fitchratings.com/site/re/897411)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898537)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898538)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018549)

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FitchRatings

Fitch Upgrades 7 Tranches of Bancaja RMBS Series; Affirms Others

Fitch Ratings-Frankfurt/London-20 April 2018: Fitch Ratings has upgraded seven tranches of Bancaja 5, 6, 7 and 8, affirmed seven tranches, and removed all classes from Rating Watch Evolving (RWE) as follows:

Bancaja 5, FTA
Class A (ISIN ES0312884002): affirmed at 'AA+sf'; removed from RWE; Outlook Stable
Class B (ISIN ES0312884010): affirmed at 'AAsf'; removed from RWE; Outlook Stable
Class C (ISIN ES0312884028): upgraded to 'Asf' from 'A-sf'; removed from RWE; Outlook Stable

Bancaja 6, FTA
Class A2 (ISIN ES0312885017): upgraded to 'AAAsf' from 'AA+sf'; removed from RWE; Outlook Stable
Class B (ISIN ES0312885025): affirmed at 'AA+sf'; removed from RWE; Outlook Stable
Class C (ISIN ES0312885033): affirmed at 'Asf'; removed from RWE; Outlook Stable

Bancaja 7, FTA
Class A2 (ISIN ES0312886015): upgraded to 'AAsf' from 'AA-sf'; removed from RWE; Outlook Stable
Class B (ISIN ES0312886023): upgraded to 'A+sf' from 'A-sf'; removed from RWE; Outlook Stable
Class C (ISIN ES0312886031): affirmed at 'BBBsf'; removed from RWE; Outlook Stable
Class D (ISIN ES0312886049): affirmed at 'BBsf'; removed from RWE; Outlook Stable

Bancaja 8, FTA
Class A (ISIN ES0312887005): upgraded to 'AAAsf' from 'AA+sf'; removed from RWE; Outlook Stable
Class B (ISIN ES0312887013): upgraded to 'AAsf' from 'Asf'; removed from RWE; Outlook Positive

Class C (ISIN ES0312887021): upgraded to 'A+sf' from 'BBBsf'; removed from RWE; Outlook Stable
Class D (ISIN ES0312887039): affirmed at 'BBsf'; removed from RWE; Outlook Stable

The rating actions follow the application of the European RMBS Rating Criteria published on 27 October 2017.

The transactions are a series of prime Spanish RMBS transactions, issued between 2003 and 2005, comprising seasoned loans originated and serviced by Bankia, S.A. (BBB-/Positive/F3).

KEY RATING DRIVERS
Deleveraging and Robust Asset Performance
The securitised mortgage portfolios have built up substantial seasoning. As such, the weighted average current loan-to-value (LTV) ratios have dropped well below 50% for all transactions, compared with the weighted average original LTVs of between 73.0% and 87.3%.

All transactions show a robust asset performance with three-month plus arrears (excluding defaults) as a percentage of the current pool balance decreasing further or remaining at very low levels in the range of 0.5% for Bancaja 5 to 0.9% for Bancaja 8. This is in line with Fitch's expectation of an improved real estate market and macroeconomic environment in Spain. Similarly, the transactions' cumulative defaults, defined as mortgages in arrears by more than 18 months, were in the range of 0.5% for Bancaja 5 to 4.1% for Bancaja 8 of the portfolio initial balance as of the latest reporting periods. Except for Bancaja 8, this is generally lower than for comparable Spanish transactions of the same vintage year.

Sovereign-Related Cap Lifted
Following Fitch's upgrade of Spain's Long-Term Local-Currency Issuer Default Rating to 'A-' on 19 January 2018, in line with Fitch's Structured Finance and Covered Bonds Country Risk Rating Criteria, Spanish structured finance transactions are no longer capped at 'AA+sf', but can be rated up to 'AAAsf', i.e. six notches above the sovereign's rating. This has been reflected in the upgrade of the Bancaja 6 and 8's senior notes to 'AAAsf' from 'AA+sf'.

Excessive Counterparty Exposure
The transactions' junior notes depend exclusively on the credit enhancement (CE) provided by the reserve fund and are not sufficiently isolated to achieve ratings higher than the account bank's 'A' rating.

CE Trends

CE is expected to increase for all transactions due to a floored cash reserve (except Bancaja 8) and amortisation. The increase is expected to be less pronounced for Bancaja 6 and 7, which are currently amortising on a pro-rata basis, but would revert back to sequential amortisation if performance triggers are not met. Bancaja 5 and 8 are currently amortising sequentially and will continue to do so as Bancaja 5's outstanding asset balance is below 10% of the initial asset balance and Bancaja 8's reserve is expected to remain below its target amount in our base case scenario.

Interest Deferability

The transactions allow for mezzanine and junior interest to be deferred under the transaction documents if certain 90+ dpd delinquency triggers (Bancaja 5 and 6) or PDL triggers (Bancaja 7 and 8) are hit. Fitch has taken into account these deferral mechanisms in its analysis.

RATING SENSITIVITIES

Bancaja 5 and 6 class C notes' ratings are sensitive to changes in the account bank's (Citibank Europe Plc) rating. Therefore, a downgrade in the account bank's rating would lead to a downgrade of the class C notes' ratings.

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.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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.
- Investor reports up to January (Bancaja 5 and 8) and February (Bancaja 6 and 7) provided by Europea de Titulizacion SGFT.
- Loan level data dated 31 January 2018 (Bancaja 5 and 8) and 28 February 2018 (Bancaja 6 and 7) were used to run the asset model and the relevant data sources were the European DataWarehouse.

MODELS
The models below were used in the analysis. Click on the link for a description of the model.
ResiEMEA. (https://www.fitchratings.com/site/structuredfinance/rmbs/resiemea)
EMEA Cash Flow Model.
(https://www.fitchratings.com/site/structuredfinance/emeacfm)

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Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018)
(https://www.fitchratings.com/site/re/10018863)

Global Structured Finance Rating Criteria (pub. 03 May 2017) (https://www.fitchratings.com/site/re/897411)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898537)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898538)
Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 18 Sep 2017) (https://www.fitchratings.com/site/re/903496)
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FitchRatings

Fitch Upgrades 8 Tranches of BBVA RMBS Series; Affirms 5 Others; Outlook Stable

Fitch Ratings-London-20 April 2018: Fitch Ratings has upgraded eight tranches of the BBVA RMBS series and affirmed five other tranches. All tranches have been removed from Rating Watch Evolving.

The series are three Spanish prime RMBS originated and serviced by Banco Bilbao Vizcaya Argentaria (BBVA; A-/Stable/F2). A full list of rating actions is below.

BBVA RMBS 1, FTA:
Class A2 (ISIN ES0314147010): upgraded to 'BBB+sf' from 'BBsf'; removed from RWE; Outlook Stable
Class A3 (ISIN ES0314147028): upgraded to 'BBB+sf' from 'BBsf'; removed from RWE; Outlook Stable
Class B (ISIN ES0314147036): upgraded to 'B+sf' from 'CCCsf'; removed from RWE; Outlook Stable
Class C (ISIN ES0314147044): upgraded to 'CCCsf' from 'CCsf'; removed from RWE; Recovery Estimate maintained at 30%

BBVA RMBS 2, FTA:
Class A2 (ISIN ES0314148018): upgraded to 'BBBsf' from 'Bsf'; removed from RWE; Outlook Stable
Class A3 (ISIN ES0314148026): upgraded to 'BBBsf' from 'Bsf'; removed from RWE; Outlook Stable
Class A4 (ISIN ES0314148034): upgraded to 'BBBsf' from 'Bsf'; removed from RWE; Outlook Stable
Class B (ISIN ES0314148042): upgraded to 'BB-sf' from 'CCCsf'; removed from RWE; Outlook Stable
Class C (ISIN ES0314148059): affirmed at 'CCsf'; removed from RWE; Recovery Estimate revised to 60% from 0%

BBVA RMBS 3, FTA:
Class A1 (ISIN ES0314149008): affirmed at 'CCCsf'; removed from RWE; Recovery Estimate maintained at 100%
Class A2 (ISIN ES0314149016): affirmed at 'CCCsf'; removed from RWE; Recovery Estimate maintained at 100%
Class B (ISIN ES0314149032): affirmed at 'CCsf'; removed from RWE; Recovery

Estimate maintained at 0%
Class C (ISIN ES0314149040): affirmed at 'CCsf'; removed from RWE; Recovery Estimate maintained at 0%

KEY RATING DRIVERS
European RMBS Rating Criteria
The rating actions reflect the application of Fitch's new European RMBS Rating Criteria. The upgrades and affirmations reflect the levels of credit enhancement (CE) relative to Fitch's asset performance expectations as per the agency's latest rating criteria.

Stable Asset Performance
As of the respective cut-off dates the transactions reported total delinquent loan balances were broadly stable at 8.1%, 7.4% and 5.7% for BBVA RMBS 1, BBVA RMBS 2 and BBVA RMBS 3 respectively, as a percentage of the total balance of performing and delinquent loans. The balances of loans with more than three payments in arrears were also little changed at 0.4%, 0.5% and 0.6% for BBVA RMBS 1, BBVA RMBS 2 and BBVA RMBS 3 respectively.

Performance Adjustment Factor
The calculated performance adjustment factor for each transaction was lower than 100%. However, Fitch applied a floor at 100% to take into account the lack of detailed data regarding loan restructuring and payment loans extensions and the potential effect that these may have had upon historical default rates.

Credit Enhancement (CE)
For BBVA RMBS 1, the class A, B and C notes are amortising on a sequential basis and Fitch expects this to continue given that the reserve fund remains under target. Among the class A notes, the A2 and A3 continue to amortise on a sequential basis. In a stress scenario the class A2 and A3 notes will amortise pro-rata, therefore Fitch has treated the A1 and A2 notes as pari-passu for the purpose of calculating CE of 20%. Fitch has calculated CE of 8.9% and 1% for the class B and C notes respectively.

For BBVA RMBS 2, the class, A, B and C notes are amortising on a sequential basis and Fitch expects this to continue given that the reserve fund remains under target. Among the class A notes, the A2, A3 and A4 notes continue to amortise on a sequential basis. In a stress scenario the class A2, A3 and A4 notes will amortise pro-rata therefore Fitch has treated the class A1, A2 and A3 notes as pari-passu for the purpose of calculating CE of 9.7%. Fitch has calculated CE of 4% and negative 1% for the class B and C notes respectively.

For BBVA RMBS 3, the class, A, B and C notes are amortising on a sequential basis and Fitch expects this to continue given that the reserve fund remains under target. Among the class A notes, the A1, A2 and A3 notes are amortising in a pro-rata basis since the performance trigger has been breached. Fitch has treated the A1, A2 and A3 notes as pari-passu for the purpose of calculating CE of 3.4%. Fitch has calculated CE of a negative 7.1% and a negative 13.1% for the class B and C notes respectively.

Counterparty Risk
The note ratings are not constrained by counterparty arrangements.

VARIATIONS FROM CRITERIA
The transaction loan-level data shows low historical recovery rates on defaulted loans where the property sale proceeds have been received (i.e. closed loans). As of the latest cut-off dates, the calculated average recovery rates on closed loans was 36%, 43% and 34% for BBVA RMBS 1, BBVA RMBS 2, and BBVA RMBS 3 respectively. Increased average recovery rates are calculated for loans defaulted in 2014 and afterwards, and such cases are relatively small in number. It is also to be noted that future recovery rates would likely be higher than historical recovery rates due to the improved macroeconomic and housing market conditions in SPain. To take into account the low historical recovery rates Fitch applied a loan-level manual valuation adjustment of 20% to all loans in the portfolios for the three transactions.

RATING SENSITIVITIES
A better-than-expected resolution of existing pool of defaulted receivables and an increase in the observed recovery rate could have a positive impact on the note ratings.

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 effects on asset performance and negative rating implications.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO 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-by-loan data provided by European Data Warehouse as at February 2018
- Investor reporting provided by Europea de Titulizacion as at March 2018
- Updates from EDT dated April 2018

MODELS
EMEA Cash Flow Model.
(https://www.fitchratings.com/site/structuredfinance/emeacfm)

EMEA RMBS Surveillance Model.
(https://www.fitchratings.com/site/structuredfinance/rmbs/emearsm)

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Additional information is available on www.fitchratings.com

Applicable Criteria
European RMBS Rating Criteria (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018676)
Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018863)
Global Structured Finance Rating Criteria (pub. 03 May 2017) (https://www.fitchratings.com/site/re/897411)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898537)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (https://www.fitchratings.com/site/re/898538)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 02 Feb 2018) (https://www.fitchratings.com/site/re/10018549)

Additional Disclosures
Dodd-Frank Rating Information Disclosure Form (https://www.fitchratings.com/site/dodd-frank-disclosure/10027773)
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