



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

Contacts:

Lead Surveillance Analyst

Luis Romaguera

Analyst

+34 91 702 5777

Fitch Ratings Espana, SAU

Plaza Colon 2, Torre II

28046 Madrid

Committee Chairperson

Robbie Sargent
Senior Director
+44 20 3530 1404

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email:
athos.larkou@fitchratings.com

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/10027492>)

Solicitation Status (<https://www.fitchratings.com/site/pr/10027492#solicitation>)

Endorsement Policy (<https://www.fitchratings.com/regulatory>)

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](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM. 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](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 WEBSITE.

Copyright © 2018 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and 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.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch

rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days 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.

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.