

C. N. M. V.  
Dirección General de Mercados e Inversores  
C/ Edison 4  
Madrid

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **MADRID RMBS 1, FONDO DE TITULIZACIÓN DE ACTIVOS Actuaciones sobre las calificaciones de los bonos por parte de Fitch Ratings.**

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A.  
comunica el siguiente Hecho Relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Fitch Ratings con fecha 22 de diciembre de 2017, donde se llevan a cabo las siguientes actuaciones:

- Serie A2, subida a **A-(sf)** desde **BBB-(sf)**; **perspectiva estable**.
- Serie B, subida a **BBB-(sf)** desde **BB-(sf)**; **perspectiva estable**.
- Serie C, bajada a **CCC(sf)** desde **B-(sf)**; **Recuperación estimada 100%**.
- Serie D, afirmado como **CCC(sf)**; **Recuperación estimada 0%**.
- Serie E, afirmado como **CC(sf)**; **Recuperación estimada 0%**.

En Madrid, a 22 de diciembre de 2017

Ramón Pérez Hernández  
Consejero Delegado



## Fitch Takes Multiple Actions on Madrid RMBS Series

Fitch Ratings-London-22 December 2017: Fitch Ratings has upgraded five, downgraded three and affirmed nine tranches of Madrid RMBS 1, FTA (M1), Madrid RMBS II, FTA (M2) and Madrid III RMBS, FTA (M3). The agency also removed all classes from Rating Watch Evolving (RWE).

### Madrid RMBS 1, FTA

Class A2 (ES0359091016) upgraded to 'A-sf' from 'BBB-sf'; Outlook Stable  
 Class B (ES0359091024) upgraded to 'BBB-sf' from 'BB-sf'; Outlook Stable  
 Class C (ES0359091032) downgraded to 'CCCs' from 'B-sf'; Recovery Estimate (RE) 100%  
 Class D (ES0359091040) affirmed at 'CCCs'; RE 0%  
 Class E (ES0359091057) affirmed at 'CCs'; RE 0%

### Madrid RMBS II, FTA

Class A2 (ES0359092014) upgraded to 'A-sf' from 'BBB-sf'; Outlook Stable  
 Class A3 (ES0359092022) upgraded to 'A-sf' from 'BBB-sf'; Outlook Stable  
 Class B (ES0359092030) upgraded to 'BBB-sf' from 'BB-sf'; Outlook Stable  
 Class C (ES0359092048) downgraded to 'CCCs' from 'B-sf'; RE 100%  
 Class D (ES0359092055) affirmed at 'CCCs'; RE 0%  
 Class E (ES0359092063) affirmed at 'CCs'; RE 0%

### Madrid RMBS III, FTA

Class A2 (ES0359093012) affirmed at 'BB-sf'; Outlook Stable  
 Class A3 (ES0359093020) affirmed at 'BB-sf'; Outlook Stable  
 Class B (ES0359093038) downgraded to 'Bsf' from 'B+sf'; Outlook Stable  
 Class C (ES0359093046) affirmed at 'CCCs'; RE to 0% from 60%  
 Class D (ES0359093053) affirmed at 'CCs'; RE 0%  
 Class E (ES0359093061) affirmed at 'Cs'; RE 0%

These transactions comprise Spanish residential mortgage loans originated and serviced by Bankia S.A. (BBB-/Stable/F3).

### KEY RATING DRIVERS

#### Stable to Rising Credit Enhancement

Structural credit enhancement (CE) across all notes has remained broadly stable over the last 12 months, with gradual CE increases visible for the most senior class A tranches to 27.1%, 27.8% and 16.9% for M1, M2 and M3 respectively as of August 2017 from 25%, 25.6% and 16.6%. Fitch expects the sequential amortisation of the notes to continue, as performance based- conditions that could trigger the pro-rata amortisation of the notes are not expected to be met in the near future. Fitch views the existing and projected CE as sufficient to support the current ratings.

#### Stable Arrears Performance

The rating actions reflect stable asset performance, supported by a decreasing trend of arrears over the past 12 months. As of August 2017, three-months plus arrears (excluding defaults) decreased to 0.13% from 0.33% (M1), to 0.22% from 0.29% (M2) and to 0.26% from 0.3% (M3) of the current pool balances. Cumulative gross defaults (defined as loans in arrears for more than six months) are high but show signs of continuous flattening, ranging between 19.3% (M1) and 22.4% (M3) of the initial portfolio balance as of the latest reporting period.

#### Junior Notes Interest Deferrals

Interest payment due amounts on the junior class E notes of M2 and class B to E notes of M3 have moved to a subordinate position within the waterfall of payments, as the deferability conditions linked to cumulative defaults have been met. While this deferral mechanism provides credit protection to the senior notes that receive principal amortisation ahead of junior interest, it adds cash flow uncertainty to the lower-rated tranches, resulting in today's downgrades.

### 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.

Additionally, larger recovery rates on defaulted loans and faster recovery periods could support rating upside, all else being equal.

### 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 EDW as at 31 August 2017
- Transaction reporting provided by Titulizacion de Activos as at 31 August 2017
- Updates provided by Titulizacion de Activos as at 20 December 2017

**MODELS****EMEA**

Cash Flow Model. ([https://www.fitchratings.com/web\\_content/pages/sf/emea-cash-flow-model.htm](https://www.fitchratings.com/web_content/pages/sf/emea-cash-flow-model.htm))

ResiEMEA. (<https://www.fitchratings.com/jsp/creditdesk/ToolsAndModels.faces?context=2&detail=135>)

**Contacts:**

Lead Surveillance Analyst  
Laurent Bernhard  
Analyst  
+44 20 3530 1487  
Fitch Ratings Limited  
30 North Colonnade  
London E14 5GN

**Committee Chairperson**

Juan David Garcia  
Senior Director  
+34 91 702 5774

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

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**Applicable Criteria**

- European RMBS Rating Criteria (pub. 27 Oct 2017) (<https://www.fitchratings.com/site/re/905365>)
- Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 17 Feb 2017) (<https://www.fitchratings.com/site/re/894478>)
- 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. 17 Feb 2017) (<https://www.fitchratings.com/site/re/893890>)

**Additional Disclosures**

- Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/1034522>)
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