

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

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **SOL-LION, FONDO DE TITULIZACIÓN DE ACTIVOS Actuaciones sobre las calificaciones de los bonos por parte de Standard & Poor's.**

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 Standard & Poor's, con fecha 23 de mayo de 2017, donde se llevan a cabo las siguientes actuaciones:

- Bono A, afirmado **AA+ (sf)**.
- Bono B, afirmado **AA- (sf)**.
- Bono C, de **BBB+ (sf)** a **A (sf)**.

En Madrid, a 23 de mayo de 2017

Ramón Pérez Hernández  
Consejero Delegado

## Various Rating Actions Taken In Spanish RMBS Transaction SOL-LION Following Review

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OVERVIEW

- We have reviewed SOL-LION by conducting our credit and cash flow analysis and by applying our relevant criteria.
- Following our review, we have affirmed our ratings on the class A and B notes.
- At the same time, we have raised our rating on the class C notes.
- SOL-LION is a Spanish RMBS transaction that securitizes a portfolio of first-ranking residential mortgage loans originated by ING Bank (Madrid Branch).

MADRID (S&P Global Ratings) May 23, 2017--S&P Global Ratings today affirmed its credit ratings on SOL-LION, Fondo de Titulizacion de Activos' class A and B notes. At the same time, we have raised our rating on the class C notes (see list below).

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information that we have received as of the February 2017 investor report. Our analysis reflects the application of our European residential loans criteria, our structured finance ratings above the sovereign (RAS) criteria, and our current counterparty criteria (see "Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on Dec. 23, 2016, "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

The class B and C notes feature interest deferral triggers of 7.50% and

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10.00%, respectively, based on gross cumulative defaults as a percentage of the closing portfolio balance. The current level of this ratio is 0.58%. They are, therefore, far from being breached.

Credit enhancement, considering performing collateral only, for the class A, B, and C notes has increased to 11.92% from 10.59%, to 7.87% from 6.96%, and to 3.82% from 3.32%, respectively, since our previous review (see "All Ratings Raised In Spanish RMBS Transaction SOL-LION Following Sovereign Upgrade," published on Jan. 22, 2016).

Our projected losses at the 'AA' rating category have decreased, since our previous review, to below the minimum projected loss level of 2.5% set by our European residential loans criteria. We have adjusted our weighted-average loss severity to meet the minimum projected loss level. The improvement in our credit analysis is due to the increase in the weighted-average seasoning, the original and current loan-to-value ratios, and repossession market value declines, as well as the decrease in the arrears levels. The reserve fund is at its required level.

Class	Available credit enhancement, excluding defaulted loans (%)
A	11.92
B	7.87
C	3.82

Severe delinquencies of more than 90 days have decreased to 0.23% from 0.40% in October 2014 and are currently lower than our Spanish residential mortgage-backed securities (RMBS) index (see "Spanish RMBS Index Report Q4 2016," published on April 4, 2017). Cumulative defaults, at 0.56%, are significantly lower than in other Spanish RMBS transactions that we rate. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion.

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

Our credit and cash flow analysis indicates that the class A and B notes now have sufficient credit enhancement to withstand our stresses at the 'AAA' and 'AA+' rating levels, respectively. However, our RAS criteria cap our ratings on these classes of notes at six and four notches above our 'BBB+' foreign currency long-term sovereign rating on the Kingdom of Spain, respectively. We have therefore affirmed our 'AA+ (sf)' and 'AA- (sf)' ratings on class A and B notes, respectively.

Our credit and cash flow analysis indicates that the class C notes now pass

our stresses at the 'A' rating level. We have therefore raised to 'A (sf)' from 'BBB+ (sf)' our rating on the class C notes.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our European residential loans criteria, to reflect this view (see "Outlook Assumptions For the Spanish Residential Mortgage Market," published on June 24, 2016). We base these assumptions on our expectation of modest economic growth, continuing high unemployment, and house prices stabilization during 2017.

SOL-LION is a Spanish RMBS transaction that securitizes a portfolio of first-ranking residential mortgage loans originated by ING Bank (Madrid Branch).

#### RELATED CRITERIA

- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria - Structured Finance - General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Dec. 23, 2016
- General Criteria: Guarantee Criteria, Oct. 21, 2016
- Criteria - Structured Finance - General: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - General: Methodology: Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Criteria - Structured Finance - General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- General Criteria: Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Criteria - Structured Finance - General: Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Criteria - Structured Finance - General: Global Derivative Agreement Criteria, June 24, 2013
- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

#### RELATED RESEARCH

- Spanish RMBS Index Report Q4 2016, April 4, 2017
- European Economic Snapshots: Resilience Despite Political Risk, Feb. 28, 2017
- A Stronger Eurozone Economy, Despite Higher Volatility On Bond Markets, Feb. 20, 2017

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- Europe's Housing Markets Continue To Recover Amid Extended QE, Feb. 15, 2017
- QE In The Eurozone: Lower For Longer Means Lower For Longer, Jan. 23, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- 2017: Europe's Year of Wait And See, Dec. 1, 2016;
- Outlook Assumptions For the Spanish Residential Mortgage Market, June 24, 2016
- All Ratings Raised In Spanish RMBS Transaction SOL-LION Following Sovereign Upgrade, Jan. 22, 2016
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015

RATINGS LIST

Class	To	Rating	From
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SOL-LION, Fondo de Titulizacion de Activos  
€4.5 Billion Mortgage-Backed Floating-Rate Notes

Ratings Affirmed

A	AA+ (sf)		
B	AA- (sf)		

Rating Raised

C	A (sf)	BBB+ (sf)	
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