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COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS II, 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 1 de diciembre de 2015, donde se lleva a cabo las siguientes actuaciones sobre las calificaciones:

- Bono A2, de **A+ (sf) / perspectiva de revisión negativa** a **AA- (sf).**
- Bono A3, de **BBB (sf)** a **BBB+ (sf).**
- Bono B, de **BBB- (sf)** a **BBB (sf).**

En Madrid, a 1 de diciembre de 2015

Ramón Pérez Hernández
Director General

Various Rating Actions Taken In Spanish RMBS Transaction MADRID RMBS II After Sovereign And Counterparty Actions

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OVERVIEW

- On Aug. 18, 2015, we placed on CreditWatch negative our rating on MADRID RMBS II's class A2 notes, following the downgrade of the transaction account provider and paying agent, Barclays Bank.
- On Oct. 2, 2015, we raised our foreign currency long-term sovereign rating on the Kingdom of Spain to 'BBB+' from 'BBB'.
- Following our review, by conducting our analysis and applying our Spanish RMBS criteria, our current counterparty criteria, and our criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, we have raised and removed from CreditWatch negative our rating on the class A2 notes and raised our ratings on the class A3 and B notes.
- MADRID RMBS II is a Spanish RMBS transaction, which securitizes first-ranking mortgage loans. Bankia originated the pool, which comprises loans granted to borrowers, mainly located in Madrid.

MADRID (Standard & Poor's) Dec. 1, 2015--Standard & Poor's Ratings Services today raised to 'AA- (sf)' from 'A+ (sf)' and removed from CreditWatch negative its credit rating on MADRID RMBS II, Fondo de Titulizacion de Activos' class A2 notes. At the same time, we have raised to 'BBB+ (sf)' from 'BBB (sf)' and to 'BBB (sf)' from 'BBB- (sf)' our ratings on the class A3 and B notes, respectively (see list below).

On June 9, 2015, we lowered our ratings on Barclays Bank PLC, the transaction account provider and paying agent in MADRID RMBS II (see "Barclays Bank Ratings Lowered To 'A-/A-2' On Government Support Review And ALAC Criteria Implementation; Outlook Stable").

On Aug. 18, 2015, we placed on CreditWatch negative our rating on the class A2 notes because the counterparty plays a material role in supporting the rating (see "Ratings On 77 European RMBS And ABS Tranches Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period"). Our current counterparty criteria classify Barclays Bank, as transaction account provider, as providing "bank account (limited)" support to the transaction (see " Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). Under the documentation, Barclays Bank had to take remedy action in line with our current counterparty criteria on the loss of a 'A-1' short-term issuer credit rating.

Citibank International Ltd. (Madrid Branch) has replaced Barclays Bank as the transaction account provider. At the same time, BNP Paribas Securities Services (Madrid Branch) (A+/Negative/A-1) has replaced Barclays Bank as the paying agent.

Citibank International (Madrid) does not have a Standard & Poor's rating. Therefore, in accordance with our bank branch criteria, we rely on the rating on the parent company, Citibank International Ltd. (A/Watch Pos/A-1) and the sovereign rating on the Kingdom of Spain (see "Assessing Bank Branch Creditworthiness" and "Methodology Applied To Bank Branch-Supported Transactions," both published on Oct. 14, 2013).

The remedy action and related documentation are in line with our current counterparty criteria. Therefore, we have removed from CreditWatch negative our rating on the class A2 notes.

On Oct. 2, 2015, we raised our foreign currency long-term sovereign rating on the Kingdom of Spain to 'BBB+ from 'BBB' (see "Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable").

Today's rating actions follow our analysis of the most recent transaction information that we have received as of the October 2015 investor report. Our analysis reflects the application of our Spanish residential mortgage-backed securities (RMBS) criteria, our criteria for rating single-jurisdiction securitizations above the sovereign foreign currency (RAS criteria), and our current counterparty criteria (see "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015).

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 RAS criteria designate the country risk sensitivity for RMBS as "moderate". Under our RAS criteria, this transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a "severe" stress. However, as not all of the conditions in paragraph 44 of the RAS criteria are met, we cannot assign any additional notches of uplift to the ratings in this transaction (see " Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

As our long-term rating on the Kingdom of Spain is 'BBB+', our RAS criteria cap at 'AA- (sf)' the maximum potential rating on the class A2 notes.

The transaction features an interest deferral trigger for the class B to E notes. If breached, the interest payments are subordinated below principal in the priority of payments. These triggers are based on cumulative net defaults over the closing portfolio balances and are irreversible. Therefore, if the triggers are breached, interest payments will be subordinated for the life of the transaction.

Credit enhancement for the senior classes of notes has increased since our March 2013 review (see "Related Research").

Class	Available credit enhancement, excluding defaulted loans (%)
A2	23.04
A3	23.04
B	14.09
C	4.50
D	0.15
E	(2.53)

The transaction features a reserve fund, which can amortize to a target amount. However, it is fully depleted.

Severe delinquencies of more than 90 days and excluding defaults are currently at 0.35%, which is below our Spanish RMBS index, although they have outperformed our index in the past (see "Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly," published on Sept. 11, 2015).

Defaults are defined as mortgage loans in arrears for more than 180 days. Defaults, at 16.97%, are higher 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.

Following the application of our RAS criteria and our RMBS criteria, we have determined that our assigned rating on each class of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria and (ii) the rating that the class of notes can attain under our RMBS criteria. Our rating on the class A2 notes is constrained by the rating on the sovereign. Our ratings on the class A3 and B notes are constrained by our RMBS criteria.

Under our RMBS criteria, the class A2, A3, and B notes have sufficient credit enhancement to withstand our stresses at 'AA', 'BBB+', and 'BBB' rating levels, respectively.

The class A2 notes have sufficient credit enhancement to withstand our severe stresses. Consequently, the maximum uplift for this class of notes is four notches above the sovereign rating. We have therefore raised to 'AA- (sf)' from 'A+ (sf)' and removed from CreditWatch negative our rating on the class A2 notes.

Following the application of our RMBS criteria, and after we applied our delayed recession timing, the class A3 and B notes' cash flow results indicate that these classes can withstand stresses up to a 'BBB+' and 'BBB' rating level, respectively. We have not analyzed the class A3 and B notes under our RAS criteria because they are not able to achieve any rating above the sovereign in our standard analysis under our RMBS criteria. We have therefore raised to 'BBB+ (sf)' from 'BBB (sf)' and to 'BBB (sf)' from 'BBB- (sf)' our ratings on the class A3 and B notes, respectively.

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 RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of continuing high unemployment in 2016.

Spain's economic recovery is gaining momentum, which is currently only supporting a marginal improvement in the collateral performance of transactions in our Spanish RMBS index. Despite positive macroeconomic indicators and low interest rates, persistent high unemployment and low household income ratios continue to constrain the RMBS sector's nascent recovery, in our view.

MADRID RMBS II is a Spanish RMBS transaction, which securitizes first-ranking mortgage loans and closed in December 2006. Bankia S.A. originated the pool, which comprises loans granted to prime borrowers, mainly located in Madrid.

RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Global Framework For Assessing Operational Risk In Structured Finance

Transactions, Oct. 9, 2014
- Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Assessing Bank Branch Creditworthiness, Oct. 14, 2013
- Methodology Applied To Bank Branch-Supported Transactions, Oct. 14, 2013
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Derivative Agreement Criteria, June 24, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable, Oct. 2, 2015
- Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade, Sept. 30, 2015
- Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly, Sept. 11, 2015
- Ratings On 77 European RMBS And ABS Tranches Placed On CreditWatch Negative After Expiry Of Counterparty Remedy Period, Aug. 18, 2015
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets, July 30, 2015
- Despite The Turmoil In Greece, Europe's Fragile Growth Continues, July 14 2015
- Eurozone Economic Outlook: Will The Catch-Up Lead To A Let-Down?, July 1, 2015
- S&P Takes Various Rating Actions On Certain U.K. And German Banks Following Government Support And ALAC Review, June 9, 2015
- Barclays Bank Ratings Lowered To 'A-/A-2' On Government Support Review And ALAC Criteria Implementation; Outlook Stable, June 9, 2015
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014
- Various Rating Actions Taken In Spanish Transaction MADRID RMBS II Due To Counterparty Risk And For Performance Reasons, March 20, 2013

RATINGS LIST

Class	Rating To	Rating From
MADRID RMBS II, Fondo de Titulizacion de Activos		
€1.8 Billion Mortgage-Backed Floating-Rate Notes		
Rating Raised And Removed From CreditWatch Negative		
A2	AA- (sf)	A+ (sf)/Watch Neg
Ratings Raised		
A3	BBB+ (sf)	BBB (sf)
B	BBB (sf)	BBB- (sf)

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