

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 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 28 de mayo de 2019, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, desde **A- (sf)** a **AA- (sf)**
- Bono B, desde **A- (sf)** a **A (sf)**
- Bono C, desde **BB- (sf)** a **BBB (sf)**
- Bono D, desde **B- (sf)** a **B (sf)**
- Bono E, afirmado como **CCC- (sf)**

En Madrid, a 31 de mayo de 2019

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Various Rating Actions Taken On MADRID RMBS I's Notes Following Review

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OVERVIEW

- We have reviewed MADRID RMBS I under our relevant criteria, and we have raised our ratings on the class A2, B, C, and D notes. At the same time, we have affirmed our rating on the class E notes.
- MADRID RMBS I is a Spanish RMBS transaction that securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents to buy a residential property. Bankia originated the loans.

MADRID (S&P Global Ratings) May 28, 2019--S&P Global Ratings today raised its credit ratings on MADRID RMBS I, Fondo de Titulizacion de Activos' class A2, B, C, and D notes. At the same time, we affirmed our rating on the class E notes (see list below).

Today's rating actions follow the implementation of our revised structured finance sovereign risk criteria (see "Related Criteria"). They also reflect our full analysis of the most recent transaction information that we have received and the transaction's current structural features.

Upon revising our structured finance sovereign risk criteria on Jan. 30, 2019, we placed our rating on the class A2 notes under criteria observation (see "209 European Structured Finance Ratings Placed Under Criteria Observation Due To Revised Sovereign Risk Criteria," published on March 1, 2019, and "

Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan, 30, 2019). Following our review of the transaction's performance and the application of our structured finance sovereign risk criteria, our rating on these notes is no longer under criteria observation.

The analytical framework in our revised structured finance sovereign risk criteria assesses the ability of a security to withstand a sovereign default scenario (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan. 30, 2019). These criteria classify the sensitivity of this transaction as low. Therefore, the highest rating that we can assign to the tranches in this transaction is six notches above the unsolicited Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met.

Under our previous criteria, we could rate the senior-most tranche in a transaction up to six notches above the sovereign rating and the subordinated notes four notches above the sovereign rating. Additionally, under the previous criteria, in order to rate a tranche up to six notches above the sovereign, the tranche had to sustain an extreme stress (equivalent to 'AAA' benign stresses). Under the revised criteria, these particular conditions have been replaced with the introduction of the low sensitivity category. In order to rate a structured finance tranche above a sovereign that is rated 'A+' or below, we account for the impact of a sovereign default to determine if under such stress the security continues to meet its obligations. For Spanish transactions, we typically use asset-class specific assumptions from our standard 'A' run to replicate the impact of the sovereign default scenario.

Banco Santander S.A. (A/Stable/A-1) provides the interest swap contract, which is in line with our previous counterparty criteria. Under our revised criteria, our collateral assessment is strong, and considering the downgrade language in the swap documents and the current resolution counterparty rating (RCR) on the swap provider, the maximum supported rating is 'AAA'.

Citibank Europe PLC (Madrid Branch) is the transaction account provider, which, in line with our revised counterparty criteria, provides limited bank account support to the transaction. This entity is not rated by S&P Global Ratings. Therefore, in accordance with our bank branch criteria, we rely on the rating on the parent company, Citibank Europe PLC (A+/Stable/A-1), and the sovereign rating on the Kingdom of Spain (see "Methodology Applied To Bank Branch-Supported Transactions," published on Oct. 14, 2013). The remedy action and related documentation are in line with our current counterparty criteria. Therefore, the maximum supported rating provided by the transaction account provider is 'AAA'.

Bankia S.A. (BBB/Stable/A-2) is the administrator and collection account provider in this transaction. We did not apply commingling loss in our cash flow analysis under rating levels at and below the collection account provider rating ('BBB' and below). Therefore, our rating on the class C notes is

weak-linked to the rating on the collection account provider.

Our European residential loans criteria, as applicable to Spanish residential loans, establish how our loan-level analysis incorporates our current opinion of the local market outlook (see "Assessing Pools Of European Residential Loans ," published on Aug. 4, 2017). Our current outlook for the Spanish housing and mortgage markets, as well as for the overall economy in Spain, is benign.

Our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level is 0.9% and our foreclosure frequency assumption is 2.00% for the archetypal pool at the 'B' rating level.

Below are the credit analysis results after applying our European residential loans criteria to this transaction.

Rating level	WAFF (%)	WALS (%)
AAA	47.99	45.40
AA	32.26	39.42
A	24.29	29.85
BBB	17.85	24.43
BB	11.41	20.62
B	6.55	17.21

WAFF--Weighted-average foreclosure frequency.

WALS--Weighted-average loss severity.

The credit enhancement for all classes of notes has increased since our 2018 review to 30.66%, 19.68%, 7.92%, 2.59%, and -0.70%, from 29.74%, 18.95%, 7.39%, 2.15%, and -1.08%, respectively, due to the amortization of the collateral.

Following the application of our revised criteria, we have determined that our assigned ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our sovereign risk criteria; (ii) the rating as capped by our counterparty criteria; or (iii) the rating that the class of notes can attain under our European residential loans criteria.

Given the increased available credit enhancement and lower required credit coverage, our credit and cash flow results indicate higher ratings for the class A2, B, C, and D notes than those currently assigned. We have therefore raised our ratings on these classes of notes.

The class A2 notes were capped at the rating level of our unsolicited 'A-' long-term sovereign rating on Spain under our previous sovereign risk criteria. However, we have upgraded this class of notes to 'AA- (sf)' from 'A- (sf)' because they now pass our credit and cash flow stresses at this rating level.

Given the increase in available credit enhancement and lower required credit

coverage, we have raised to 'A (sf)' from 'A- (sf)', to 'BBB (sf)' from 'BB- (sf)', and to 'B (sf)' from 'B- (sf)', our ratings on the class B, C, and D notes, respectively, in line with our credit and cash flow results. We did not apply commingling loss at the 'BBB' and below rating levels under our cash flow analysis. Therefore, our ratings on class C and D are weak-linked to the rating on Bankia as collection account provider.

The class E notes do not pass any stresses under our cash flow model, and the results show interest shortfalls are likely in the next 12 months. Following the application of our "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," we believe that payments on this class of notes depend on favorable financial and economic conditions. Therefore, we have affirmed our 'CCC- (sf)' rating on the class E notes.

Madrid RMBS I is a Spanish residential mortgage-backed securities (RMBS) transaction that securitizes a portfolio of first-ranking mortgage loans granted to Spanish residents to buy a residential property. Bankia originated the loans.

RELATED CRITERIA

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Criteria | Structured Finance | General: Methodology And Assumptions: Assessing Pools Of European Residential Loans, Aug. 4, 2017
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- 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: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- 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

- European Economic Snapshots: Domestic Demand Still A Safety Net, April

Various Rating Actions Taken On MADRID RMBS I's Notes Following Review

12, 2019

- 209 European Structured Finance Ratings Placed Under Criteria Observation Due To Revised Sovereign Risk Criteria, March 1, 2019
- Spain 'A-/A-2' Ratings Affirmed; Outlook Positive, March 22, 2019
- European RMBS Index Report 2018, Feb. 19, 2019
- Spanish RMBS Index Report Q4 2018, Feb. 19, 2019
- Europe's Housing Markets Ease Off The Accelerator, Feb. 19, 2019
- Why 2019 Could Be A Good Year For Spanish RMBS Ratings, Feb. 6, 2019
- Various Rating Actions Taken In Spanish Transactions MADRID RMBS I And MADRID RMBS IV Following Review, May 29, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 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

RATINGS RAISED

MADRID RMBS I, Fondo de Titulizacion de Activos

Class	Rating	
	To	From
A2	AA- (sf)	A- (sf)
B	A (sf)	A- (sf)
C	BBB (sf)	BB- (sf)
D	B (sf)	B- (sf)

RATING AFFIRMED

Class	Rating
E	CCC- (sf)

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