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Dirección General de Mercados e Inversores
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Madrid

COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS II, 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 febrero de 2016, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, confirmado como **BBB- (sf); perspectiva revisada de negativa a estable.**
- Bono A3, confirmado como **BBB- (sf); perspectiva revisada de negativa a estable.**
- Bono B, confirmado como **BB- (sf); perspectiva revisada de negativa a estable.**
- Bono C, confirmado como **B- (sf); perspectiva revisada de negativa a estable.**
- Bono D, confirmado como **CCC (sf); recuperación estimada 0%**
- Bono E, confirmado como **CC (sf); recuperación estimada 0%**

En Madrid, a 23 de febrero de 2016

Ramón Pérez Hernández



Fitch Affirms Madrid RMBS Series

Fitch Ratings-London-22 February 2016: Fitch Ratings has affirmed three Madrid RMBS FTA transactions and revised the Outlooks on 10 tranches to Stable from Negative. A full list of rating actions is at the end of this rating action commentary.

The Spanish RMBS series comprises loans serviced by Bankia S.A. (BB+/Positive/B).

KEY RATING DRIVERS

Stable Credit Enhancement

The structural credit enhancement (CE) across all notes has remained stable since Fitch's last annual review in February 2015. This reflects that the notes are amortising sequentially and the balance of principal deficiency ledgers (PDL) is in most cases declining. Fitch considers the existing and projected CE sufficient to support the ratings, as reflected in the affirmations and revision of the Outlook to Stable from Negative on 10 tranches.

Stable Arrears Performance

The affirmations also reflect our expectation of stable asset performance, supported by the decreasing trend of arrears over the past 12 months in most transactions. As of December 2015, three-months plus arrears (excluding defaults) ranged from 0.32% (Madrid RMBS I) to 0.48% (Madrid RMBS II) of the current pool balances down from 0.8% (Madrid RMBS III) and 0.64% (Madrid RMBS II) as of December 2014. These levels remain below the Fitch Spanish Prime index of 1.0%.

Cumulative gross defaults (defined as loans in arrears for more than six months) are high but show signs of flattening, ranging between 18.8% (Madrid RMBS I) and 21.9% (Madrid RMBS III) of the initial portfolio balance. These levels are above the average 5.2% for other prime Spanish RMBS and the 15.8% of other Spanish non-conforming RMBS. The lower pace of new entries into default has allowed the PDL to decrease to EUR14.2m in Madrid RMBS II (from EUR 16.3m as of October 2014) and remain broadly stable in Madrid RMBS I and III.

Re-performing Assets

Fitch performed a loan by loan analysis on defaulted assets and identified instances where loans had gone back to performing. For example, EUR6.4m (Madrid RMBS II) and EUR19.6m (Madrid RMBS III) of cumulative defaulted balance have returned to being current on their payment obligations or are in arrears of under six months. Fitch has adjusted the PDL balances downwards to recognise the re-performance of prior defaults. The default definition of Madrid RMBS transactions is shorter than the standard 12 to 18 months typically seen in other

Spanish RMBS.

Foreclosure Frequency Adjustment

Fitch has reduced the magnitude of the foreclosure frequency adjustment to foreign borrowers, self-employed borrowers and borrowers with original mortgage tenor longer than 30 years to 150%, 20% and 5% (from 200%, 60% and 20%). While Fitch believes loans granted to these borrowers are typically exposed to greater performance volatility than traditional loans, the payment history track record suggests these assets have demonstrated resilience in periods of economic crisis. Fitch also applied no additional foreclosure frequency adjustment to the proportion of loans concentrated in the Madrid region given the economic diversity and importance of the region.

These calibrations are due to the comparable performance of foreign borrowers versus Spanish borrowers, self-employed borrowers versus full-time employed borrowers and borrowers with mortgage tenors higher than 30 years versus borrowers with mortgages under 30 years, which has been possible via the loan-by-loan data sets provided by the European Data Warehouse.

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 improvements to existing ratings, all else being equal.

DUE DILIGENCE USAGE

No third party due diligence was provided or reviewed 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 were material to this 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 obtained from the European Data Warehouse with a cut-off date of 31 October 2015 for all deals.
- Transaction reporting provided by Titulizacion de Activos since close and until December 2015.

MODELS

The model below was used in the analysis. Click on the link for a description of the model.

EMEA RMBS Surveillance Model. (https://www.fitchratings.com/web_content/pages/rmbs/emea-rmbs-surveillance-model.htm)

The rating actions are as follows:

Madrid RMBS 1, FTA

Class A2 (ES0359091016) affirmed at 'BBB-sf'; Outlook revised to Stable from Negative

Class B (ES0359091024) affirmed at 'BB-sf'; Outlook revised to Stable from Negative

Class C (ES0359091032) affirmed at 'B-sf'; Outlook revised to Stable from Negative

Class D (ES0359091040) affirmed at 'CCCs'; Recovery Estimate 0%

Class E (ES0359091057) affirmed at 'CCs'; Recovery Estimate 0%

Madrid RMBS II, FTA

Class A2 (ES0359092014) affirmed at 'BBB-sf'; Outlook revised to Stable from Negative

Class A3 (ES0359092022) affirmed at 'BBB-sf'; Outlook revised to Stable from Negative

Class B (ES0359092030) affirmed at 'BB-sf'; Outlook revised to Stable from Negative

Class C (ES0359092048) affirmed at 'B-sf'; Outlook revised to Stable from Negative

Class D (ES0359092055) affirmed at 'CCCs'; Recovery Estimate 0%

Class E (ES0359092063) affirmed at 'CCs'; Recovery Estimate 0%

Madrid RMBS III, FTA

Class A2 (ES0359093012) affirmed at 'BB-sf'; Outlook revised to Stable from Negative

Class A3 (ES0359093020) affirmed at 'BB-sf'; Outlook revised to Stable from Negative

Class B (ES0359093038) affirmed at 'B+sf'; Outlook revised to Stable from Negative

Class C (ES0359093046) affirmed at 'CCCs'; Recovery Estimate 0%

Class D (ES0359093053) affirmed at 'CCs'; Recovery Estimate 0%

Class E (ES0359093061) affirmed at 'Cs'; Recovery Estimate 0%

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Additional information is available at www.fitchratings.com.

Applicable Criteria

Counterparty Criteria for Structured Finance and Covered Bonds (pub. 14 May 2014)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744158&cft=0)
Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum (pub. 14 May 2014)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=744175&cft=0)
Criteria Addendum: Spain - Residential Mortgage Assumptions (pub. 24 Aug 2015)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=869918&cft=0)
Criteria for Rating Caps and Limitations in Global Structured Finance Transactions (pub. 28 May 2014)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=748781&cft=0)
Criteria for Sovereign Risk in Developed Markets for Structured Finance and Covered Bonds (pub. 20 Feb 2015)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=862115&cft=0)
EMEA RMBS Rating Criteria (pub. 16 Dec 2015)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=875102&cft=0)
Global Structured Finance Rating Criteria (pub. 06 Jul 2015)
(https://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=867952&cft=0)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
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