

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

COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS 2, 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 4 de mayo de 2018, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, desde **AA (sf)/perspectiva de revisión positiva** a **AAA (sf)**.
- Bono A3, desde **A+ (sf)/perspectiva de revisión positiva** a **AA (sf)**.
- Bono B, desde **BBB+ (sf)/perspectiva de revisión positiva** a **A- (sf)**.
- Bono C, desde **BB (sf)/perspectiva de revisión positiva** a **BBB- (sf)**.
- Bono D, afirmado como **CCC+ (sf)**.
- Bono E, afirmado como **D (sf)**.

En Madrid, a 14 de mayo de 2018

Ramón Pérez Hernández
Consejero Delegado

Various Rating Actions Taken In Spanish Transactions MADRID RMBS II And MADRID RMBS III Following Review

Primary Credit Analyst:

Nicola Dobson, London (44) 20-7176-3879; nicola.dobson@spglobal.com

OVERVIEW

- On March 23, 2018, we raised our unsolicited long-term sovereign rating on Spain to 'A-' from 'BBB+'.
- Following the sovereign upgrade, on April 6, 2018, we raised our long-term issuer credit rating on Banco Santander.
- On April 17, 2018, we revised our outlook assumptions for the Spanish residential mortgage market to benign to reflect the improved Spanish residential mortgage and real estate market, and lowered our projected losses at the 'B' rating level for the archetypal Spanish pool.
- On April 24, 2018, we placed on CreditWatch positive our ratings on MADRID RMBS II's class A, B, and C notes and MADRID RMBS III's class A notes, as we needed to conduct a full analysis to determine the impact of these recent events.
- Following our review of these transactions under our relevant criteria, we have taken various rating actions on all tranches and resolved our CreditWatch placements.
- MADRID RMBS II and MADRID RMBS III are Spanish RMBS transactions that securitize first-ranking mortgage loans. Bankia originated the pools, which comprise loans granted to borrowers mainly located in Madrid.

MADRID (S&P Global Ratings) May 4, 2018--S&P Global Ratings today took various rating actions in MADRID RMBS II, Fondo de Titulizacion de Activos and MADRID RMBS III, Fondo de Titulizacion de Activos (see list below).

Today's rating actions follow the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and reflect the transaction's current structural features (see "Related Criteria"). We have also considered our updated outlook assumptions for the Spanish residential mortgage market (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on April 17, 2018).

Our structured finance ratings above the sovereign (RAS) criteria classify the sensitivity of these transactions as moderate (see "Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions," published on Aug. 8, 2016). Therefore, after our March 23, 2018 upgrade of Spain to 'A-' from 'BBB+', the highest rating that we can assign to the senior-most tranche in these transactions is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met (see "Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive"). For all the other tranches, the highest rating that we can assign is four notches above the sovereign rating.

Following the sovereign upgrade, on April 6, 2018, we raised to 'A' from 'A-' our long-term issuer credit rating (ICR) on Banco Santander S.A., which is the swap provider in these transactions (see "Reduced Funding Risks Lead To Upgrades At Several Spanish Banks").

Under our counterparty criteria, there is no longer a counterparty cap on our ratings in these transactions following the raising of our long-term ICR on the swap counterparty. The maximum potential rating in these transactions is now 'AAA (sf)' and we have given benefit to the basis risk swap in our analysis. (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

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 "Methodology And Assumptions: 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. Therefore, we revised our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level to 0.9% from 1.6%, in line with table 87 of our European residential loans criteria, by lowering our foreclosure frequency assumption to 2.00% from 3.33% for the archetypal pool at the 'B' rating level (see "Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans," published on April 17, 2018).

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous review, mainly driven by our revised foreclosure frequency assumptions.

MADRID RMBS II

Rating level	WAFF (%)	WALS (%)
AAA	44.31	46.52
AA	29.74	41.54
A	22.33	32.92
BBB	16.39	28.03
BB	10.48	24.55
B	6.00	21.35

MADRID RMBS III

Rating level	WAFF (%)	WALS (%)
AAA	38.45	52.15
AA	25.88	47.47
A	19.47	39.21
BBB	14.32	34.33
BB	9.18	30.76
B	5.28	27.38

MADRID RMBS II's and MADRID RMBS III's credit enhancement has increased for all classes of notes. For both transactions this is due to the amortization of the notes, which is sequential as the reserve funds have not been at their required levels.

Following the application of our 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 RAS 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.

MADRID RMBS II's class A2 notes benefit from flows diverted from the class E notes following the interest deferral trigger breach. Our credit and cash flow analysis indicates that the class A2, A3, B, and C notes have sufficient credit enhancement to withstand our stresses at the 'AAA', 'AA', 'A+', and 'BBB-' rating levels, respectively. However, our RAS criteria cap our rating on the class B notes at the unsolicited 'A-' long-term sovereign rating on Spain. We have therefore raised to 'AAA (sf)', 'AA (sf)', 'A- (sf)', and 'BBB- (sf)' our ratings on the class A2, A3, B, and C notes. We have also removed these ratings from CreditWatch positive.

The class D notes do not pass any stresses under our cash flow model and the results show interest shortfalls 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 D notes.

We have affirmed our 'D (sf)' rating on the class E notes as they continue to miss interest payments.

MADRID RMBS III's class A2 and A3 notes benefit from flows diverted from the subordinated notes following the interest deferral trigger breaches and from increased credit enhancement. Our credit and cash flow analysis indicates that the class A2 and A3 notes now have sufficient credit enhancement to withstand our stresses at the 'AA' and 'AA-' rating levels, respectively. We have therefore raised our ratings on the class A2 and A3 notes to these rating levels and have also removed these ratings from CreditWatch positive.

We have affirmed our 'D (sf)' ratings on the class B, C, D, and E notes as they continue to miss interest payments.

MADRID RMBS II and MADRID RMBS III are Spanish residential mortgage-backed securities (RMBS) transactions that securitize first-ranking mortgage loans. Bankia S.A. originated the pools, which comprise loans granted to borrowers mainly located in Madrid.

RELATED CRITERIA

- 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: Ratings Above The Sovereign - Structured Finance: Methodology And Assumptions, Aug. 8, 2016
- Criteria - Structured Finance - General: Structured Finance Temporary Interest Shortfall Methodology, Dec. 15, 2015
- 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: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013
- 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
- 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

- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- Ratings On 213 Tranches In 82 Spanish RMBS Transactions Placed On CreditWatch Positive, April 24, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 2018
- Guidance: Methodology And Assumptions: Assessing Pools Of European Residential Loans, April 17, 2018
- Reduced Funding Risks Lead To Upgrades At Several Spanish Banks, April 6, 2018
- Spain Long-Term Ratings Raised To 'A-' On Economic Growth And Budgetary Consolidation; Outlook Positive, March 23, 2018
- Spanish RMBS Index Report Q4 2017, March 1, 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
- Various Rating Actions Taken In Spanish RMBS Transaction MADRID RMBS II Following Review, May 22, 2017
- Various Rating Actions Taken In Spanish RMBS Transaction MADRID RMBS III Following Review, May 12, 2017

RATINGS LIST

Class	Rating	Class
	To	From

MADRID RMBS II, Fondo de Titulizacion de Activos
€1.8 Billion Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AAA (sf)	AA (sf)/Watch Pos
A3	AA (sf)	A+ (sf)/Watch Pos
B	A- (sf)	BBB+ (sf)/Watch Pos
C	BBB- (sf)	BB (sf)/Watch Pos

Ratings Affirmed

D	CCC+ (sf)
E	D (sf)

MADRID RMBS III, Fondo de Titulizacion de Activos

€3 Billion Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

A2	AA (sf)	AA- (sf)/Watch Pos
A3	AA- (sf)	BBB+ (sf)/Watch Pos

Ratings Affirmed

B	D (sf)
C	D (sf)
D	D (sf)
E	D (sf)

Copyright © 2018 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.