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Dirección General de Mercados e Inversores
C/ Edison, 4
Madrid

COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS III, 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 arriba mencionado adjuntamos nota de prensa publicada por Fitch Ratings el día 10 de marzo de 2014, donde se lleva a cabo la siguiente actuación:
 - Bono A2, **afirmado como BB (sf) / perspectiva negativa.**
 - Bono A3, **afirmado como BB (sf) / perspectiva negativa.**
 - Bono B, **afirmado como BB- (sf) / perspectiva negativa.**
 - Bono C, de **B (sf) Recuperación estimada del 0% a CCC (sf).**
 - Bono D, de **CCC (sf) Recuperación estimada del 0% a CC (sf).**
 - Bono E, de **CC (sf) Recuperación estimada del 0% a C (sf).**

En Madrid a 28 de octubre de 2014

Ramón Pérez Hernández
Director General

FITCH AFFIRMS 14 AND DOWNGRADES 3 TRANCHES OF MADRID RMBS SERIES

Fitch Ratings-London/Madrid-10 March 2014: Fitch Ratings has affirmed 14 and downgraded three tranches of Madrid RMBS transactions, a series of Spanish RMBS comprising loans originated and serviced by Bankia, S.A. (BBB-/Negative/F3).

A full list of rating actions is provided at the end of this commentary.

KEY RATING DRIVERS

Arrears and Defaults Growth Reduced

A combination of sufficient credit enhancement and improving asset performance has contributed to the affirmations on all notes in Madrid RMBS I and II and class A2, A3 and B in Madrid RMBS III. The improved asset performance is reflected in the reduced pace of new arrears and defaults. One-month plus arrears decreased by over 70 basis points (bp) over the past 12 months to an average 2.68% of the outstanding balance as of the last reporting period, while the annualised constant default rate decreased by an average 50bp to 2.39%. Fitch expects this performance to continue due to a more steady economic environment in Spain.

Depleted Reserve Funds

The transactions are expected to provision for the full balance of defaulted loans, defined as loans in arrears by more than six months, via any available excess spread and proceeds available in the reserve funds. Because gross defaults currently range between 17.5% (Madrid RMBS I) and 20% (Madrid RMBS III) of the initial pool balance, which are well above the average (4.1%) for other Fitch-rated prime Spanish RMBS, the available cash flows from gross excess spread and recoveries on defaulted loans have been insufficient to fully cover defaulted loans. With reserve funds that have been depleted for a year, the pipeline of un-provisioned defaults has accumulated to between 0.78% and 3.23% of the current note balance.

Limited Recoveries on Defaulted Loans

Fitch has analysed data on repossessed and, subsequently, sold properties of the three transactions, and estimates an average recovery rate of 41.9% relative to the loan outstanding balances. Fitch does not expect future recoveries either on defaulted loans or on properties taken into possession to significantly reduce the current level of un-provisioned loans, particularly in Madrid RMBS III. While 103 properties have been sold to date, Madrid RMBS III still has 850 properties that have been taken into possession, but not yet sold. Given the current environment, Fitch also expects that the flow of recoveries will remain slow, thus putting pressure on credit enhancement levels, particularly on the class C, D and E notes of Madrid RMBS III, leading to today's downgrade to 'CCCsf', 'CCsf' and 'Csf' respectively.

Absence of Payment Interruption Mitigants

Fitch believes that having depleted reserve funds could expose the transactions to payment interruption risk in the event of the servicer default, considering that no back up servicer has been appointed. For this reason, the agency is maintaining the Negative Outlook on all tranches.

RATING SENSITIVITIES

Deterioration in asset performance may result from economic factors, in particular the effects of unemployment. An increase in new defaults and associated pressure on excess spread levels or lower recoveries than currently considered by Fitch, could result in negative rating actions.

The rating actions are as follows:

MBS RMBS I, FTA

Class A2 (ES0359091016) affirmed at 'BBBsf' ; Outlook Negative
Class B (ES0359091024) affirmed at 'BBsf'; Outlook Negative
Class C (ES0359091032) affirmed at 'Bsf'; Outlook Negative
Class D (ES0359091040) affirmed at 'CCCs'f'; Recovery estimate 0%
Class E (ES0359091057) affirmed at 'CCsf'; Recovery estimate 0%

MBS RMBS II, FTA

Class A2 (ES0359092014) affirmed at 'BBBsf'; Outlook Negative
Class A3 (ES0359092022) affirmed at 'BBBsf'; Outlook Negative
Class B (ES0359092030) affirmed at 'BBsf'; Outlook Negative
Class C (ES0359092048) affirmed at 'Bsf'; Outlook Negative
Class D (ES0359092055) affirmed at 'CCCs'f'; Recovery estimate 0%
Class E (ES0359092063) affirmed at 'CCsf'; Recovery estimate 0%

MBS RMBS III, FTA

Class A2 (ES0359093012) affirmed at 'BBsf' ; Outlook Negative
Class A3 (ES0359093020) affirmed at 'BBsf' ; Outlook Negative
Class B (ES0359093038) affirmed at 'BB-sf'; Outlook Negative
Class C (ES0359093046) downgraded to 'CCCs'f' from 'Bsf'; Recovery estimate 0%
Class D (ES0359093053) downgraded to 'CCsf' from 'CCCs'f'; Recovery estimate 0%
Class E (ES0359093061) downgraded to 'Csf' from 'CCsf'; Recovery estimate 0%

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Additional information is available at www.fitchratings.com.

Sources of information - in addition to those mentioned in the applicable criteria, the sources of information used to assess the ratings were Investor and Servicer reports and loan-by-loan data provided by Titulizacion de Activos SGFT, SA.

Applicable criteria: 'Global Structured Finance Rating Criteria' dated 24 May 2013, 'Counterparty Criteria for Structured Finance and Covered Bonds' and 'Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum' dated 13 May 2013, 'EMEA Criteria Addendum- Spain-Amended' dated 20 March 2013, 'Residential Mortgage Loss Criteria' dated 6 June 2013,

'EMEA RMBS Cash Flow Analysis Criteria' dated 6 June 2013, and 'EMEA RMBS Master Rating Criteria' dated 6 June 2013; are available at www.fitchratings.com.

Applicable Criteria and Related Research:

EMEA Criteria Addendum - Spain - Amended

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=701809

EMEA Residential Mortgage Loss Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=709915

EMEA RMBS Cash Flow Analysis Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=709916

EMEA RMBS Master Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=709893

Global Structured Finance Rating Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=708661

Counterparty Criteria for Structured Finance and Covered Bonds

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=707155

Counterparty Criteria for Structured Finance and Covered Bonds: Derivative Addendum

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=707156

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