

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

## **COMUNICACIÓN DE HECHO RELEVANTE**

### **MADRID RMBS I, 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 11 de julio de 2019, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, afirmado como **A- (sf)**; **perspectiva estable**.
- Bono B, subida a **BBB (sf)** desde **BBB- (sf)**; **perspectiva estable**.
- Bono C, subida a **B+ (sf)** desde **B (sf)**; **perspectiva estable**.
- Bono D, afirmado como **CCC (sf)**; **recuperación estimada revisada al 100%** desde el **90%**.
- Bono E, afirmado como **CC (sf)**; **recuperación estimada revisada al 80%** desde el **0%**.

En Madrid, a 12 de julio de 2019

Ramón Pérez Hernández  
Consejero Delegado

10 Jul 2019 | Upgrade

## Fitch Upgrades 8 Tranches of 3 Madrid RMBS; Affirms Others

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Fitch Ratings-Madrid-11 July 2019: Fitch Ratings has upgraded eight tranches and affirmed nine tranches of three Spanish Madrid RMBS transactions. The Outlooks are Stable. A full list of rating actions is at the end of this rating action commentary. The transactions comprise residential mortgages serviced by Bankia, S.A. (BBB/F3/Stable).

### KEY RATING DRIVERS

#### Improving Credit Enhancement (CE)

CE ratios for the rated notes within the three transactions are expected to continue increasing over the short-to medium-term due to the prevailing sequential amortisation mechanism of the notes, the reserve fund build-up trajectory of Madrid RMBS I and II, and the principal deficiency ledger reduction of Madrid RMBS III. Current and projected CE ratios are sufficient to mitigate the credit and cash flow stresses under the relevant rating scenarios, and consistent with the upgrades and affirmations of the notes.

#### High Seasoning; Stable Asset Performance

The rating actions reflect Fitch's expectation of stable credit trends given the significant seasoning of the securitised portfolios of more than 13 years, a prevailing low interest rate environment and a benign Spanish macroeconomic outlook. Three-month plus arrears (excluding defaults) as a percentage of the current pool balance remain below 0.5% across the three transactions as of the latest reporting date.

#### High but Stable Cumulative Defaults

Gross cumulative defaults range between 19.5% and 22.7% of the initial portfolio balances, well above the 6% average for other Spanish RMBS rated by Fitch. However, these ratios have remained fairly stable over the last few years and are linked to a default definition of more than six months in arrears, which differs from the more common definition of 12 or 18 months in arrears used by most Spanish RMBS transactions.

#### Portfolio's Higher-Risk Attributes

Over 40% of the outstanding portfolio balances were originated via brokers or third-party

channels, which are higher-risk than branch-originated loans, and are therefore subject to a foreclosure frequency (FF) adjustment of 150%, in line with Fitch's European RMBS Rating Criteria. Moreover, around 65% of the loans that feature increasing instalment amortisation mechanisms are also subject to a FF adjustment of 150%, and the securitised portfolios are exposed to geographical concentration in the Region of Madrid. In line with Fitch's criteria, higher rating multiples are applied to the base FF assumption to the portion of the portfolio that exceeds 2.5x the population within the region.

#### Excessive Interest Deferral

Madrid RMBS III class B notes' interest payments are deferred since May 2014 when the performance-based trigger linked to cumulative defaults was breached as defined by the transaction documentation. Fitch expects this deferral will last for a long period of time and curable only when the senior class A notes are fully redeemed. As a result its rating is not compatible with an investment-grade category in accordance with our Global Structured Finance Rating Criteria.

#### 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. This could have negative rating implications, especially for junior tranches that are less protected by structural CE.

Senior note ratings could be upgraded to the 'AAsf' rating category if the payment interruption risk against a potential servicer disruption event is fully mitigated. The transactions do not have dedicated liquidity arrangements to mitigate this risk, and the general cash reserve funds are judged as insufficient.

#### USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO RULE 17G-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch 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 affected the rating 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 for each transaction.

- Loan-by-loan data sourced from European DataWarehouse as at April 2019
- Issuer and servicer reports provided by Titulizacion de Activos SGFT, S.A. as at June 2019
- Communications with the portfolio servicer dated June 2019

#### MODELS

[ResiGlobal.](#)

[EMEA Cash Flow Model.](#)

#### Madrid RMBS I, FTA

Class A2 (ES0359091016) affirmed at 'A-sf'; Outlook Stable

Class B (ES0359091024) upgraded to 'BBBsf' from 'BBB-sf'; Outlook Stable

Class C (ES0359091032) upgraded to 'B+sf' from 'Bsf'; Outlook Stable

Class D (ES0359091040) affirmed at 'CCCs'; Recovery Estimate (RE) revised to 100% from 90%

Class E (ES0359091057) affirmed at 'CCsf'; RE revised to 80% from 0%

#### Madrid RMBS II, FTA

Class A2 (ES0359092014) affirmed at 'A-sf'; Outlook Stable

Class A3 (ES0359092022) affirmed at 'A-sf'; Outlook Stable

Class B (ES0359092030) upgraded to 'BBBsf' from 'BBB-sf'; Outlook Stable

Class C (ES0359092048) upgraded to 'BB-sf' from 'B+sf'; Outlook Stable

Class D (ES0359092055) upgraded to 'B-sf' from 'CCCs'; Outlook Stable

Class E (ES0359092063) affirmed at 'CCsf'; RE revised to 90% from 50%

#### Madrid RMBS III, FTA

Class A2 (ES0359093012) upgraded to 'A-sf' from 'BBBsf'; Outlook Stable

Class A3 (ES0359093020) upgraded to 'A-sf' from 'BBBsf'; Outlook Stable

Class B (ES0359093038) affirmed at 'BB+sf'; Outlook Stable

Class C (ES0359093046) upgraded to 'Bsf' from 'B-sf'; Outlook Stable

Class D (ES0359093053) affirmed at 'CCsf'; RE revised to 80% from 40%

Class E (ES0359093061) affirmed at 'Csf'; RE maintained at 0%

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**Applicable Criteria**

[European RMBS Rating Criteria \(pub. 05 Jul 2019\)](#)

[Global Structured Finance Rating Criteria \(pub. 02 May 2019\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 18 Apr 2019\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 18 Apr 2019\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 23 Oct 2018\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 27 Jun 2019\)](#)

**Additional Disclosures**

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