

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 29 de mayo de 2018, donde se llevan a cabo las siguientes actuaciones:

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

En Madrid, a 29 de mayo de 2018

Ramón Pérez Hernández  
Consejero Delegado

## Various Rating Actions Taken In Spanish Transactions MADRID RMBS I And MADRID RMBS IV Following Review

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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, swap provider in MADRID RMBS I and transaction account provider in MADRID RMBS IV;
  - --Raised our long-term ratings on Banco Bilbao Vizcaya Argentaria, swap provider in MADRID RMBS IV; and
  - --Raised our long-term rating on Bankia, servicer of the loans in both transactions.
- 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 class A2, B and C notes in MADRID RMBS I, Fondo de Titulizacion de Activos and class A2, B, C, and D notes MADRID RMBS IV, Fondo de Titulizacion de Activos, 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 and resolved our CreditWatch

placements.

- MADRID RMBS I and MADRID RMBS IV 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 29, 2018--S&P Global Ratings today took various rating actions in MADRID RMBS I, Fondo de Titulizacion de Activos and MADRID RMBS IV, 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 transactions information that we have received, and reflect the transactions' 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., the swap provider in MADRID RMBS I and transaction account provider in MADRID RMBS IV; raised our long-term ICR to 'A-' from 'BBB+' on Banco Bilbao Vizcaya Argentaria S.A., which is the swap provider in MADRID RMBS IV; and raised our long-term ICR to 'BBB' from 'BBB-' on Bankia S.A., which is the servicer in these transactions (see "Reduced Funding Risks Lead To Upgrades At Several Spanish Banks").

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).

MADRID RMBS I

The collection account is held with Bankia S.A. (BBB/Stable/A-2) in the name of the servicer, which is also Bankia. The documents reflect that two days after the receipt of the collections, which are evenly distributed during the month, the available funds are transferred to the transaction account in the name of the fund. Consequently, the transaction is exposed to commingling risk. We have therefore stressed commingling risk as a loss of one month of interest and principal collections for rating levels above Bankia's long-term ICR in line with our European residential loans criteria. As a consequence, in our analysis we have weak-linked our ratings on the class C, D, and E notes to the long-term ICR on Bankia, as servicer.

We do not rate the transaction account provider, Citibank Europe PLC (Madrid Branch). Therefore, in accordance with our bank branch criteria, in our analysis we have used the rating on the parent company, Citibank Europe PLC (A+/Stable/A-1) and the sovereign rating on Spain to infer the rating on the transaction account provider (see "Methodology Applied To Bank Branch-Supported Transactions," published on Oct. 14, 2013), which does not constrain the rating on the notes.

Banco Santander S.A. (A/Stable/A-1) is the swap counterparty in this transaction. Under our counterparty criteria, the rating on the class A2 notes are no longer capped by the dynamic downgrade language in the swap provider (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

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.

Rating level	WAFF (%)	WALS (%)
AAA	47.85	46.91
AA	32.11	41.94
A	24.16	33.39
BBB	17.75	28.54
BB	11.34	25.10
B	6.50	21.91

WAFF--Weighted average foreclosure frequency. WALS--Weighted average loss severity.

MADRID RMBS I's credit enhancement has increased for all classes of notes since our January 2017 review. This is due to the amortization of the notes, which is sequential as the reserve fund has been fully depleted since March 2013.

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.

The application of our RAS criteria caps our rating on the class A2 and B notes at our unsolicited 'A-' long-term sovereign rating on Spain. We have therefore removed from CreditWatch positive and raised to 'A- (sf)' from 'BBB+ (sf)' and 'BBB (sf)' respectively our ratings on the class A2 and B notes.

Our rating on the class C notes is not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determine our rating on the notes at 'BB- (sf)' due to its sensitivity to potential negative interest rates. We have therefore removed from CreditWatch positive and raised to 'BB- (sf)' from 'B- (sf)' our rating on this class of notes.

The class D notes do not pass any stresses under our cash flow model. However, for this class of notes, the first interest shortfall in the worst case scenario in a 'B' rating environment is February 2024, its credit enhancement has increased to 2%, and the breach of its interest deferral trigger is remote. Following the application of our "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," we believe that payments on this class of notes do not depend on upcoming favorable financial and economic conditions. Therefore, we have raised to 'B- (sf)' from 'CCC+ (sf)' our rating on the class D notes.

The class E 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 E notes.

#### MADRID RMBS IV

The collection account is held with Bankia S.A. (BBB/Stable/A-2) in the name of the servicer, which is also Bankia. The documents reflect that two days after the receipt of the collections, which are evenly distributed during the month, the available funds are transferred to the transaction account in the name of the fund. Consequently, the transaction is exposed to commingling risk. We have therefore stressed commingling risk as a loss of one month of interest and principal collections for rating levels above Bankia's long-term ICR in line with our European residential loans criteria. As a consequence, in our analysis we have continued to weak-link our ratings on the class C, D, and E notes to the long-term ICR on Bankia, as servicer.

Banco Bilbao Vizcaya Argentaria S.A. (BBVA; A-/Stable/A-2) is the swap counterparty. Under our current counterparty criteria, the downgrade language

in the swap documentation caps the ratings on the notes at 'A- (sf)' when credit is given to the swap in our cash flow analysis. We have continued to conduct our cash flow analysis without the benefit of the swap agreement and our ratings on all of the notes continue to be de-linked from the long-term ICR on the swap counterparty.

Banco Santander S.A. (A/Stable/A-1) has been the transaction account provider since November 2017, when it replaced BBVA. The downgrade language in the transaction account agreement caps the ratings on the notes at 'A (sf)', in line with our current counterparty criteria.

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.

Rating level	WAFF (%)	WALS (%)
AAA	36.63	52.10
AA	25.27	47.34
A	19.15	38.90
BBB	14.22	33.88
BB	9.24	30.19
B	5.41	26.72

MADRID RMBS IV's credit enhancement has increased for all classes of notes. This is due to the amortization of the notes, which is sequential as the reserve fund has not been at its required level.

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.

The application of our counterparty criteria caps our ratings on the class A2 and B notes at 'A (sf)'. We have therefore removed from CreditWatch positive and affirmed our 'A (sf)' ratings on these classes of notes.

Our ratings on the class C and D notes are not capped by our RAS analysis as the application of our European residential loans criteria, including our updated credit figures, determines our ratings on these classes of notes at 'BB+ (sf)' and 'B (sf)', respectively. We have therefore removed from CreditWatch positive and raised to 'BB+ (sf)' from 'BB (sf)' our rating on the class C notes and to 'B (sf)' from 'B- (sf)' our rating on the class D notes. The class E notes do not pass any stresses under our cash flow model. However, for this class of notes, we do not expect its default to be a virtual certainty. Following the application of our "Criteria For Assigning 'CCC+', 'CCC-', 'CCC-', And 'CC' Ratings," we believe that payments on this class of notes do not depend on upcoming favorable financial and economic conditions.

Therefore, we have raised to 'B- (sf)' from 'CCC (sf)' our rating on the class E notes.

MADRID RMBS I and MADRID RMBS IV are Spanish residential mortgage-backed securities (RMBS) transactions that securitize first-ranking mortgage loans. Bankia 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: 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: 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
- Ratings Raised On Spanish RMBS Transaction MADRID RMBS IV's Class B To E

Notes; Rating On Class A2 Notes Affirmed, Jan. 18, 2018

- 2017 EMEA RMBS Scenario And Sensitivity Analysis, July 6, 2017
- Ratings Raised On MADRID RMBS I's Class A2 And B Notes Following Review; Class C, D, And E Notes Affirmed, Jan. 18, 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 On MADRID RMBS I's Class A2 And B Notes Following Review; Class C, D And E Notes Affirmed, Jan 18, 2017
- Ratings Raised On Spanish RMBS Transaction MADRID RMBS IV's Class B To E Notes; Rating On Class A2 Notes Affirmed, Jan 18, 2018

RATINGS LIST

Class	Rating	From
	To	

MADRID RMBS I, Fondo de Titulizacion de Activos  
€2 Billion Mortgage-Backed Floating-Rate Notes

Ratings Raised And Removed From CreditWatch Positive

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

Rating Raised

D	B- (sf)	CCC+ (sf)
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Rating Affirmed

E	CCC- (sf)	
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MADRID RMBS IV, Fondo de Titulizacion de Activos  
€2.4 Billion Mortgage-Backed Floating-Rate Notes

Ratings Affirmed And Removed From CreditWatch Positive

A2	A (sf)	A (sf)/Watch Pos
B	A (sf)	A (sf)/Watch Pos

Ratings Raised And Removed From CreditWatch Positive

C	BB+ (sf)	BB (sf)/Watch Pos
D	B (sf)	B- (sf)/Watch Pos



Rating Raised

E                    B- (sf)                    CCC (sf)

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