

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 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 diciembre de 2017, donde se llevan a cabo las siguientes actuaciones:

- Serie A2, subida a **A-(sf)** desde **BBB-(sf)**; **perspectiva estable.**
- Serie A3, subida a **A-(sf)** desde **BBB-(sf)**; **perspectiva estable.**
- Serie B, subida a **BBB-(sf)** desde **BB-(sf)**; **perspectiva estable.**
- Serie C, bajada a **CCC(sf)** desde **B-(sf)**; **Recuperación estimada 100%.**
- Serie D, afirmado como **CCC(sf)**; **Recuperación estimada 0%.**
- Serie E, afirmado como **CC(sf)**; **Recuperación estimada 0%.**

En Madrid, a 22 de diciembre de 2017

Ramón Pérez Hernández
Consejero Delegado



Fitch Takes Multiple Actions on Madrid RMBS Series

Fitch Ratings-London-22 December 2017: Fitch Ratings has upgraded five, downgraded three and affirmed nine tranches of Madrid RMBS 1, FTA (M1), Madrid RMBS II, FTA (M2) and Madrid III RMBS, FTA (M3). The agency also removed all classes from Rating Watch Evolving (RWE).

Madrid RMBS 1, FTA

Class A2 (ES0359091016) upgraded to 'A-sf' from 'BBB-sf'; Outlook Stable
 Class B (ES0359091024) upgraded to 'BBB-sf' from 'BB-sf'; Outlook Stable
 Class C (ES0359091032) downgraded to 'CCCs' from 'B-sf'; Recovery Estimate (RE) 100%
 Class D (ES0359091040) affirmed at 'CCCs'; RE 0%
 Class E (ES0359091057) affirmed at 'CCs'; RE 0%

Madrid RMBS II, FTA

Class A2 (ES0359092014) upgraded to 'A-sf' from 'BBB-sf'; Outlook Stable
 Class A3 (ES0359092022) upgraded to 'A-sf' from 'BBB-sf'; Outlook Stable
 Class B (ES0359092030) upgraded to 'BBB-sf' from 'BB-sf'; Outlook Stable
 Class C (ES0359092048) downgraded to 'CCCs' from 'B-sf'; RE 100%
 Class D (ES0359092055) affirmed at 'CCCs'; RE 0%
 Class E (ES0359092063) affirmed at 'CCs'; RE 0%

Madrid RMBS III, FTA

Class A2 (ES0359093012) affirmed at 'BB-sf'; Outlook Stable
 Class A3 (ES0359093020) affirmed at 'BB-sf'; Outlook Stable
 Class B (ES0359093038) downgraded to 'Bsf' from 'B+sf'; Outlook Stable
 Class C (ES0359093046) affirmed at 'CCCs'; RE to 0% from 60%
 Class D (ES0359093053) affirmed at 'CCs'; RE 0%
 Class E (ES0359093061) affirmed at 'Cs'; RE 0%

These transactions comprise Spanish residential mortgage loans originated and serviced by Bankia S.A. (BBB-/Stable/F3).

KEY RATING DRIVERS

Stable to Rising Credit Enhancement

Structural credit enhancement (CE) across all notes has remained broadly stable over the last 12 months, with gradual CE increases visible for the most senior class A tranches to 27.1%, 27.8% and 16.9% for M1, M2 and M3 respectively as of August 2017 from 25%, 25.6% and 16.6%. Fitch expects the sequential amortisation of the notes to continue, as performance based- conditions that could trigger the pro-rata amortisation of the notes are not expected to be met in the near future. Fitch views the existing and projected CE as sufficient to support the current ratings.

Stable Arrears Performance

The rating actions reflect stable asset performance, supported by a decreasing trend of arrears over the past 12 months. As of August 2017, three-months plus arrears (excluding defaults) decreased to 0.13% from 0.33% (M1), to 0.22% from 0.29% (M2) and to 0.26% from 0.3% (M3) of the current pool balances. Cumulative gross defaults (defined as loans in arrears for more than six months) are high but show signs of continuous flattening, ranging between 19.3% (M1) and 22.4% (M3) of the initial portfolio balance as of the latest reporting period.

Junior Notes Interest Deferrals

Interest payment due amounts on the junior class E notes of M2 and class B to E notes of M3 have moved to a subordinate position within the waterfall of payments, as the deferability conditions linked to cumulative defaults have been met. While this deferral mechanism provides credit protection to the senior notes that receive principal amortisation ahead of junior interest, it adds cash flow uncertainty to the lower-rated tranches, resulting in today's downgrades.

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 rating upside, all else being equal.

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.

- Loan-by-loan data provided by EDW as at 31 August 2017
- Transaction reporting provided by Titulizacion de Activos as at 31 August 2017
- Updates provided by Titulizacion de Activos as at 20 December 2017

MODELS**EMEA**

Cash Flow Model. (https://www.fitchratings.com/web_content/pages/sf/emea-cash-flow-model.htm)

ResiEMEA. (<https://www.fitchratings.com/jsp/creditdesk/ToolsAndModels.faces?context=2&detail=135>)

Contacts:

Lead Surveillance Analyst

Laurent Bernhard

Analyst

+44 20 3530 1487

Fitch Ratings Limited

30 North Colonnade

London E14 5GN

Committee Chairperson

Juan David Garcia

Senior Director

+34 91 702 5774

Media Relations: Athos Larkou, London, Tel: +44 203 530 1549, Email: athos.larkou@fitchratings.com.

Additional information is available on www.fitchratings.com

Applicable Criteria

European RMBS Rating Criteria (pub. 27 Oct 2017) (<https://www.fitchratings.com/site/re/905365>)

Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 17 Feb 2017) (<https://www.fitchratings.com/site/re/894478>)

Global Structured Finance Rating Criteria (pub. 03 May 2017) (<https://www.fitchratings.com/site/re/897411>)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017)

(<https://www.fitchratings.com/site/re/898537>)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017)

(<https://www.fitchratings.com/site/re/898538>)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 17 Feb 2017)

(<https://www.fitchratings.com/site/re/893890>)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/1034522>)

Solicitation Status (<https://www.fitchratings.com/site/pr/1034522#solicitation>)

Endorsement Policy (<https://www.fitchratings.com/regulatory>)

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK:

[HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings)

(<https://www.fitchratings.com/understandingcreditratings>). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT WWW.FITCHRATINGS.COM (<https://www.fitchratings.com>). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://WWW.FITCHRATINGS.COM/SITE/REGULATORY) (<https://www.fitchratings.com/site/regulatory>). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE. Copyright © 2017 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://WWW.FITCHRATINGS.COM/SITE/REGULATORY) (<https://www.fitchratings.com/site/regulatory>)). other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.