

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

COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS II, 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 28 de mayo de 2019, donde se llevan a cabo las siguientes actuaciones:

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

En Madrid, a 4 de junio de 2019

Ramón Pérez Hernández
Consejero Delegado

Various Rating Actions Taken On MADRID RMBS II's Notes Following Review

Primary Credit Analyst:

Rocio Romero, Madrid (34) 91-389-6968; rocio.romero@spglobal.com

Research Contributor:

Saurabh Bansal, CRISIL Global Analytical Center, an S&P Global Ratings affiliate, Mumbai

OVERVIEW

- We have reviewed MADRID RMBS II under our relevant criteria, and we have raised our ratings on the class B, C, and D notes. At the same time, we have affirmed our ratings on the class A2, A3, and E notes.
- MADRID RMBS II is a Spanish RMBS transaction that securitizes first-ranking mortgage loans. Bankia originated the pool, which comprises loans granted to borrowers mainly located in Madrid.

MADRID (S&P Global Ratings) May 28, 2019--S&P Global Ratings today raised its credit ratings on MADRID RMBS II, Fondo de Titulizacion de Activos' class B, C, and D notes. At the same time, we affirmed our ratings on the class A2, A3, and E notes (see list below).

Today's rating actions follow the implementation of our revised structured finance sovereign risk criteria and counterparty criteria (see "Related Criteria"). They also reflect our full analysis of the most recent transaction information that we have received and the transaction's current structural features.

We have applied our sovereign risk criteria, which represent our global approach to rating structured finance securities above the foreign currency rating on the sovereign (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published Jan.

30, 2019). The analytical framework consequently assesses the ability of a security to withstand a sovereign default scenario. These criteria classify the sensitivity of this transaction as low. Therefore, the highest rating that we can assign to the tranches in this transaction is six notches above the Spanish sovereign rating, or 'AAA (sf)', if certain conditions are met.

Under our previous criteria, we could rate the senior-most tranche in a transaction up to six notches above the sovereign rating, and the subordinated notes four notches above the sovereign rating. Additionally, under the previous criteria, in order to rate a tranche up to six notches above the sovereign, the tranche had to sustain an extreme stress (equivalent to 'AAA' benign stresses). Under the revised criteria, these particular conditions have been replaced with the introduction of the low sensitivity category. In order to rate a structured finance tranche above a sovereign that is rated 'A+' or below, we account for the impact of a sovereign default to determine if under such stress the security continues to meet its obligations. For Spanish transactions, we typically use asset-class specific assumptions from our standard 'A' run to replicate the impact of the sovereign default scenario.

We have also applied our revised structured finance counterparty criteria (see "Counterparty Risk Framework: Methodology And Assumptions," published on March 8, 2019).

Banco Santander S.A. (A/Stable/A-1) provides the interest swap contract, which is in line with our previous counterparty criteria. Under our revised criteria, our collateral assessment is strong, and considering the downgrade language in the swap documents and the current resolution counterparty rating (RCR) on the swap provider, the maximum supported rating is 'AAA'.

Citibank Europe PLC (Madrid Branch) is the transaction account provider, which is in line with our revised counterparty criteria provides limited bank account support to the transaction. This entity is not rated by S&P Global Ratings. Therefore, in accordance with our bank branch criteria, we rely on the rating on the parent company, Citibank Europe PLC (A+/Stable/A-1), and the sovereign rating on the Kingdom of Spain (see "Methodology Applied To Bank Branch-Supported Transactions," published on Oct. 14, 2013). The remedy action and related documentation are in line with our current counterparty criteria. Therefore, the maximum supported rating provided by the transaction account provider is 'AAA'.

Bankia S.A. (BBB/Stable/A-2) is the administrator and collection account provider in this transaction. We did not apply commingling loss in our cash flow analysis under rating levels at and below the collection account provider rating ('BBB' and below). Therefore, our rating on the class C notes is weak-linked to the rating on the collection account provider.

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 "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.

Our expected level of losses for an archetypal Spanish residential pool at the 'B' rating level is 0.9% and our foreclosure frequency assumption is 2.00% for the archetypal pool at the 'B' rating level.

Below are the credit analysis results after applying our European residential loans criteria to this transaction.

Rating level	WAFF (%)	WALS (%)
AAA	44.49	45.20
AA	29.99	39.16
A	22.54	29.50
BBB	16.57	24.02
BB	10.61	20.16
B	6.10	16.70

WAFF--Weighted-average foreclosure frequency.

WALS--Weighted-average loss severity.

The credit enhancement for all classes of notes has increased since our 2018 review to 80.41%, 31.87%, 20.55%, 8.41%, 2.91%, and -0.49%, from 78.80%, 31.15%, 20.03%, 8.12%, 2.72%, and -0.62%, respectively, due to the amortization of the collateral and the partial replenishment of the reserve.

Following the application of our revised 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 sovereign risk 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 class A2 and A3 notes have sufficient credit enhancement to withstand our 'AAA' and 'AA' credit and cash flow stresses. We have therefore affirmed at 'AAA (sf)' and 'AA (sf)' our ratings on the class A2 and A3 notes, respectively.

Our rating on the class B notes is no longer capped by the application of our sovereign risk criteria. The class B notes pass our credit and cash flow stresses at the 'AA-' rating level. We have therefore raised to 'AA- (sf)' from 'A- (sf)' our rating on this class of notes.

Our credit and cash flow results indicate that the available credit enhancement for the class C notes is commensurate with higher ratings than that currently assigned. We have therefore raised to 'BBB (sf)' from 'BBB- (sf)' our rating on the class C notes. We did not apply commingling loss at the 'BBB' rating level under our cash flow analysis. Therefore, the class C rating is weak-linked to the rating on Bankia as the collection account provider.

The class D notes are not able to pass our cash flow stresses at the 'B' rating level. However, credit enhancement for the class D notes increased, and our cash flow analysis shows that payments on those notes can withstand a steady state scenario, and they do not depend upon favorable financial and economic conditions. In line with our criteria for assigning 'CCC' category ratings, we have raised to 'B- (sf)' from 'CCC+ (sf)' our rating on the class D notes (see "Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings," published on Oct. 1, 2012).

The class E notes defaulted as they missed interest payments. On February's interest payment date, the class E notes paid all due and unpaid interest. However, in line with our "Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings," published on Oct. 24, 2013, and our "Structured Finance Temporary Interest Shortfall Methodology," published on Dec. 15, 2015, we expect to see that class E interest is paid on a timely basis over at least the subsequent six months before raising the rating.

MADRID RMBS II is a Spanish residential mortgage-backed securities (RMBS) transaction that securitizes first-ranking mortgage loans. Bankia originated the pool, which comprises loans granted to borrowers mainly located in Madrid.

RELATED CRITERIA

- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- 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: 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: Global Derivative Agreement Criteria, June 24, 2013
- General Criteria: Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012

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- Criteria - Structured Finance - General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- Criteria - Structured Finance - General: Standard & Poor's Revises Criteria Methodology For Servicer Risk Assessment, May 28, 2009

RELATED RESEARCH

- European Economic Snapshots: Domestic Demand Still A Safety Net, April 12, 2019
- 209 European Structured Finance Ratings Placed Under Criteria Observation Due To Revised Sovereign Risk Criteria, March 1, 2019
- Spain 'A-/A-2' Ratings Affirmed; Outlook Positive, March 22, 2019
- European RMBS Index Report 2018, Feb. 19, 2019
- Spanish RMBS Index Report Q4 2018, Feb. 19, 2019
- Europe's Housing Markets Ease Off The Accelerator, Feb. 19, 2019
- Why 2019 Could Be A Good Year For Spanish RMBS Ratings, Feb. 6, 2019
- Various Rating Actions Taken In Spanish Transactions MADRID RMBS II And MADRID RMBS III Following Review, May 4, 2018
- All Ratings Raised In Spanish RMBS Transaction Santander Hipotecario 1 Following Review, July 2, 2018
- Outlook Assumptions For The Spanish Residential Mortgage Market, April 17, 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

RATINGS RAISED

MADRID RMBS II, Fondo de Titulizacion de Activos

Class	Rating	
	To	From
B	AA- (sf)	A- (sf)
C	BBB (sf)	BBB- (sf)
D	B- (sf)	CCC+ (sf)

RATINGS AFFIRMED

MADRID RMBS II, Fondo de Titulizacion de Activos

Class	Rating
A2	AAA (sf)
A3	AA (sf)
E	D (sf)

Various Rating Actions Taken On MADRID RMBS II's Notes Following Review

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