

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

## **COMUNICACIÓN DE OTRA INFORMACIÓN RELEVANTE**

### **Madrid RMBS II, 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 la siguiente información relevante:

I. Respecto al fondo de referencia, adjuntamos nota de prensa publicada por Fitch Ratings, con fecha 20 de mayo de 2020, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, afirmado como **A- (sf); perspectiva estable.**
- Bono A3, afirmado como **A- (sf); perspectiva estable.**
- Bono B, afirmado como **BBB (sf); perspectiva estable.**
- Bono C, **perspectiva de revisión mantenida; BB- (sf); perspectiva de revisión negativa.**
- Bono D, **perspectiva de revisión mantenida; B- (sf); perspectiva de revisión negativa.**
- Bono E, afirmado como **CC (sf).**

En Madrid, a 21 de mayo de 2020

Ramón Pérez Hernández  
Consejero Delegado

20 May 2020 | Affirmation

## Fitch Takes Rating Action on 4 Spanish RMBS

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Fitch Ratings-Madrid-20 May 2020:

Fitch Ratings has affirmed two tranches of IM Cajastur MBS 1 and 11 tranches of the Madrid RMBS series. Additionally, Fitch has maintained six Madrid RMBS tranches on Rating Watch Negative (RWN). The rating actions are listed below:

### Madrid RMBS II, FTA

- Class A2 ES0359092014; Long Term Rating; Affirmed; A-sf; RO:Sta
- Class A3 ES0359092022; Long Term Rating; Affirmed; A-sf; RO:Sta
- Class B ES0359092030; Long Term Rating; Affirmed; BBBsf; RO:Sta
- Class C ES0359092048; Long Term Rating; Rating Watch Maintained; BB-sf; RW: Neg
- Class D ES0359092055; Long Term Rating; Rating Watch Maintained; B-sf; RW: Neg
- Class E ES0359092063; Long Term Rating; Affirmed; CCsf

### IM Cajastur MBS 1, FTA

- Class A ES0347458004; Long Term Rating; Affirmed; Asf; RO:Sta
- Class B ES0347458012; Long Term Rating; Affirmed; Asf; RO:Sta

### Madrid RMBS III, FTA

- Class A2 ES0359093012; Long Term Rating; Rating Watch Maintained; A-sf; RW: Neg
- Class A3 ES0359093020; Long Term Rating; Rating Watch Maintained; A-sf; RW: Neg
- Class B ES0359093038; Long Term Rating; Affirmed; BB+sf; RO:Sta
- Class C ES0359093046; Long Term Rating; Rating Watch Maintained; Bsf; RW: Neg
- Class D ES0359093053; Long Term Rating; Affirmed; CCsf
- Class E ES0359093061; Long Term Rating; Affirmed; Csf

### Madrid RMBS 1, FTA

- Class A2 ES0359091016; Long Term Rating; Affirmed; A-sf; RO:Sta
- Class B ES0359091024; Long Term Rating; Affirmed; BBBsf; RO:Sta
- Class C ES0359091032; Long Term Rating; Rating Watch Maintained; B+sf; RW: Neg
- Class D ES0359091040; Long Term Rating; Affirmed; CCCsf
- Class E ES0359091057; Long Term Rating; Affirmed; CCsf

Transaction Summary

The transactions comprise residential mortgages serviced by Liberbank S.A. (BB+/Negative/B) for IM Cajastur MBS 1 and Bankia S.A. (BBB/RWN/F2) for the Madrid RMBS Series.

## KEY RATING DRIVERS

### RWN Linked to COVID-19 Performance Stresses

Fitch has maintained six tranches across the Madrid RMBS transactions on RWN, reflecting the high probability of downgrade due to insufficient credit enhancement (CE) levels that would be unable to compensate for the additional projected losses on the portfolios as a result of the coronavirus health crisis and the containment measures. Conversely, the affirmation and Stable Outlooks on the senior class A and B notes of Madrid RMBS 1 and 2 reflect their resilience to higher projected losses as CE ratios are able to mitigate the additional risks.

### High but Stable Cumulative Defaults for Madrid RMBS

The Madrid RMBS transactions report gross cumulative defaults ranging between 19.6% and 22.8% of the initial portfolio balances as at the latest reporting dates, well above the 6.1% 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.

### Geographical Concentration

The Madrid RMBS and Cajastur portfolios are highly exposed to the regions of Madrid and Asturias, respectively. Within Fitch's credit analysis, and to address regional concentration risk, higher rating multiples are applied to the base foreclosure frequency (FF) assumption to the portion of the portfolios that exceeds 2.5x the population within these regions in line with Fitch's European RMBS rating criteria.

### Cajastur: Account Bank Cap Rating

The ratings of IM Cajastur MBS 1's class A and B notes reflect the materiality assessment of the contractually ineligible and not restructured SPV account bank provider Banco Santander, S.A. (A-/Negative/F2, deposit rating A/F1), where the reserve fund, which represents a large component of CE is held. In accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria, the notes' ratings are capped at Banco Santander's long term deposit rating, which is higher than the achievable rating when the loss of the reserve fund is modelled.

## Criteria Variation: Cajastur SME Borrowers

Around 7% of the securitised loans in this transaction were granted to micro and small-medium sized enterprises. We have applied Fitch's European RMBS Rating Criteria to these loans assuming these borrowers to classify as self-employed and applying a 50% FF incremental adjustment to account for the greater default risk. We have also employed the commercial property collateral haircuts to derive the recovery rates for this proportion of the pool. We have not applied the SME Balance Sheet Securitisation Rating Criteria for these loans. No model-implied rating impact has been estimated for this variation.

## ESG Considerations - Governance

IM Cajastur MBS 1 has an Environmental, Social and Governance (ESG) Relevance Score of 5 for Transaction & Collateral Structure due to lack of remedial actions taken upon breach of direct support counterparty rating triggers, which has a negative impact on the credit profile, and is highly relevant to the rating.

## RATING SENSITIVITIES

Factors that could, individually or collectively, lead to positive rating action/upgrade:

- CE ratios increasing as the transactions deleverage, able to fully compensate the credit losses and cash flow stresses commensurate with higher rating scenarios, all else being equal.
- For IM Cajastur MBS 1, an upgrade to Banco Santander's long-term deposit rating that could increase the maximum achievable rating for class A and B, since the notes are currently capped at the counterparty rating.

Factors that could, individually or collectively, lead to negative rating action/downgrade:

- A longer-than-expected coronavirus crisis that deteriorates macroeconomic fundamentals and the mortgage market in Spain beyond Fitch's current base case. To approximate this scenario, we conducted a rating sensitivity by increasing default rates by 30% and haircutting recovery expectations by 30%, which would imply a downgrade of between one and two rating categories for most of the notes.
- For IM Cajastur MBS 1, a downgrade to Banco Santander's long-term deposit rating that could decrease the maximum achievable rating for class A and B, since the notes are currently capped at this level.

## Best/Worst Case Rating Scenario

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

## USE OF THIRD PARTY DUE DILIGENCE PURSUANT TO SEC 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 sourced from the European DataWarehouse as at February 2020 for the

Madrid RMBS transactions and as at March 2020 for IM Cajastur MBS 1.

- Issuer and servicer reports as at interest payment date February 2020 for the Madrid RMBS transactions (provided by Titulizacion de Activos SGFT, SA) and April 2020 for IM Cajastur MBS 1 (provided by Intermoney Titulizacion SGFT, SA).

- Discussions/updates with/from Titulizacion de Activos SGFT, SA and Intermoney Titulizacion SGFT, SA dated May 2020.

#### REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

#### PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

The ratings of IM Cajastur MBS 1's class A and B notes reflect the materiality assessment of the contractually ineligible and not restructured SPV account bank provider Banco Santander, S.A. (A-/Negative/F2, deposit rating A/F1), where the reserve fund, which represents a large component of CE is held. In accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria, the notes' ratings are capped at Banco Santander's long-term deposit rating, which is higher than the achievable rating when the loss of the reserve fund is modelled.

#### MODELS

ResiGlobal

<https://www.fitchratings.com/site/structuredfinance/rmbs/resiglobal>

EMEA Cash Flow Model

<https://www.fitchratings.com/site/structuredfinance/emeacfm>

#### ESG Considerations

IM Cajastur MBS 1 has an ESG Relevance Score of 5 for Transaction & Collateral Structure due to lack of remedial actions taken upon breach of direct support counterparty rating triggers, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a potentially multi-category change to the rating. Except for the matters discussed above, the highest level of ESG credit relevance, if present, is a score of 3 - ESG issues are credit neutral or

have only a minimal credit impact on the entity(ies), either due to their nature or the way in which they are being managed by the entity(ies). For more information on Fitch's ESG Relevance Scores, visit [www.fitchratings.com/esg](http://www.fitchratings.com/esg).

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Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

**Applicable Criteria**

[European RMBS Rating Criteria \(pub. 28 Feb 2020\) \(including rating assumption sensitivity\)](#)

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

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 29 Jan 2020\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 29 Jan 2020\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 06 Feb 2020\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 06 Dec 2019\)](#)

**Applicable Model**

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Multi-Asset Cash Flow Model, v2.7.0 (1)

ResiGlobal Model: Europe, v1.6.2 (1)

### **Additional Disclosures**

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