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COMUNICACIÓN DE OTRA INFORMACIÓN RELEVANTE

MADRID RMBS III, FONDO DE TITULIZACIÓN DE ACTIVOS
Actuaciones sobre las calificaciones de los bonos por parte de Moody's Investors Service.

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 Moody's Investors Service, con fecha 27 de noviembre de 2020, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, subida a **Aa3 (sf)** desde **A1 (sf).**
- Bono A3, subida a **Aa3 (sf)** desde **A1 (sf).**
- Bono B, afirmado como **B2 (sf).**
- Bono C, subida a **Caa1 (sf)** desde **Ca (sf).**

En Madrid a 30 de noviembre de 2020

Ramón Pérez Hernández
Consejero Delegado

Moody's
INVESTORS SERVICE

Rating Action: Moody's takes action on 13 tranches in three Spanish RMBS deals

27 Nov 2020

Milan, November 27, 2020 -- Moody's Investors Service, ("Moody's") has today upgraded the ratings of nine notes and affirmed the ratings of four notes in three Spanish RMBS deals. The rating action reflects:

- Better than expected collateral performance

- The increased levels of credit enhancement for the affected notes

Moody's affirmed the ratings of the notes that had sufficient credit enhancement to maintain the current rating on the affected notes.

Issuer: MADRID RMBS I, FTA

....EUR 1340M Class A2 Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Affirmed Aa1 (sf)

....EUR 70M Class B Notes, Upgraded to Aa2 (sf); previously on Jun 29, 2018 Upgraded to A1 (sf)

....EUR 75M Class C Notes, Upgraded to Ba1 (sf); previously on Jun 29, 2018 Upgraded to Ba3 (sf)

....EUR 34M Class D Notes, Upgraded to Caa3 (sf); previously on Sep 11, 2009 Downgraded to C (sf)

Issuer: MADRID RMBS II, FTA

....EUR 936M Class A2 Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Affirmed Aa1 (sf)

....EUR 270M Class A3 Notes, Affirmed Aa1 (sf); previously on Jun 29, 2018 Affirmed Aa1 (sf)

....EUR 63M Class B Notes, Upgraded to Aa2 (sf); previously on Jun 29, 2018 Upgraded to A1 (sf)

....EUR 67.5M Class C Notes, Upgraded to Ba1 (sf); previously on Jun 29, 2018 Upgraded to Ba3 (sf)

....EUR 30.6M Class D Notes, Upgraded to Caa3 (sf); previously on Sep 11, 2009 Downgraded to C (sf)

Issuer: MADRID RMBS III, FTA

....EUR 1575M Class A2 Notes, Upgraded to Aa3 (sf); previously on Jun 29, 2018 Upgraded to A1 (sf)

....EUR 497M Class A3 Notes, Upgraded to Aa3 (sf); previously on Jun 29, 2018 Upgraded to A1 (sf)

....EUR 55.5M Class B Notes, Affirmed B2 (sf); previously on Jun 29, 2018 Affirmed B2 (sf)

....EUR 90M Class C Notes, Upgraded to Caa1 (sf); previously on Sep 11, 2009 Downgraded to Ca (sf)

Maximum achievable rating is Aa1 (sf) for structured finance transactions in Spain, driven by the corresponding local currency country ceiling of the country.

RATINGS RATIONALE

The rating action is prompted by:

- Decrease in key collateral assumptions, namely the portfolio Expected Loss (EL) and MILAN CE assumptions due to better than expected collateral performance

- An increase in credit enhancement for the affected tranches

Revision of Key Collateral Assumptions

As part of the rating action, Moody's reassessed its lifetime loss expectation for the portfolio reflecting the collateral performance to date.

The performance of the transactions has continued to improve since the last rating actions on all the affected transactions. Total delinquencies have increased only marginally in the past year, with 90 days plus arrears currently standing at 0.14%, 0.12% and 0.25% of current pool balance, respectively, for MADRID RMBS I, FTA, MADRID RMBS II, FTA and MADRID RMBS III, FTA. Cumulative defaults have been broadly stable at 19.73%, 21.26% and 22.90% of original pool balance, respectively, for MADRID RMBS I, FTA, MADRID RMBS II, FTA and MADRID RMBS III, FTA over the past year.

Moody's decreased the expected loss assumption to 11.60%, 12.45% and 13.65% as a percentage of original pool balance, respectively, for MADRID RMBS I, FTA, MADRID RMBS II, FTA and MADRID RMBS III, FTA from 11.89%, 12.77% and 14.00%, respectively, due to the improving performance.

Moody's updated the MILAN CE due to the Minimum Expected Loss Multiple, a floor defined in Moody's methodology for rating EMEA RMBS transactions. As a result, Moody's has decreased the MILAN CE assumptions to 21.00%, 21.00% and 23.00%, respectively, for MADRID RMBS I, FTA, MADRID RMBS II, FTA and MADRID RMBS III, FTA.

Increase in Available Credit Enhancement

Replenishment of the reserve fund for MADRID RMBS I, FTA and MADRID RMBS II, FTA and a reduction in the unpaid principal deficiency ledger for MADRID RMBS III, FTA led to the increase in the credit enhancement available in these transactions.

For instance, the credit enhancement for the most senior tranches upgraded in today's rating action increased to 23.51%, 24.49% and 23.60% from 18.07%, 19.11% and 18.45%, respectively, on MADRID RMBS I, FTA, MADRID RMBS II, FTA and MADRID RMBS III, FTA since the last rating action.

The coronavirus outbreak, the government measures put in place to contain it, and the weak global economic outlook continue to disrupt economies and credit markets across sectors and regions. Our analysis has considered the effect on the performance of consumer assets from the current Spanish economic activity and a gradual recovery for the coming months. Although an economic recovery is underway, it is tenuous and its continuation will be closely tied to containment of the virus. As a result, the degree of uncertainty around our forecasts is unusually high.

We regard the coronavirus outbreak as a social risk under our ESG framework, given the substantial implications for public health and safety.

PRINCIPAL METHODOLOGY

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in May 2020 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_1228742 . Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

The analysis undertaken by Moody's at the initial assignment of ratings for RMBS securities may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see "Moody's Approach to Rating RMBS Using the MILAN Framework" for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include: (1) performance of the underlying collateral that is better than Moody's expected; (2) an increase in available credit enhancement; (3) improvements in the credit quality of the transaction counterparties; and (4) a decrease in sovereign risk.

Factors or circumstances that could lead to a downgrade of the ratings include: (1) an increase in sovereign risk; (2) performance of the underlying collateral that is worse than Moody's expected; (3) deterioration in the notes' available credit enhancement; and (4) deterioration in the credit quality of the transaction counterparties.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections

Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

These ratings are solicited. Please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website www.moodys.com.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1133569 .

At least one ESG consideration was material to one of the credit rating outcomes announced and described above.

Please see www.moodys.com for any updates on changes to the lead rating analyst and to the Moody's legal entity that has issued the rating.

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