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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 13 de marzo de 2024, donde se llevan a cabo las siguientes actuaciones:

- Bono A3, subida a **AA+(sf)** desde **A+(sf)**; **perspectiva estable.**
- Bono B, subida a **AA(sf)** desde **A+(sf)**; **perspectiva estable.**
- Bono C, subida a **BBB-(sf)** desde **BB+(sf)**; **perspectiva estable.**
- Bono D, subida a **BB(sf)** desde **B(sf)**; **perspectiva estable.**
- Bono E, afirmado como **CC(sf)**.

En Madrid a 14 de marzo de 2024

Ramón Pérez Hernández
Consejero Delegado

13 MAR 2024

Fitch Upgrades 11 Tranches of Madrid RMBS

Fitch Ratings - Madrid - 13 Mar 2024: Fitch Ratings has upgraded four tranches of Madrid RMBS I, FTA, four tranches of Madrid RMBS II, FTA and three tranches of Madrid RMBS III, FTA and affirmed the remaining tranches. Fitch has also removed five tranches from Rating Watch Positive (RWP). The Outlooks are Stable.

Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
Madrid RMBS II, FTA			
<ul style="list-style-type: none"> Class A3 LT ES0359092022 	AA+sf ●	Upgrade	A+sf ◆
<ul style="list-style-type: none"> Class B LT ES0359092030 	AAsf ●	Upgrade	A+sf ◆
<ul style="list-style-type: none"> Class C LT ES0359092048 	BBB-sf ●	Upgrade	BB+sf ●
<ul style="list-style-type: none"> Class D LT ES0359092055 	BBsf ●	Upgrade	Bsf ●

ENTITY/DEBT	RATING		RECOVERY	PRIOR
<ul style="list-style-type: none"> Class E LT ES0359092063 		CCsf	Affirmed	CCsf
<hr/> Madrid RMBS III, FTA <hr/>				
<ul style="list-style-type: none"> Class A3 LT ES0359093020 		AA+sf ●	Upgrade	A+sf ◆
<ul style="list-style-type: none"> Class B LT ES0359093038 		AAsf ●	Upgrade	BB+sf ◆
<ul style="list-style-type: none"> Class C LT ES0359093046 		BBBsf ●	Upgrade	BB+sf ●
<ul style="list-style-type: none"> Class D LT ES0359093053 		CCCsf ●	Affirmed	CCCsf ●
<ul style="list-style-type: none"> Class E LT ES0359093061 		Csf	Affirmed	Csf
<hr/> Madrid RMBS I, FTA <hr/>				

ENTITY/DEBT	RATING		RECOVERY	PRIOR
• Class A2 LT ES0359091016	AA+sf	●	Upgrade	A+sf ◆
• Class B LT ES0359091024	AA-sf	●	Upgrade	A+sf ●
• Class C LT ES0359091032	BB+sf	●	Upgrade	BBsf ●
• Class D LT ES0359091040	BB-sf	●	Upgrade	B-sf ●
• Class E LT ES0359091057	CCsf		Affirmed	CCsf

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◆
NEGATIVE	⊖	◆
EVOLVING	◉	◆
STABLE	●	

Transaction Summary

The transactions were originated between 2006 and 2007 and comprise Spanish fully amortising residential mortgages serviced by CaixaBank, S.A. (BBB+/Stable/F2). The current portfolio balances are in the range of 17% and 23% relative to the initial portfolio balances as of the latest reporting date.

KEY RATING DRIVERS

Updated Interest Defeasibility Rating Approach: The upgrades and removal from RWP of the senior class A and B notes reflect the agency's view that payment interruption risk (PIR) in the event of a servicer disruption is immaterial up to 'AA+sf' instead of 'A+sf' previously, as per the update of Fitch's Global Structured Finance Rating Criteria on 19 January 2024. This is because interest defeasibility is permitted under transaction documentation for all rated notes and does not constitute an event of default.

The upgrades of Madrid III's class B and C notes also reflect the update of Fitch's Global Structured Finance Rating Criteria in relation to interest defeasibility, which previously capped the ratings at 'BB+sf'. The removal of the deferral cap under the new criteria reflects our assessment that any interest deferrals on the notes will be fully recovered by the legal maturity date, that deferrals are a common structural feature in Spanish RMBS, and that the transactions' documentation include a defined mechanism for the repayment of deferred amounts. Nevertheless, we consider in our analysis that Madrid III's class C and D notes have been deferring interests for more than 10 years. We expect them to continue deferring for a long period.

CE Continues to Increase: The rating actions reflect Fitch's view that the notes are sufficiently protected by credit enhancement (CE) to absorb the projected losses commensurate with the rating scenarios. Fitch expects the CE ratios in all three transactions to continue building up, considering the sequential amortisation of the notes. For example, the average modelled CE for the senior notes across all deals increased to 54% as of February 2024 versus 44% a year earlier.

Volatile Asset Performance Expectation: In Fitch's view, the transactions are exposed to asset performance volatility following increasing arrears. Loans in arrears by over 90 days excluding defaults in the three deals ranged between 0.8% and 1.1% as of December 2023, higher than 0.2% to 0.3% a year earlier, and above the average for Fitch-rated Spanish RMBS deals of 0.8%. We view the rated notes as vulnerable to performance deterioration, which may reduce their model-implied-ratings (MIR) in future reviews. Accordingly, Fitch has constrained the ratings on the notes at up to five notches below their MIR, as we expect the MIRs to converge with the current ratings.

Portfolio Risky Features: The portfolios are highly exposed (over 66%) to the region of Madrid. To address regional concentration risk, Fitch applies higher rating multiples to the base foreclosure frequency (FF) assumption to the portion of the portfolios that exceeds 2.5x the population within this region relative to the national total, in line with its European RMBS Rating Criteria. Additionally, more than 40% of the portfolios were originated via third-party brokers, a feature that carries a FF adjustment of 150% within Fitch's credit analysis.

Madrid RMBS I, II and III have an elevated Environmental, Social and Governance (ESG) Relevance Score of '5' for Transaction & Collateral Structure due to unmitigated payment interruption risk (PIR) for the 'AAA' rating case, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a lower rating.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

Long-term asset performance deterioration, such as increased delinquencies or larger defaults, which could be driven by adverse changes to macroeconomic conditions, interest rates or borrower behaviour. For instance, a combination of increased defaults and decreased recoveries by 30% each could trigger downgrades of up to five notches.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Increasing liquidity protection sufficient to fully mitigate PIR could lead to an upgrade of the senior notes to 'AAAsf'.

- Stable to improved asset performance driven by stable delinquencies and defaults would lead to increasing CE and potentially upgrades. For instance, a combination of decreased defaults and increased recoveries by 15% each could trigger upgrades of up to eight notches.

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

Madrid RMBS I, FTA, Madrid RMBS II, FTA, Madrid RMBS III, FTA

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pools and the transactions. 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 transaction's Madrid RMBS I, FTA, Madrid RMBS II, FTA and Madrid RMBS III, FTA 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, and together with any assumptions referred to above, 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.

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.

ESG Considerations

Madrid RMBS I, II and III have an ESG Relevance Score of '5' for Transaction & Collateral Structure due

to unmitigated PIR for the 'AAA' rating case, which has a negative impact on the credit profile, and is highly relevant to the rating, resulting in a lower rating.

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

Fitch Ratings Analysts

Teresa Silva

Senior Analyst

Surveillance Rating Analyst

+34 91 702 5777

Fitch Ratings Ireland Spanish Branch, Sucursal en España Paseo de la Castellana 31 9ºB Madrid 28046

Juan David Garcia

Senior Director

Committee Chairperson

+34 91 702 5774

Media Contacts

Athos Larkou

London

+44 20 3530 1549

athos.larkou@thefitchgroup.com

Applicable Criteria

[European RMBS Rating Criteria \(pub.21 Jun 2023\) \(including rating assumption sensitivity\)](#)

[Global Structured Finance Rating Criteria \(pub.19 Jan 2024\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub.28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub.28 Nov 2023\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub.07 Jul 2023\)](#)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub.28 Dec 2022)

Applicable Models

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

Multi-Asset Cash Flow Model, v3.1.1 (1)

ResiGlobal Model: Europe, v1.8.11 (1)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Madrid RMBS I, FTA EU Issued, UK Endorsed

Madrid RMBS II, FTA EU Issued, UK Endorsed

Madrid RMBS III, FTA EU Issued, UK Endorsed

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