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COMUNICACIÓN DE OTRA INFORMACIÓN RELEVANTE

MADRID RMBS I, FONDO DE TITULIZACIÓN DE ACTIVOS
Actuaciones sobre las calificaciones de los bonos por parte de Standard and Poors Global 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 Standard and Poor´s Global Ratings, con fecha 28 de mayo de 2020, donde se llevan a cabo las siguientes actuaciones:

- Bono A2, afirmado como **AA- (sf).**
- Bono B, afirmado como **A (sf).**
- Bono C, afirmado como **BBB (sf); eliminada la perspectiva de revisión negativa.**
- Bono D, bajada a **B- (sf)** desde **B (sf); eliminada la perspectiva de revisión negativa.**
- Bono E, afirmado como **CCC- (sf).**

En Madrid a 29 de mayo de 2020

Ramón Pérez Hernández
Consejero Delegado

Various Rating Actions Taken On MADRID RMBS I And MADRID RMBS IV Spanish RMBS Notes Following Review

May 28, 2020

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Overview

- On May 6, 2020, we placed on CreditWatch negative our ratings on MADRID RMBS I's class C and D notes, and MADRID RMBS IV's class C notes.
- Following our review of these transactions under our relevant criteria, we have taken various rating actions and resolved our CreditWatch placements.
- MADRID RMBS I and IV are Spanish RMBS transactions that securitize a portfolio of first-ranking mortgage loans granted to Spanish residents. Bankia originated the loans.

MADRID (S&P Global Ratings) May 28, 2020--S&P Global Ratings today took various rating actions in MADRID RMBS I, Fondo de Titulizacion de Activos and MADRID RMBS IV, Fondo de Titulizacion de Activos.

Today's rating actions follow our May 6, 2020, CreditWatch negative placement of our ratings on MADRID RMBS I's class C and D notes, and MADRID RMBS IV's class C notes (see "17 Ratings From Spanish, Portuguese, Dutch, And U.K. RMBS Transactions Placed On Watch Negative"). Our review reflects the application of our relevant criteria and our full analysis of the most recent transaction information that we have received, and considers the transactions' current structural features (see "Related Criteria").

We have also considered our updated market outlooks and additional COVID-19 stresses to account for the current macroeconomic environment (see "Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts," published on May 1, 2020). In addition to applying increased base foreclosure frequencies at the 'B' to 'AA+' ratings, we have stressed payment holidays on 25% of collections received over the first six months, projected 4% arrears, and delayed the time to recovery by 12 months as part of our analysis of these transactions.

The analytical framework in our structured finance sovereign risk criteria assesses a security's ability to withstand a sovereign default scenario (see "Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions," published on Jan. 30, 2019). These criteria classify the sensitivity of these transactions as low. Therefore, the highest rating that we can assign to the tranches in these transactions is six notches above the unsolicited sovereign rating on Spain, or 'AAA (sf)', if certain conditions are met.

MADRID RMBS I

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is a decrease in the required credit coverage for each rating level compared with our previous full review, mainly driven by the lower loss severity. This is offsetting the higher foreclosure frequency assumptions applied. We projected 4% arrears on this transaction given the portfolio's bad performance during the 2011 economic crisis. Additionally, we have stressed arrears projections in line with other Madrid RMBS transactions considering the share of reperforming loans present in the pool, as we consider that these loans introduce higher risk in the portfolio.

Table 1

Credit Analysis Results

Rating level	WAFF (%)	WALS (%)
AAA	50.10	43.40
AA	34.93	36.78
A	26.46	26.64
BBB	20.16	20.97
BB	13.51	17.10
B	8.77	13.70

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

The credit enhancement for all classes of notes has increased since our previous full review, due to the collateral amortization.

Table 2

Available Credit Enhancement

Class	Current review (%)	Previous review (May 2019; %)
A2	33.78	30.66
B	21.92	19.68
C	9.23	7.92
D	3.47	2.59
E	(0.08)	(0.70)

The notes are repaying sequentially as one of the conditions for the pro-rata amortization is not met. The reserve fund is only at 4.9% of its target, slightly building up after being fully depleted from March 2013 to April 2019. The reserve's build-up is due to the transaction's good performance recently, given the improved macroeconomic environment and Bankia S.A.'s enhanced servicing policies. Prior to that, the transaction did not perform well, especially due to the high unemployment in Spain during the 2008 crisis and the lack of servicing activities by the originator.

Following the application of our criteria, we have determined that our ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our structured finance 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.

Under our European residential loans criteria, the class A2 notes can achieve a 'AA' rating given the increase on credit enhancement, which is offsetting the additional stresses at this rating level. However, we have affirmed our 'AA- (sf)' rating on the class A2 notes to account for the increased uncertainty in the current macroeconomic environment in Spain. Additionally, In our analysis, the class A2 notes benefit from the class D notes' interest deferral trigger being breached when we apply our 'AA' stresses. Therefore, we have taken into account an additional scenario where the triggers are not breached, resulting in a cashflow output that is in line with the current rating.

The class B notes have sufficient available credit enhancement to withstand our stresses at a 'A' rating. We have therefore affirmed our 'A (sf)' rating on the class B notes.

The additional stresses we have applied have offset the increased available credit enhancement. We have therefore affirmed and removed from CreditWatch negative our 'BBB (sf)' rating on the class C notes in line with our credit and cash flow results. At the same time, we have lowered to 'B- (sf)' from 'B (sf)' and removed from CreditWatch negative our rating on the class D notes. This class suffers from interest shortfalls in all our scenarios at the 'B' level. In our view, the 'B- (sf)' rating is commensurate with the level of credit enhancement available, and in a steady state scenario, assuming the current level of arrears, this class would be able to get timely payment of interest and ultimate payment of principal. We did not apply commingling loss at the 'BBB' and below rating levels under our cash flow analysis. Therefore, our ratings on the class C and D notes are weak-linked to the issuer credit rating (ICR) on Bankia as collection account provider.

The class E notes do not pass any stresses under our cash flow model, and the results show interest shortfalls are likely in the next 12 months. Following the application of our criteria for assigning 'CCC' category ratings, we believe that payments on this class of notes depend on favorable financial and economic conditions. Additionally, there have been no material performance changes compared with our previous review as credit enhancement has improved but is still negative. Therefore, we have affirmed our 'CCC- (sf)' rating on the class E notes.

MADRID RMBS IV

After applying our European residential loans criteria to this transaction, the overall effect in our credit analysis results is an increase in the required credit coverage for each rating level compared with our previous full review, mainly driven by our revised foreclosure frequency assumptions. This is partially offset by the lower loss severity assumptions. We projected 4% arrears on this transaction given the portfolio's bad performance during the 2011 financial crisis. Additionally, we have stressed arrears projections in line with other Madrid RMBS transactions considering the share of reperforming loans present in the pool, as we consider that these loans introduce higher risk in the portfolio.

Table 3

Credit Analysis Results

Rating level	WAFF (%)	WALS (%)
AAA	38.98	49.50
AA	27.95	42.98
A	21.25	32.40

Table 3

Credit Analysis Results (cont.)

Rating level	WAFF (%)	WALS (%)
BBB	16.30	26.15
BB	11.08	21.78
B	7.30	17.91

WAFF--Weighted-average foreclosure frequency. WALS--Weighted-average loss severity.

The credit enhancement for all classes of notes has increased since our previous full review, due to the collateral's amortization and the reserve fund's partial replenishment at 65.9%.

Table 4

Available Credit Enhancement

	Current review (%)	Previous review (May 2019; %)
A2	36.94	30.60
B	29.27	26.46
C	19.77	17.60
D	13.02	11.32
E	9.65	8.18

Following the application of our criteria, we have determined that our ratings on the classes of notes in this transaction should be the lower of (i) the rating as capped by our structured finance 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.

Although the class A2 and B notes can pass at higher ratings than those currently assigned, the application of our counterparty criteria caps our ratings on these notes at 'A (sf)'. We have therefore affirmed our 'A (sf)' ratings on these classes of notes.

The increase in available credit enhancement has been offset by our additional stresses in order to account for the new macroeconomic environment as a result of the COVID-19 outbreak. Therefore, we have lowered to 'BBB- (sf)' from 'BBB (sf)' and removed from CreditWatch negative our rating on the class C notes, in line with our credit and cash flow results.

Our credit and cash flow results indicate that the available credit enhancement for the class D and E notes is commensurate with the currently assigned ratings. We have therefore affirmed our 'B (sf)' ratings on these classes of notes. We did not apply commingling loss at the 'BBB' and below rating levels under our cash flow analysis. Therefore, our ratings on the class C, D, and E notes are weak-linked to the ICR on Bankia as collection account provider.

MADRID RMBS I and MADRID RMBS IV are Spanish RMBS transactions that securitize first-ranking mortgage loans. Bankia originated the pools, which comprise loans granted to borrowers mainly located in Madrid.

Related Criteria

- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- 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: 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 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
- Criteria | Structured Finance | General: Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- General Criteria: Methodology: Credit Stability Criteria, May 3, 2010
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- 17 Ratings From Spanish, Portuguese, Dutch, And U.K. RMBS Transactions Placed On Watch Negative, May 6, 2020
- European Economic Snapshots: Larger Risks To Growth Loom Ahead, May 5, 2020
- Residential Mortgage Market Outlooks Updated For 13 European Jurisdictions Following Revised Economic Forecasts, May 1, 2020
- Economic Research: Europe Braces For A Deeper Recession In 2020, April 20, 2020
- S&P Global Ratings Is Assessing The Impact Of COVID-19 On Mortgage Market Outlooks For Global RMBS, April 17, 2020
- Spain, March 20, 2020
- Various Rating Actions Taken On MADRID RMBS I's Notes Following Review, May 28, 2019

- Various Rating Actions Taken On MADRID RMBS IV's Notes Following Review, May 29, 2019
- 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