

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

COMUNICACIÓN DE HECHO RELEVANTE

MADRID RMBS IV, FONDO DE TITULIZACIÓN DE ACTIVOS Actuaciones sobre las calificaciones de los bonos por parte de Standard and Poors Ratings Services.

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 and Poor's Ratings Services, con fecha 21 de enero de 2016, donde se llevan a cabo las siguientes actuaciones:

- Bono B, de **BBB (sf) / perspectiva positiva a BBB+ (sf)**.

En Madrid, a 21 de enero de 2016

Ramón Pérez Hernández

RatingsDirect®

Rating Raised On Spanish RMBS Transaction MADRID RMBS IV's Class B Notes Following Sovereign Upgrade

Primary Credit Analyst:

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

Secondary Contact:

Isabel Plaza, Madrid (34) 91-788-7203; isabel.plaza@standardandpoors.com

OVERVIEW

- On Oct. 2, 2015, we raised our long-term sovereign rating on Spain to 'BBB+' from 'BBB'.
- On Oct. 30, 2015, we consequently placed on CreditWatch positive our rating on MADRID RMBS IV's class B notes.
- Following the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, we have today raised to 'BBB+ (sf)' from 'BBB (sf)' and removed from CreditWatch positive our rating on the class B notes.
- MADRID RMBS IV is a Spanish RMBS transaction, which securitizes first-ranking mortgage loans granted to individuals resident in Spain. Caja Madrid (now Bankia) originated the pool between 1995 and 2007.

MADRID (Standard & Poor's) Jan. 21, 2016--Standard & Poor's Ratings Services today raised to 'BBB+ (sf)' from 'BBB (sf)' and removed from CreditWatch positive its credit rating on MADRID RMBS IV, Fondo de Titulizacion de Activos' class B notes.

Today's rating actions follow our Oct. 2, 2015 raising of our long-term sovereign rating on Spain to 'BBB+' from 'BBB' and the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria) (see "Kingdom of Spain

Upgraded To 'BBB+' On Reforms; Outlook Stable," published on Oct. 2, 2015, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015).

On Oct. 30, 2015, we placed on CreditWatch positive our rating on MADRID RMBS IV's class B notes (see "Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch Positive Following Sovereign And Bank Rating Actions").

We have analyzed the most recent transaction information that we have received as of the November 2015 interest payment date. Our analysis reflects the application of our Spanish residential mortgage-backed securities (RMBS) criteria, our RAS criteria, and our current counterparty criteria (see "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014, and "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Under our RAS criteria, we applied a hypothetical sovereign default stress test to determine whether a tranche has sufficient credit and structural support to withstand a sovereign default and so repay timely interest and principal by legal final maturity.

These criteria designate the country risk sensitivity for RMBS as moderate. The transaction's notes can therefore be rated four notches above the sovereign rating, if they have sufficient credit enhancement to pass a minimum of a severe stress. However, if all six of the conditions in paragraph 44 of the RAS criteria are met, we can assign ratings to the senior-most classes of notes up to a maximum of six notches (two additional notches of uplift) above the sovereign rating, subject to credit enhancement being sufficient to pass an extreme stress (see "Understanding Standard & Poor's Rating Definitions," published on June 3, 2009 for our definitions of severe and extreme levels of economic stress).

Following the application of our RAS criteria, our current counterparty criteria, and our RMBS criteria, we have determined that our assigned rating on the class B notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating as capped by our current counterparty criteria, and (iii) the rating that the class of notes can attain under our RMBS criteria. Our RAS criteria constrain our rating on the class B notes at the sovereign rating level.

Our rating on the class A notes is unaffected by the sovereign upgrade because the application of our current counterparty criteria caps the rating at 'A (sf)'. The class C, D, and E notes are also unaffected as we rate them below our long-term sovereign rating on Spain.

Under our RMBS criteria, the class B notes have sufficient credit enhancement to withstand our stresses at a 'A-' rating level. However, the notes do not pass any of our stresses above the sovereign rating under our RAS analysis. Consequently, the application of our RAS criteria caps this rating at the

long-term sovereign rating ('BBB+'). We have therefore raised to 'BBB+ (sf)' from 'BBB (sf)' and removed from CreditWatch positive our rating on this class of notes.

Severe delinquencies of more than 90 days and excluding defaults are currently at 1.10%, which is below our Spanish RMBS index, although they have outperformed our index in the past (see "Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly," published on Sept. 11, 2015).

Defaults are defined as mortgage loans in arrears for more than 12 months. Defaulted loans (net of recoveries), at 9.18%, are higher than in other Spanish RMBS transactions that we rate. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion.

We also consider credit stability in our analysis (see "Methodology: Credit Stability Criteria," published on May 3, 2010). To reflect moderate stress conditions, we adjusted our weighted-average foreclosure frequency (WAFF) assumptions by assuming additional arrears of 8% for one- and three-year horizons, for 30-90 days arrears, and 90+ days arrears. This did not result in our ratings deteriorating below the maximum projected deterioration that we would associate with each relevant rating level, as outlined in our credit stability criteria.

In our opinion, the outlook for the Spanish residential mortgage and real estate market is not benign and we have therefore increased our expected 'B' foreclosure frequency assumption to 3.33% from 2.00%, when we apply our RMBS criteria, to reflect this view (see "Outlook Assumptions For The Spanish Residential Mortgage Market," published on Sept. 18, 2014). We base these assumptions on our expectation of continuing high unemployment in 2016.

Spain's economic recovery is gaining momentum, but it is currently only supporting a marginal improvement in the collateral performance of transactions in our Spanish RMBS index. Despite positive macroeconomic indicators and low interest rates, persistent high unemployment and low household income ratios continue to constrain the RMBS sector's nascent recovery, in our view.

We expect severe arrears in the portfolios to remain vulnerable to downside risks. These include high unemployment and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future and stronger economic growth.

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RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Criteria For Global Structured Finance Transactions Subject To A Change In Payment Priorities Or Sale Of Collateral Upon A Nonmonetary EOD, March 2, 2015
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Italy And Spain RMBS Methodology And Assumptions, Sept. 18, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Global Derivative Agreement Criteria, June 24, 2013
- Criteria For Assigning 'CCC+', 'CCC', 'CCC-', And 'CC' Ratings, Oct. 1, 2012
- Criteria Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Use Of CreditWatch And Outlooks, Sept. 14, 2009
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Economic Research: Eurozone Recovery: Hangin' In There Despite Weak Foreign Demand, Nov. 25, 2015
- Ratings On 88 Spanish RMBS And ABS Tranches Placed On CreditWatch Positive Following Sovereign And Bank Rating Actions, Oct. 30, 2015
- Banco Santander And Banco Bilbao Vizcaya Argentaria Upgraded On Spain Action; Outlook Stable; Some Banks Affirmed, Oct. 6, 2015
- Kingdom Of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable, Oct. 2, 2015
- Eurozone Economic Outlook: Steady For Now, Despite Slower World Trade, Sept. 30, 2015
- Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly, Sept. 11, 2015
- 2015 EMEA RMBS Scenario And Sensitivity Analysis, Aug. 6, 2015
- Low Lending Rates And Stronger Economic Growth Are Reviving Europe's Housing Markets, July 30, 2015
- Despite The Turmoil In Greece, Europe's Fragile Growth Continues, July 14 2015
- Eurozone Economic Outlook: Will The Catch-Up Lead To A Let-Down?, July 1, 2015
- Various Rating Actions Taken In Four MADRID RMBS Transactions Following Application Of Updated Criteria, Jan. 15, 2015
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014

Rating Raised On Spanish RMBS Transaction MADRID RMBS IV's Class B Notes Following Sovereign Upgrade

- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

Additional Contact:

Structured Finance Europe; StructuredFinanceEurope@standardandpoors.com

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