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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 5 de febrero de 2025, donde se llevan a cabo las siguientes actuaciones:

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

En Madrid a 6 de febrero de 2025

Ramón Pérez Hernández
Consejero Delegado

RATING ACTION COMMENTARY

Fitch Upgrades 3 Spanish RMBS Transactions

Wed 05 Feb, 2025 - 10:24 ET

Fitch Ratings - Madrid - 05 Feb 2025: Fitch Ratings has upgraded 11 tranches of three Madrid Spanish RMBS transactions, and removed them from Under Criteria Observation (UCO), while affirming the others, as detailed below.

RATING ACTIONS

ENTITY / DEBT ⚡	RATING ⚡			PRIOR ⚡
Madrid RMBS II, FTA				
Class A3 ES0359092022	LT	AA+sf	Affirmed	AA+sf
Class B ES0359092030	LT	AA+sf	Upgrade	AAsf
Class C ES0359092048	LT	A+sf	Upgrade	BBB-sf
Class D ES0359092055	LT	BBB-sf	Upgrade	BBsf
Class E ES0359092063	LT	B+sf	Upgrade	CCsf

Madrid RMBS III, FTA

Class A3 ES0359093020	LT	AA+sf	Affirmed	AA+sf
Class B ES0359093038	LT	AA+sf	Upgrade	AAsf
Class C ES0359093046	LT	A+sf	Upgrade	BBBsf
Class D ES0359093053	LT	Bsf	Upgrade	CCCsf
Class E ES0359093061	LT	Csf	Affirmed	Csf

Madrid RMBS I, FTA

Class A2 ES0359091016	LT	AA+sf	Affirmed	AA+sf
Class B ES0359091024	LT	AA+sf	Upgrade	AA-sf
Class C ES0359091032	LT	A+sf	Upgrade	BB+sf
Class D ES0359091040	LT	BBBsf	Upgrade	BB-sf
Class E ES0359091057	LT	BBsf	Upgrade	CCsf

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[VIEW ADDITIONAL RATING DETAILS](#)

TRANSACTION SUMMARY

The transactions comprise fully amortising Spanish residential mortgages serviced by Caixabank, S.A. (A-/Stable/F2).

KEY RATING DRIVERS

European RMBS Rating Criteria Updated: The rating actions reflect the update of Fitch's European RMBS Rating Criteria on 30 October 2024. The update adopted a non-indexed current loan-to-value (LTV) approach to derive the base foreclosure frequency (FF) on portfolios, instead of the original LTV approach applied before, and removes the performance adjustment factor (70% applied before). Another relevant change under the updated criteria is the updated loan level recovery rate (RR) cap of 85%, lower than the 100% before.

Volatile Performance: Arrears and defaults have increased in all three transactions over the past two years, likely driven by increasing mortgage rates. Periodic defaults peaked between 3% and 4% on an annualised basis. Performance has already improved in the last few periods for all three transactions. This recent volatility, together with the historical significant underperformance of the three transactions led to the application of a 1.5x transaction adjustment (TA) to Madrid 1 and Madrid 2. For Madrid 3, we applied a 2.4x TA to reflect an even more volatile performance.

For Madrid 1 and 2, adopting the non-indexed current LTV offsets the 1.5x TA and lower RR cap so that applied loss levels are lower than at the previous review. This has driven the upgrades for Madrid 1 and 2. However, the class D and E notes remain below their model-implied ratings (MIR) by up to four notches due to recent performance volatility. Their Positive Outlooks reflect that further performance improvement could lead to upgrades. The class C notes remain one notch below their MIR as they are sensitive to subordination of interest on the junior notes, which may not be triggered even in stress scenarios.

Low Recoveries: Cumulative recoveries to date are close to 60% for the three transactions, materially lower than suggested by ResiGlobal Model: Europe. Fitch therefore considered sensitivities to lower recoveries, which contributed to ratings below their MIR for Madrid 1 and 2's class D and E notes and Madrid 3's class C and D notes.

PIR Caps Senior Ratings: The maximum achievable rating for the three transactions remains capped at 'AA+sf' because of unmitigated payment interruption risk (PIR). The cash reserve funds have been fully depleted in the past and have only been partially replenished for Madrid 1 and 2 (24% and 20% of their target, respectively)

largely due to recoveries, which may be volatile. The reserve is still fully depleted for Madrid 3. Consequently, we do not consider them a reliable source of coverage for PiR. Additionally, as interest deferability is permitted under transaction documentation for all rated notes, Fitch views PiR as immaterial up to 'AA+sf'.

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 prevailing rating scenarios. Fitch expects CE ratios to continue building up considering the prevailing and expected sequential amortisation of the notes. For example, the average modelled CE for the most senior notes across all deals increased to 63% as of November 2024 versus 54% a year earlier. The increasing CE supported the upgrades.

Portfolio Risky Features: The portfolios are highly exposed to the region of Madrid, with exposure greater than 65%. To address regional concentration risk, Fitch applies higher rating multiples to the base 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 1.2x within the agency's credit analysis.

The transactions have an elevated ESG Relevance Score for Transaction & Collateral Structure due to unmitigated payment interruption risk for the 'AAA' rating case. This 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.

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.

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 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

The transactions have an ESG Relevance Score of '5' for Transaction & Collateral Structure due to unmitigated payment interruption risk 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>.

Additional information is available on www.fitchratings.com

PARTICIPATION STATUS

The rated entity (and/or its agents) or, in the case of structured finance, one or more of the transaction parties participated in the rating process except that the following issuer(s), if any, did not participate in the rating process, or provide additional information, beyond the issuer's available public disclosure.

APPLICABLE CRITERIA

[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 \(pub. 20 Jun 2024\)](#)

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 24 Oct 2024\)](#)

[Global Structured Finance Rating Criteria \(pub. 18 Nov 2024\) \(including rating assumption sensitivity\)](#)

[European RMBS Rating Criteria \(pub. 14 Jan 2025\) \(including rating assumption\)](#)

APPLICABLE MODELS

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

Multi-Asset Cash Flow Model, v3.4.0 ([1](#))

ResiGlobal Model: Europe, v1.11.0 ([1](#))

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

[Solicitation Status](#)

[Endorsement Policy](#)

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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