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Dirección General de Mercados e Inversores
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Madrid

<u>COMUNICACIÓN DE HECHO RELEVANTE</u>

TDA TARRAGONA 1, FONDO DE TITULIZACIÓN DE ACTIVOS
Actuaciones sobre las calificaciones de los bonos por parte de Standard & Poor's.

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 & Poor's, con fecha 15 de enero de 2015, donde se llevan a cabo las siguientes actuaciones:

- Bono A, subida de calificación a **BBB+ (sf)** de **BBB- (sf)**

- Bono B, subida de calificación a **BBB (sf)** de **B+ (sf)**

En Madrid, a 15 de enero de 2015

Ramón Pérez Hernández
Director General

STANDARD & POOR'S
RATINGS SERVICES
McGRAW HILL FINANCIAL

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Ratings Raised In Spanish RMBS Transaction TDA Tarragona 1 Following Collateral Improvement

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OVERVIEW

- We have reviewed TDA Tarragona 1 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria, our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating, and our current counterparty criteria.
- Under our current counterparty criteria, our ratings on the class A and B notes are linked to our long-term ICR on the bank account counterparty.
- The originator's July 2014 repurchase of delinquent and defaulted loans reduced the portfolio's cumulative amortization deficits and replenished the reserve fund to the target level.
- Following our review, we have raised to 'BBB+ (sf)' from 'BBB- (sf)' our rating on the class A notes and to 'BBB (sf)' from 'B+ (sf)' our rating on the class B notes.
- TDA Tarragona I is a Spanish RMBS transaction, which closed in November 2007. It securitizes a portfolio of residential mortgage loans, mostly originated by real estate agents. The loans are secured over Spanish properties, mainly in Catalonia.

MADRID (Standard & Poor's) Jan. 15, 2014--Standard & Poor's Ratings Services today raised to 'BBB+ (sf)' from 'BBB- (sf)' and to 'BBB (sf)' from 'B+ (sf)' its credit ratings on TDA Tarragona 1, Fondo de Titulizacion de Activos' class A and B notes, respectively (see list below).

Upon publishing our updated criteria for Spanish residential mortgage-backed securities (RMBS criteria) and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), we placed those ratings that could potentially be affected "under criteria observation" (see "Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation," and "Italy And Spain RMBS Methodology And Assumptions," both published on Sept. 18, 2014, and "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on Sept. 19, 2014).

Following our review of this transaction, our ratings that could potentially be affected by the criteria are no longer under criteria observation.

Today's rating actions follow our credit and cash flow analysis of the most recent transaction information that we have received, including the August 2014 pool cut and December 2014 investor report. The application of our RAS and our current counterparty criteria constrain our ratings in this transaction (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

Credit enhancement for the class A and B notes, considering nondefaulted assets and the available reserve fund, has increased to 18.96% and 13.02%, from -0.89% and -6.64%, respectively, at our previous review (see "Various Rating Actions Taken In Spanish RMBS Transaction TDA Tarragona I For Counterparty Reasons," published on July 23, 2014). The increase in credit enhancement is a result of Catalunya Banc S.A., the seller, repurchasing mortgages. The repurchases included 322 nonperforming and delinquent loans for €52 million, which resulted in a re-collateralization of the transaction and a replenished reserve fund.

This transaction features an amortizing reserve fund, which currently represents 8.49% of the outstanding balance (not including defaults), as of the December 2014 investor report. The reserve is currently at 99.3% of its required value. The issuer partially drew on the reserve fund during the last payment date. Given the repurchase of non-performing loans, in addition to the pool's seasoning and the relatively stable credit performance, we don't expect there to be any significant reserve fund draws in the future.

After the loan repurchase, severe delinquencies of more than 90 days, at 1.62%, are on average lower for this transaction than our Spanish RMBS index see "Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To Rise As The Housing Market Slowly Recovers," published on Jan. 2, 2015). Defaults are defined as mortgage loans in arrears for more than 12 months in this transaction and are currently at 3.63% of the portfolio balance. The recent loan repurchase was targeted at nonperforming loans, which led to the significant drop in arrears and defaults since our last review. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion.

After applying our RMBS criteria to this transaction, our credit analysis results show an increase in the weighted-average foreclosure frequency (WAFF) and an increase in the weighted-average loss severity (WALS) for each rating level.

Rating level	WAFF (%)	WALS (%)
AAA	30.46	32.64
AA	23.29	28.32
A	19.37	20.97
BBB	14.28	17.09
BB	9.25	14.43
B	7.79	12.04

The increase in the WAFF is mainly due to our increased base-case foreclosure frequencies, the higher original loan-to-value ratio penalty, and the inclusion of province level adjustments under our updated criteria. The increase in the WALS is mainly due to the application of our revised market value decline assumptions and indexed valuations. The overall effect is an increase in the required credit coverage for each rating level.

Following the application of our RAS criteria, our RMBS criteria, and our current counterparty criteria, we have determined that our assigned rating on each class of notes in this transaction should be the lower of (i) the rating as capped by our RAS criteria, (ii) the rating that the class of notes can attain under our RMBS criteria, and (iii) the rating as capped by a non-compliant counterparty. In this transaction, our rating on the class A notes is constrained by our long-term issuer credit rating (ICR) on the bank account counterparty, Banco Santander S.A. and our rating on the class B notes is constrained by our RAS criteria.

As the originator has repurchased defaulted and some delinquent loans, the transaction's pool performance has benefitted. Consequently, the transaction is now fully collateralized and the reserve fund is at 99.3% of its target level.

Despite the increased number of stressed scenarios under our updated RMBS criteria, the increased credit enhancement resulted in higher cash flow results than our currently assigned ratings.
Under our RMBS criteria, the class A and B notes have sufficient credit enhancement to withstand our stresses at 'A+' and 'A-' rating levels, respectively. The class A notes have sufficient credit enhancement to resist a severe stress scenario under our RAS criteria, up to two notches above our rating of the sovereign. The class B notes are unable to pass a severe scenario under our RAS criteria, so they are capped at the sovereign rating.

Under the transaction documents, if our long-term ICR on the swap provider, Cecabank S.A., falls below 'BBB+', the transaction enters a 60-day remedy period, in which the swap counterparty should replace itself with a 'BBB+' rated entity or find a 'BBB+' rated guarantor. Our long-term ICR on Cecabank is below the documented required level and it did not take the documented remedy actions. Therefore, we cannot give credit to the swap agreement at a rating level above the long-term ICR on the swap provider, and we conducted our cash flow analysis assuming that the transaction does not benefit from any support from the swap provider. We have delinked our ratings on the notes in this transaction from our rating on the swap provider.

Similarly, if our long-term ICR on the bank account provider falls below 'A', the transaction enters a 60-day remedy period, in which the bank account counterparty should replace itself with a 'A' rated entity or find a 'BBB+' rated guarantor. Our long-term ICR on Banco Santander is below the documented required level and it did not take the documented remedy actions. Under our current counterparty criteria, the class A and B notes can therefore not achieve a rating higher than our 'BBB+' long-term ICR on Banco Santander.

We have therefore raised to 'BBB+ (sf)' from 'BBB- (sf)' our rating on the class A notes and to 'BBB (sf)' from 'B+ (sf)' our rating on the class B notes.

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 WAFF assumptions by assuming additional arrears of 8.00% for one-year and three-year horizons. This did not result in our rating 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 modest economic growth, continuing high unemployment, and house prices levelling off in 2015.

On the back of improving but still depressed macroeconomic conditions, we don't expect the performance of the transactions in our Spanish RMBS index to improve in 2015.

We expect severe arrears in the portfolio to remain at their current levels, as there are a number of downside risks. These include weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

TDA Tarragona I is a Spanish RMBS transaction, which closed in November 2007. It securitizes a portfolio of residential mortgage loans, mostly originated by real estate agents. The loans are secured over Spanish properties, mainly in Catalonia (95.06% of the balance of the outstanding pool). Loans granted to second-home buyers currently represent 4.34% of the pool, and loans granted to self-employed borrowers account for 6.22% of the pool's outstanding balance. Catalunya Banc (previously Caixa D'Estalvis de Tarragona) originated the underlying loans. On July 21, 2014, Banco Bilbao Vizcaya Argentaria S.A.

(BBVA) announced that it had reached an agreement with the Spanish Banking Restructuring Fund (FROB) to acquire its stake in Spanish bank Catalunya Banc. The transaction is still pending regulatory approvals and is expected to be completed in the first quarter of 2015.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at http://standardandpoorsdisclosure-17g7.com .

RELATED CRITERIA AND RESEARCH

Related Criteria

- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, Sept. 19, 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
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- Spanish RMBS Index Report Q2/Q3 2014: Delinquencies Continue To Rise As The Housing Market Slowly Recovers, Jan. 2, 2015
- Standard & Poor's Ratings Definitions, Nov. 20, 2014
- Italian And Spanish RMBS And Covered Bond Program Ratings Placed Under Criteria Observation, Sept. 18, 2014
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 2014
- Credit Conditions: Europe Decelerates (Again) Amid Rising Geopolitical Risks, Sept. 16, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 2014
- Various Rating Actions Taken In Spanish RMBS Transaction TDA Tarragona I For Counterparty Reasons, July 23, 2014
- 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

RATINGS LIST

Class	Rating To	From

TDA Tarragona 1, Fondo de Titulizacion de Activos
€397.4 Million Mortgage-Backed Floating-Rate Notes

Ratings Raised

Class	To	From
A	BBB+ (sf)	BBB- (sf)
B	BBB (sf)	B+ (sf)

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