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Madrid

COMUNICACIÓN DE HECHO RELEVANTE

CAIXA PENEDES 2 TDA, FONDO DE TITULIZACIÓN DE ACTIVOS
Actuaciones sobre las calificaciones de los bonos por parte de Standard and Poors.

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 Poors, con fecha 21 de enero de 2015, donde se llevan a cabo las siguientes actuaciones:

- Bono A, afirmado como **AA (sf)**
- Bono B, bajada a **A+ (sf)** desde **AA- (sf)**
- Bono C, bajada a **BB- (sf)** desde **BBB (sf)**

En Madrid, a 21 de enero de 2015

Ramón Pérez Hernández
Director General

Various Rating Actions Taken In Spanish RMBS Transactions CAIXA PENEDES 1 And CAIXA PENEDES 2 Following Criteria Updates

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OVERVIEW

- We have reviewed CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2 by conducting our credit and cash flow analysis under our updated Spanish RMBS criteria and our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating.
- Following our review, we have taken various rating actions in both transactions.
- CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2 are Spanish RMBS transactions, which closed in November 2006 and September 2007, respectively, and securitize mortgage loans. CAIXA PENEDÈS, now merged with Banco Sabadell, originated the pools, which comprise loans granted to Spanish residents, mainly located in Catalonia.

FRANKFURT (Standard & Poor's) Jan. 21, 2015--Standard & Poor's Ratings Services today took various credit rating actions in CAIXA PENEDÈS 1 TDA Fondo de Titulizacion de Activos and CAIXA PENEDÈS 2 TDA, Fondo de Titulizacion de Activos.

Specifically, we have:
- Affirmed our 'AA (sf)' ratings on CAIXA PENEDÈS 1's and CAIXA PENEDÈS 2's class A notes; and
- Lowered our ratings on CAIXA PENEDÈS 1's and PENEDÈS 2's class B and C notes (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 these transactions, 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 as of September 2014. Our analysis reflects the application of our RMBS criteria and our RAS criteria.

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.

Our RAS criteria designate the country risk sensitivity for RMBS as 'moderate'. Under our RAS criteria, these transactions' 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, as all six of the conditions in paragraph 48 of the RAS criteria are met, we can assign ratings in these transactions 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).

As our long-term rating on the Kingdom of Spain is 'BBB', our RAS criteria cap at 'AA (sf)' the maximum potential rating in these transactions for the class A notes. The maximum potential rating for all other classes of notes in both transactions is 'A+ (sf)'.

The interest rate and basis swaps for both transactions do not satisfy our current counterparty criteria, so we gave no benefit to the swaps in our analysis at rating levels above our long-term issuer credit rating on JPMorgan Chase Bank N.A. as the swap counterparty plus one notch (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). We have therefore performed our credit and cash flow analysis without giving benefit to the swap provider at rating levels above 'AA-', to determine if the notes could achieve a higher rating when giving no benefit to the swap provider. We considered appropriate cash flow stresses to address interest rate and basis risk in both transactions.

The available credit enhancement for CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2's class A notes (based on the performing balance, including arrears of up to 90 days plus the reserve balance) has increased to 13.0% from 12.9% and to 11.6% from 11.4%, respectively, since our previous review (see "Various Rating Actions Taken In Spanish RMBS Transactions CAIXA PENEDES 1 And 2 Following Review," published on June 5, 2014).

CAIXA PENEDÈS 1

Class	Available credit enhancement (%)
A	13.0
B	6.8
C	2.3

CAIXA PENEDÈS 2

Class	Available credit enhancement (%)
A	11.6
B	9.4
C	4.4

Both transactions feature amortizing reserve funds, which currently represent 2.3% and 4.4% of CAIXA PENEDÈS 1's and CAIXA PENEDÈS 2's outstanding performing balances, respectively. The cash reserves are at their target amounts for both transactions and started to amortize three years after closing. Currently, CAIXA PENEDÈS 1's cash reserve is not amortizing as severe delinquencies of more than 90 days have breached one of the amortization conditions. It may start amortizing again, once all conditions are met.

Both transactions have a combined interest and principal priority of payments with deferral triggers based on cumulative gross defaults. If the transactions breach their triggers (4.90% and 5.00% for the class C notes in CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2, respectively), they will divert interest on the subordinated notes to amortize the senior notes' principal. In our view, both transactions are unlikely to breach their triggers.

Severe delinquencies of more than 90 days at 0.63% and 0.83% for CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2, respectively, 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 these transactions. Cumulative defaults for CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2 at 2.65% and 1.88%, respectively, are also lower than in other Spanish RMBS transactions that we rate. We expect cumulative defaults to continue to increase, as long-term delinquencies roll into defaults. Prepayment levels remain low and the transaction is unlikely to pay down significantly in the near term, in our opinion. For both transactions, we observed a significant increase in prepayment levels on the June 2014 payment date. Our analysis indicates that some of the loans that were paid off were in arrears for more than one payment date and we estimate that the originator has repurchased these nonperforming loans. We have taken this into account as part of our analysis by increasing our arrears projection.

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

CAIXA PENEDÈS 1

Rating level	WAFF (%)	WALS (%)
AAA	18.26	18.38
AA	13.83	14.76
A	11.38	9.25
BBB	8.35	6.73
BB	5.59	5.24
B	4.71	4.01

CAIXA PENEDÈS 2

Rating level	WAFF (%)	WALS (%)
AAA	15.52	16.16
AA	11.99	13.24
A	10.02	8.80
BBB	7.36	6.74
BB	5.13	5.46
B	4.40	4.38

The increases in the WAFF is mainly due to the adjustments that we apply to the original loan-to-value ratios, seasoned loans, geographical province concentration, and adjustments that we apply to jumbo loans under our updated RMBS criteria. The increases in the WALS are mainly due to the application of our revised market value decline assumptions and the indexing of our valuations under our RMBS criteria. The overall effect is an increase in the required credit coverage for each rating level in both transactions compared to our previous review.

Following the application of our RAS criteria and our RMBS 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 and (ii) the rating that the class of notes can attain under our RMBS criteria. In both transactions, the ratings on the class A and B notes are constrained by the rating on the sovereign.

CAIXA PENEDÈS 1's and CAIXA PENEDÈS 2's class A notes meet all of the conditions under our RAS criteria to permit a six-notch uplift from our long-term sovereign rating on Spain. We have therefore affirmed our 'AA (sf)' ratings on the class A notes in both transactions.

The available credit enhancement for CAIXA PENEDÈS 1's class B notes cannot pass a "severe" stress. Therefore, the maximum notches of uplift for this class of notes is one notch above the sovereign rating. Consequently, we have lowered to 'BBB+ (sf)' from 'A (sf)' our rating on CAIXA PENEDÈS 1's class B notes.

CAIXA PENEDÈS 2's class B notes do not meet all of the conditions in paragraph 48 of the RAS criteria. Therefore, the maximum notches of uplift is four notches above the sovereign rating. Consequently, we have lowered to 'A+ (sf)' from 'AA- (sf)' our rating on CAIXA PENEDÈS 2's class B notes.

In both transactions, the pro rata conditions are currently met and the notes are therefore repaying pro rata. We have therefore also tested the cash flow outcomes under these conditions by applying delayed recession timing and commingling loss. Our cash flow analysis results indicate that these delayed assumptions are less beneficial for all classes of notes, as the notes would only withstand these stresses at lower rating levels.

Following the application of our RMBS criteria, and after we applied our delayed recession timing and commingling loss, CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2's class C notes' cash flow results indicate that they can only withstand our stresses at 'B (sf)' and 'BB- (sf)' rating levels, respectively. Consequently, we have lowered our ratings on CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2's class C notes to these rating levels.

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% 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 further falls in house prices 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 inflation, weak economic growth, high unemployment, and fiscal tightening. On the positive side, we expect interest rates to remain low for the foreseeable future.

CAIXA PENEDÈS 1 and CAIXA PENEDÈS 2 are Spanish RMBS transactions, which closed in November 2006 and September 2007, respectively, and securitize first-ranking mortgage loans. Caixa d'Estalvis del Penedès, now merged with Banco de Sabadell S.A., originated the pools, which comprise loans granted to Spanish residents, mainly located in Catalonia.

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 Reports included in this credit rating report are 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: The Eurozone Crawls Into 2015 With Weak Momentum, Dec. 4, 2014
- Low Interest Rates Are Underpinning Europe's House Price Recovery, July 28, 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
- Various Rating Actions Taken In Spanish RMBS Transactions CAIXA PENEDES 1 And 2 Following Review, June 5, 2014

RATINGS LIST

Class	Rating To	From

CAIXA PENEDÈS 1 TDA Fondo de Titulización de Activos
€1 Billion Mortgage-Backed Floating-Rate Notes

Rating Affirmed

A	AA (sf)	

Ratings Lowered

B	BBB+ (sf)	A (sf)
C	B (sf)	BB (sf)

CAIXA PENEDÈS 2 TDA, Fondo de Titulización de Activos
€750 Million Mortgage-Backed Floating-Rate Notes

Rating Affirmed

A	AA (sf)	

Ratings Lowered

B	A+ (sf)	AA- (sf)
C	BB- (sf)	BBB (sf)

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