

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

COMUNICACIÓN DE HECHO RELEVANTE

TDA SABADELL RMBS 4, FONDO DE TITULIZACIÓN Actuaciones sobre las calificaciones de los bonos por parte de DBRS Ratings Limited.

Titulización de Activos, Sociedad Gestora de Fondos de Titulización, S.A. comunica el siguiente Hecho Relevante:

- I. Respecto al Fondo arriba mencionado adjuntamos nota de prensa publicada por DBRS Ratings Limited el día 3 de diciembre de 2019, donde se lleva a cabo la siguiente actuación:
 - Bono A, confirmado como **A (high)(sf)**.
 - Bono B, subida a **BB (low)(sf)** desde **B (high)(sf)**.

En Madrid a 10 de diciembre de 2019

Ramón Pérez Hernández
Consejero Delegado

DBRS Morningstar Takes Rating Actions on TDA Sabadell RMBS 4, Fondo de Titulización

RMBS

DBRS Ratings GmbH (DBRS Morningstar) took the following rating actions on the bonds issued by TDA Sabadell RMBS 4, Fondo de Titulización (the Issuer):

- Class A Notes confirmed at A (high) (sf)
- Class B Notes upgraded to BB (low) (sf) from B (high) (sf)

The rating of the Class A Notes addresses the timely payment of interest and ultimate payment of principal on or before the legal final maturity date. The rating of the Class B Notes addresses the ultimate payment of interest and principal on or before the legal final maturity date.

The rating actions follow an annual review of the transaction and are based on the following analytical considerations:

- Portfolio performance, in terms of delinquencies, defaults and losses.
- Portfolio default rate (PD), loss given default (LGD) and expected loss assumptions on the remaining receivables.
- Current available credit enhancement to the notes to cover the expected losses at their respective rating levels.

The Issuer is a securitisation of Spanish residential mortgage loans originated and serviced by Banco de Sabadell S.A. (Banco Sabadell) in Spain. The Issuer used the proceeds of the Class A and Class B Notes to fund the purchase of the mortgage portfolio from Banco Sabadell. In addition, Banco Sabadell provided a separate additional subordinated loan to fund both the initial expenses and the reserve fund.

PORTFOLIO PERFORMANCE

As of August 2019, loans with two to three months in arrears represented 0.3% of the outstanding portfolio balance, unchanged since August 2018. The 90+ delinquency ratio was 0.3%, up from 0.2% in the same period. The cumulative default ratio increased to 0.2% since closing.

PORTFOLIO ASSUMPTIONS

DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and has updated its base case PD and LGD assumptions to 7.3% and 33.6%, respectively.

CREDIT ENHANCEMENT

As of the August 2019 payment date, credit enhancement to the Class A Notes was 16.6%, up from 15.4% and credit enhancement to the Class B Notes was 5.6%, up from 5.2%, compared with the numbers as of the August 2018 payment date.

The Class A Notes benefit from EUR 570 million subordination of the Class B Notes and from the reserve fund, currently at its

target level of EUR 294 million, which is available to cover senior expenses as well as the interest and principal of the Class A Notes until the notes are paid in full. The reserve fund amortises in line with the Class A and Class B Notes and will become available to the Class B Notes once the Class A Notes have been fully amortised. The reserve fund does not amortise if certain performance triggers are breached. The Class A Notes' principal payments is senior to the Class B Notes' interest payments in the pre-enforcement priority of payments.

Banco Sabadell acts as the account bank for the transaction. Based on the account bank's reference rating of "A", which is one notch below the DBRS Morningstar Long-Term Critical Obligations Rating (COR) of Banco Sabadell of A (high), the downgrade provisions outlined in the transaction documents, and structural mitigants, DBRS Morningstar considers the risk arising from the exposure to Banco Sabadell to be consistent with the rating assigned to the Class A Notes, as described in DBRS Morningstar's "Legal Criteria for European Structured Finance Transactions" methodology.

An interest rate swap contract with Banco Sabadell mitigates the interest rate risk in the transaction. The DBRS Morningstar Long-Term COR of Banco Sabadell is above the First Rating Threshold as described in DBRS Morningstar's "Derivative Criteria for European Structured Finance Transactions" methodology, given the A (high) (sf) rating of the Class A Notes.

The transaction structure was analysed in Intex DealMaker.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is the "Master European Structured Finance Surveillance Methodology". DBRS Morningstar has applied the principal methodology consistently and conducted a review of the transaction in accordance with the principal methodology.

A review of the transaction legal documents was not conducted as the legal documents have remained unchanged since the most recent rating action.

Other methodologies referenced in this transaction are listed at the end of this press release. These may be found on www.dbrs.com at: <http://www.dbrs.com/about/methodologies>.

For a more detailed discussion of the sovereign risk impact on Structured Finance ratings, please refer to "Appendix C: The Impact of Sovereign Ratings on Other DBRS Morningstar Credit Ratings" of the "Global Methodology for Rating Sovereign Governments" at: <https://www.dbrs.com/research/350410/global-methodology-for-rating-sovereign-governments>.

The sources of data and information used for these ratings include investor reports provided by Titulización de Activos, S.G.F.T., S.A, and loan-level data provided by the European DataWarehouse GmbH.

DBRS Morningstar did not rely upon third-party due diligence in order to conduct its analysis.

At the time of the initial rating, DBRS Morningstar was supplied with third-party assessments. However, this did not impact the rating analysis.

DBRS Morningstar considers the data and information available to it for the purposes of providing these ratings to be of satisfactory quality.

DBRS Morningstar does not audit or independently verify the data or information it receives in connection with the rating process.

The last rating action on the transaction took place on 3 December 2018, when DBRS Morningstar confirmed the ratings of Class A and Class B Notes at A (high) (sf) and B (high) (sf), respectively. The lead analyst responsibilities for this transaction have been transferred to Shalva Beshia.

Information regarding DBRS Morningstar ratings, including definitions, policies and methodologies is available at www.dbrs.com.

To assess the impact of changing the transaction parameters on the rating, DBRS Morningstar considered the following stress scenarios as compared with the parameters used to determine the rating (the Base Case):

- DBRS Morningstar expected a lifetime base case PD and LGD for the pool based on a review of the current assets. Adverse changes to asset performance may cause stresses to base case assumptions and therefore have a negative effect on credit ratings.
- The base case PD and LGD of the current pool of loans for the Issuer are 7.3% and 33.6%, respectively.
- The risk sensitivity overview below illustrates the ratings expected if the PD and LGD increase by a certain percentage over the base case assumption. For example, if the LGD increases by 50%, the rating of the Class A Notes would be expected to fall to A (high) (sf), assuming no change in the PD. If the PD increases by 50%, the rating of the Class A Notes would be expected to fall to A (high) (sf), assuming no change in the LGD. Furthermore, if both the PD and LGD increase by 50%, the rating of the Class A Notes would be expected to fall to BBB (high) (sf).

Class A Notes Risk Sensitivity:

- 25% increase of the PD, expected rating of A (high) (sf)
- 50% increase of the PD, expected rating of A (high) (sf)
- 25% increase of the LGD, expected rating of A (high) (sf)
- 50% increase of the LGD, expected rating of A (high) (sf)
- 25% increase of the PD and 25% increase of the LGD, expected rating of A (high) (sf)
- 50% increase of the PD and 25% increase of the LGD, expected rating of A (low) (sf)
- 25% increase of the PD and 50% increase of the LGD, expected rating of A (low) (sf)
- 50% increase of the PD and 50% increase of the LGD, expected rating of BBB (high) (sf)

Class B Notes Risk Sensitivity:

- 25% increase of the PD, expected rating of BB (low) (sf)
- 50% increase of the PD, expected rating of B (high) (sf)
- 25% increase of the LGD, expected rating of BB (low) (sf)
- 50% increase of the LGD, expected rating of BB (low) (sf)
- 25% increase of the PD and 25% increase of the LGD, expected rating of BB (low) (sf)
- 50% increase of the PD and 25% increase of the LGD, expected rating of B (high) (sf)
- 25% increase of the PD and 50% increase of the LGD, expected rating of B (high) (sf)
- 50% increase of the PD and 50% increase of the LGD, expected rating of B (sf)

For further information on DBRS Morningstar historical default rates published by the European Securities and Markets Authority (ESMA) in a central repository, see:

<http://cerep.esma.europa.eu/cerep-web/statistics/defaults.xhtml>.

Ratings assigned by DBRS Ratings GmbH are subject to EU and US regulations only.

Lead Analyst: Shalva Beshia, Assistant Vice President

Rating Committee Chair: Alfonso Candelas, Senior Vice President

Initial Rating Date: 29 November 2017

DBRS Ratings GmbH
Neue Mainzer Straße 75
60311 Frankfurt am Main Deutschland

Geschäftsführer: Detlef Scholz
Amtsgericht Frankfurt am Main, HRB 110259

The rating methodologies used in the analysis of this transaction can be found at: <http://www.dbrs.com/about/methodologies>.



- Legal Criteria for European Structured Finance Transactions
- Master European Structured Finance Surveillance Methodology
- Operational Risk Assessment for European Structured Finance Servicers
- European RMBS Insight Methodology
- European RMBS Insight: Spanish Addendum
- Interest Rate Stresses for European Structured Finance Transactions

A description of how DBRS Morningstar analyses structured finance transactions and how the methodologies are collectively applied can be found at: <http://www.dbrs.com/research/278375>.

For more information on this credit or on this industry, visit www.dbrs.com or contact us at info@dbrs.com.

Ratings

TDA Sabadell RMBS 4, Fondo de Titulización

Date Issued	Debt Rated	Action	Rating	Trend	Issued
03-Dec-19	Class A Notes	Confirmed	A (high) (sf)	--	
03-Dec-19	Class B Notes	Upgraded	BB (low) (sf)	--	

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Contacts

Shalva Beshia

Assistant Vice President Analyst - Global Structured Finance

+49 69 8088 3528

sbeshia@dbrs.com

Petter Wettestad

Financial Analyst - Global Structured Finance

+49 69 8088 3514

pwettestad@dbrs.com

Alfonso Candelas

Senior Vice President, Head of European Surveillance

+49 69 8088 3512

acandelas@dbrs.com

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