

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

### **COMUNICACIÓN DE HECHO RELEVANTE**

#### **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 4 de febrero de 2016, donde se llevan a cabo las siguientes actuaciones:

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

En Madrid, a 5 de febrero de 2016

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Director General

# RatingsDirect®

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## Ratings Raised In Spanish RMBS Transaction TDA Tarragona 1 Following Sovereign And Counterparty Upgrade

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### OVERVIEW

- Today's upgrades of the class A and B notes in TDA Tarragona 1 follow our Oct. 2, 2015 upgrade of Spain to 'BBB+' from 'BBB' and our Oct. 6, 2015 upgrade of Banco Santander to 'A-' from 'BBB+'.
- Under our current counterparty criteria, our ratings on the class A and B notes are linked to our long-term issuer credit rating on the bank account counterparty.
- Following the application of our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating and our current counterparty criteria, we have raised our ratings on the class A and B notes.
- TDA Tarragona 1 is a Spanish RMBS transaction, which closed in November 2007.

MADRID (Standard & Poor's) Feb. 4, 2016--Standard & Poor's Ratings Services today raised to 'A- (sf)' from 'BBB+ (sf)' its credit rating on TDA Tarragona 1, Fondo de Titulizacion de Activos' class A notes and to 'A- (sf)' from 'BBB (sf)' its rating on the class B notes (see list below).

Today's upgrades follow our Oct. 2, 2015 upgrade of Spain to 'BBB+' from 'BBB' and our Oct. 6, 2015 upgrade of Banco Santander S.A. (the bank account provider) to 'A-' from 'BBB+' (see "Kingdom of Spain Upgraded To 'BBB+' On Reforms; Outlook Stable," published on Oct. 2, 2015, and "Banco Santander And

Banco Bilbao Vizcaya Argentaria Upgraded On Spain Action; Outlook Stable; Some Banks Affirmed," published on Oct. 6, 2015).

Our current counterparty criteria cap our ratings on the class A and B notes at our long-term 'A-' issuer credit rating (ICR) on Banco Santander (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

We have also applied our updated criteria for rating single-jurisdiction securitizations above the sovereign foreign currency rating (RAS criteria), and our Spanish residential mortgage-backed securities (RMBS) criteria (see "Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance," published on May 29, 2015, and "Italy And Spain RMBS Methodology And Assumptions," published on Sept. 18, 2014).

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, this 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 class 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 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 counterparty that is not in line with our current counterparty criteria.

Credit enhancement for the class A and B notes, considering nondefaulted assets and the available reserve fund, has increased to 23.4% and 16.6%, from 21.6% and 15.2%, respectively, at our previous review (see "Ratings Raised In Spanish RMBS Transaction TDA Tarragona 1 Following Collateral Improvement," published on Jan. 15, 2015).

Severe delinquencies of more than 90 days have also remained stable, and are well below our Spanish RMBS index (see "Spanish RMBS Index Report Q2 2015: Index Composition Boosts Collateral Performance Slightly," published on Sept. 11, 2015).

Following the application of our credit and cash flow stresses under our RMBS criteria, we consider that the available credit enhancement is commensurate with 'AA- (sf)' and 'A+ (sf)' ratings for the class A and B notes, respectively. However, the class A and B notes only pass stresses at 'A+ (sf)' and 'A (sf)' rating levels under our RAS criteria, respectively. Consequently, the maximum uplift from the long-term sovereign rating is three notches for the class A notes and two notches for the class B notes.

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 that exceeds our long-term ICR on the swap provider. We therefore conducted our cash flow analysis assuming that the transaction does not benefit from any support from the swap provider and have delinked our ratings on the notes in this transaction from our long-term ICR 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 cannot therefore achieve a rating that exceeds our long-term 'A-' ICR on Banco Santander. We have therefore raised to 'A- (sf)' from 'BBB+ (sf)' and 'BBB (sf)' our ratings on the class A and B notes, respectively.

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 this 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 portfolio 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.

TDA Tarragona 1 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 (close to 95% of the balance of the outstanding pool). Catalunya Banc S.A. (previously Caixa D'Estalvis de Tarragona) originated the underlying loans.

#### 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 Methodology Applied To Fees, Expenses, And Indemnifications, July 12, 2012
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

##### Related Research

- Growth In Europe Is On Track, But Geopolitical Risks Have Risen, Dec. 2, 2015
- Eurozone Recovery: Hangin' In There Despite Weak Foreign Demand, Nov. 25, 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

*Ratings Raised In Spanish RMBS Transaction TDA Tarragona 1 Following Sovereign And Counterparty Upgrade*

- 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
- European Monetary And Financial Roundup: Financial Conditions Have Improved Markedly In The Euro Area, March 13, 2015
- Ratings Raised In Spanish RMBS Transaction TDA Tarragona 1 Following Collateral Improvement, Jan. 15 2015
- Outlook Assumptions For The Spanish Residential Mortgage Market, Sept. 18, 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	Class
	To	From

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

Ratings Raised

A	A- (sf)	BBB+ (sf)
B	A- (sf)	BBB (sf)

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