

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

## **COMUNICACIÓN DE OTRA INFORMACIÓN 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 la siguiente Información Relevante:

I. Respecto al Fondo arriba mencionado adjuntamos nota de prensa publicada por DBRS Ratings Limited el día 3 de diciembre de 2020, donde se lleva a cabo la siguiente actuación:

- Bono A, confirmado como **A (high)(sf)**.
- Bono B, subida a **BB (sf)** desde **BB (low)(sf)**.

En Madrid a 4 de diciembre de 2020

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 (sf) from BB (low) (sf)

The rating of the Class A Notes addresses the timely payment of interest and the ultimate payment of principal on or before the legal final maturity date in November 2063. 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, as of the August 2020 payment date.
- Portfolio default rate (PD), loss given default (LGD), and expected loss assumptions on the remaining receivables.
- Current available credit enhancement to the Class A Notes to cover the expected losses assumed at the A (high) (sf) rating level, and to the Class B Notes at BB (sf) once the Class A Notes are fully amortised and the reserve fund starts providing credit enhancement.
- Current economic environment and an assessment of sustainable performance, as a result of the Coronavirus Disease (COVID-19) pandemic.

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 2020, loans two- to three-months in arrears represented 0.2% of the outstanding portfolio balance, down from 0.3% in August 2019. The 90+ delinquency ratio remained at 0.3% in the same period, and the cumulative default ratio increased to 0.3% since closing.

### PORTFOLIO ASSUMPTIONS AND KEY DRIVERS

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 6.1% and 27.2% respectively, from 7.3% and 33.6% at the time of the last annual review. The reductions of the base case PD and LGD assumptions are mainly driven by the amortisation and increased seasoning of the underlying loans, as well as overall good performance of the securitised mortgage portfolio in terms of delinquencies and defaults.

## CREDIT ENHANCEMENT

As of the August 2020 payment date, credit enhancement to the Class A Notes was 16.8%, up from 16.6% as of the August 2019 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 240 million (4.9% of Class A and Class B Notes balance), 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 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 are 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.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

The Coronavirus Disease (COVID-19) and the resulting isolation measures have caused an economic contraction, leading to sharp increases in unemployment rates and income reductions for many borrowers. DBRS Morningstar anticipates that delinquencies may continue to increase in the coming months for many RMBS transactions, some meaningfully. The ratings are based on additional analysis and adjustments to expected performance as a result of the global efforts to contain the spread of the coronavirus.

For this transaction, DBRS Morningstar increased the expected default rate for self-employed borrowers, incorporated a moderate reduction in residential property values, and conducted additional sensitivity analysis to determine that the transaction benefits from sufficient liquidity support to withstand potential high levels of payment holidays in the portfolio.

On 16 April 2020, the DBRS Morningstar Sovereign group released a set of macroeconomic scenarios for the 2020-22 period in select economies. These scenarios were last updated on 2 December 2020. For details, see the following commentaries: <https://www.dbrsmorningstar.com/research/370672/global-macroeconomic-scenarios-december-update> and <https://www.dbrsmorningstar.com/research/359903/global-macroeconomic-scenarios-application-to-credit-ratings>. The DBRS Morningstar analysis considered impacts consistent with the moderate scenario in the referenced reports.

On 5 May 2020, DBRS Morningstar published a commentary outlining how the coronavirus crisis is likely to affect DBRS Morningstar-rated RMBS transactions in Europe. For more details, please see: <https://www.dbrsmorningstar.com/research/360599/european-rmbs-transactions-risk-exposure-to-coronavirus-covid-19-effect> and <https://www.dbrsmorningstar.com/research/362712/european-structured-finance-covid-19-credit-risk-exposure-roadmap>.

For more information regarding rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: <https://www.dbrsmorningstar.com/research/357883>.



For more information regarding structured finance rating methodologies and Coronavirus Disease (COVID-19), please see the following DBRS Morningstar press release: <https://www.dbrsmorningstar.com/research/358308>.

## ESG CONSIDERATIONS

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework and its methodologies can be found at: <https://www.dbrsmorningstar.com/research/357792>.

### Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is the "Master European Structured Finance Surveillance Methodology" (22 April 2020). 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 at: <https://www.dbrsmorningstar.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.dbrsmorningstar.com/research/364527/global-methodology-for-rating-sovereign-governments>.

The sources of data and information used for these ratings includes investor reports provided by the management company, 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 this transaction took place on 3 December 2019, when DBRS Morningstar confirmed the rating of the Class A Notes at A (high) (sf) and upgraded the rating of the Class B Notes to BB (low) (sf) from B (high) (sf).

Information regarding DBRS Morningstar ratings, including definitions, policies, and methodologies is available at [www.dbrsmorningstar.com](http://www.dbrsmorningstar.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 6.1% and 27.2%, 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 remain at 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 remain at 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 A (sf).

#### Class A Notes Risk Sensitivity:

-- 25% increase in LGD, expected rating of A (high) (sf)

-- 50% increase in LGD, expected rating of A (high) (sf)

-- 25% increase in PD, expected rating of A (high) (sf)

-- 50% increase in PD, expected rating of A (high) (sf)

-- 25% increase in PD and 25% increase in LGD, expected rating of A (high) (sf)

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

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

-- 50% increase in PD and 50% increase in LGD, expected rating of A (sf)

#### Class B Notes Risk Sensitivity:

-- 25% increase in LGD, expected rating of BB (sf)

-- 50% increase in LGD, expected rating of BB (sf)

-- 25% increase in PD, expected rating of BB (sf)

-- 50% increase in PD, expected rating of BB (low) (sf)

-- 25% increase in PD and 25% increase in LGD, expected rating of BB (sf)

-- 25% increase in PD and 50% increase in LGD, expected rating of BB (sf)

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

-- 50% increase in PD and 50% increase in LGD, expected rating of B (high) (sf)

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

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

Ratings assigned by DBRS Ratings GmbH are subject to EU and U.S. 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

Tel. +49 (69) 8088 3500

Geschäftsführer: Detlef Scholz

Amtsgericht Frankfurt am Main, HRB 110259

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

methodologies.

-- Master European Structured Finance Surveillance Methodology (22 April 2020), <https://www.dbrsmorningstar.com/research/354616/master-european-structured-finance-surveillance-methodology>

-- Legal Criteria for European Structured Finance Transactions (11 September 2019), <https://www.dbrsmorningstar.com/research/350234/legal-criteria-for-european-structured-finance-transactions>

-- Operational Risk Assessment for European Structured Finance Servicers (19 November 2020), <https://www.dbrsmorningstar.com/research/370270/operational-risk-assessment-for-european-structured-finance-servicers>

-- Interest Rate Stresses for European Structured Finance Transactions (28 September 2020), <https://www.dbrsmorningstar.com/research/367292/interest-rate-stresses-for-european-structured-finance-transactions>

-- European RMBS Insight Methodology (2 April 2020) and European RMBS Insight Model v 4.3.1.0, <https://www.dbrsmorningstar.com/research/359192/european-rmbs-insight-methodology>

-- European RMBS Insight: Spanish Addendum (26 August 2020), <https://www.dbrsmorningstar.com/research/366107/european-rmbs-insight-spanish-addendum>



-- Derivative Criteria for European Structured Finance Transactions (24 September 2020), <https://www.dbrsmorningstar.com/research/367092/derivative-criteria-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 <https://www.dbrsmorningstar.com/research/278375>.

For more information on this credit or on this industry, visit [www.dbrsmorningstar.com](http://www.dbrsmorningstar.com) or contact us at [info@dbrsmorningstar.com](mailto:info@dbrsmorningstar.com).

## Ratings

### TDA Sabadell RMBS 4, Fondo de Titulización

Date Issued	Debt Rated	Action	Rating	Trend	Issued
03-Dec-20	Class A Notes	Confirmed	A (high) (sf)	--	
03-Dec-20	Class B Notes	Upgraded	BB (sf)	--	

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## Contacts

### Shalva Beshia

*Assistant Vice President Analyst - Global Structured Finance*

+49 69 8088 3528

[shalva.beshia@dbrsmorningstar.com](mailto:shalva.beshia@dbrsmorningstar.com)

**Petter Wettestad**

*Senior Financial Analyst, European Surveillance*

+49 69 8088 3514

[petter.wettestad@dbrsmorningstar.com](mailto:petter.wettestad@dbrsmorningstar.com)

**Alfonso Candelas**

*Senior Vice President, Head of European Surveillance*

+49 69 8088 3512

[alfonso.candelas@dbrsmorningstar.com](mailto:alfonso.candelas@dbrsmorningstar.com)

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