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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 1 de diciembre de 2021, donde se lleva a cabo la siguiente actuación:
 - Bono A, subida a **AA (sf)** desde **AA (low)(sf)**.
 - Bono B, confirmado como **BB (sf)**.

En Madrid a 7 de diciembre de 2021

Ramón Pérez Hernández
Consejero Delegado



PRESS RELEASE

DECEMBER 01, 2021

DBRS Morningstar Upgrades and Confirms Ratings on TDA Sabadell RMBS 4, Fondo de Titulización

RMBS

DBRS Ratings GmbH (DBRS Morningstar) upgraded and confirmed the ratings on the bonds issued by TDA Sabadell RMBS 4, Fondo de Titulización (the Issuer) as follows:

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

The rating on 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 on 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 2021 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 AA (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; and
- Current economic environment and an assessment of sustainable performance, as a result of the Coronavirus Disease (COVID-19) pandemic.

The transaction 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 2021, loans two to three months in arrears represented 0.3% of the outstanding portfolio balance, up from 0.2% in August 2020. The 90+-day delinquency ratio remained at 0.3% in the same period and the cumulative default ratio increased to 0.4% since closing.

PORTFOLIO ASSUMPTIONS AND KEY DRIVERS

DBRS Morningstar conducted a loan-by-loan analysis of the remaining pool of receivables and updated its base case PD and LGD assumptions to 5.8% and 24.1%, respectively, from 6.1% and 27.2% at the time of the last annual review. The reductions to 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 2021 payment date, credit enhancement to the Class A Notes was 17.9%, up from 16.8% as of the August 2020 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 222 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 on the Class A Notes until they are repaid in full. The reserve fund will become available to the Class B Notes once the Class A Notes have been fully repaid. 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 its DBRS Morningstar Long Term Critical Obligations Rating (COR) of A (high)), the downgrade provisions outlined in the transaction documents, and other mitigating factors inherent in the transaction structure, DBRS Morningstar considers the risk arising from the exposure to Banco Sabadell to be consistent with the AA (sf) rating on 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 AA (sf) rating on the Class A Notes.

DBRS Morningstar analysed the transaction structure in Intex DealMaker.

The coronavirus pandemic and the resulting isolation measures caused an immediate economic contraction, leading in some cases to 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 residential mortgage-backed securities (RMBS) transactions. These ratings are based on additional analysis to expected performance as a result of the global efforts to contain the spread of the coronavirus.

For this transaction, DBRS Morningstar incorporated an increase in probability of default for certain borrower characteristics 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.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. These scenarios were last updated on 8 September 2021. DBRS Morningstar analysis considered impacts consistent with the baseline scenario in the below referenced report. For details, see the following commentaries:

<https://www.dbrsmorningstar.com/research/384150/baseline-macroeconomic-scenarios-for-rated-sovereigns> and <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

On 14 June 2021, DBRS Morningstar updated its 5 May 2020 commentary outlining the impact of the coronavirus crisis on performance of DBRS Morningstar-rated RMBS transactions in Europe one year on. For more details, please see: <https://www.dbrsmorningstar.com/research/380094/the-impact-of-covid-19-on-european-mortgage-performance-one-year-on> and <https://www.dbrsmorningstar.com/research/360599/european-rmbs-transactions-risk-exposure-to-coronavirus-covid-19-effect>.

ESG CONSIDERATIONS

A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings at: <https://>

www.dbrsmorningstar.com/research/373262.

Notes:

All figures are in euros unless otherwise noted.

The principal methodology applicable to the ratings is the "Master European Structured Finance Surveillance Methodology" (8 February 2021).

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>.

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.

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/381451/global-methodology-for-rating-sovereign-governments>.

The DBRS Morningstar Sovereign group releases baseline macroeconomic scenarios for rated sovereigns. DBRS Morningstar analysis considered impacts consistent with the baseline scenarios as set forth in the following report: <https://www.dbrsmorningstar.com/research/384482/baseline-macroeconomic-scenarios-application-to-credit-ratings>.

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 ratings, 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 Class A Notes took place on 6 April 2021, when DBRS Morningstar upgraded the rating on the Class A Notes to AA (low) (sf) from A (high) (sf), following the finalisation of the "Legal Criteria for European Structured Finance Transactions" methodology. The last rating action on the Class B Notes took place on 3 December 2020, when DBRS Morningstar upgraded its rating on the Class B Notes to BB (sf) from BB (low) (sf).

Information regarding DBRS Morningstar ratings, including definitions, policies, and methodologies, is available at 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 5.8% and 24.1%, 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 AA (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 AA (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 (high) (sf).

Class A Notes Risk Sensitivity:

- 25% increase in LGD, expected rating of AA (sf)
- 50% increase in LGD, expected rating of AA (sf)
- 25% increase in PD, expected rating of AA (sf)
- 50% increase in PD, expected rating of AA (sf)
- 25% increase in PD and 25% increase in LGD, expected rating of AA (sf)
- 25% increase in PD and 50% increase in LGD, expected rating of AA (sf)
- 50% increase in PD and 25% increase in LGD, expected rating of AA (sf)
- 50% increase in PD and 50% increase in LGD, expected rating of A (high) (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 (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 BB (low) (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>. DBRS Morningstar understands further information on DBRS Morningstar historical default rates may be published by the Financial Conduct Authority (FCA) on its webpage: <https://www.fca.org.uk/firms/credit-rating-agencies>.

These ratings are endorsed by DBRS Ratings Limited for use in the United Kingdom.

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Initial Rating Date: 29 November 2017

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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 (8 February 2021), <https://www.dbrsmorningstar.com/research/373435/master-european-structured-finance-surveillance-methodology>.
- Legal Criteria for European Structured Finance Transactions (29 July 2021), <https://www.dbrsmorningstar.com/research/382171/legal-criteria-for-european-structured-finance-transactions>.
- DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings (3 February 2021), <https://www.dbrsmorningstar.com/research/373262/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings>.
- Operational Risk Assessment for European Structured Finance Servicers (16 September 2021), <https://www.dbrsmorningstar.com/research/384513/operational-risk-assessment-for-european-structured-finance-servicers>.
- Interest Rate Stresses for European Structured Finance Transactions (24 September 2021), <https://www.dbrsmorningstar.com/research/384920/interest-rate-stresses-for-european-structured-finance-transactions>.
- European RMBS Insight Methodology (3 June 2021) and European RMBS Insight Model v 5.3.0.2, <https://www.dbrsmorningstar.com/research/379557/european-rmbs-insight-methodology>.
- European RMBS Insight: Spanish Addendum (6 July 2021), <https://www.dbrsmorningstar.com/research/381224/european-rmbs-insight-spanish-addendum>.
- Derivative Criteria for European Structured Finance Transactions (20 September 2021), <https://www.dbrsmorningstar.com/research/384624/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 or contact us at info@dbrsmorningstar.com.

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