



Fitch Upgrades Valencia Hipotecario 2 Class C Notes to 'A+sf'

Fitch Ratings-London-14 January 2019: Fitch Ratings has upgraded Valencia Hipotecario 2, Fondo de Titulizacion de Hipotecaria's (VH2) class C notes and removed them from Rating Watch Positive (RWP), as follows:

(VH2):

Class C ISIN (ES0382745026): upgraded to 'A+sf' from 'Asf'; off RWP; Outlook Stable

KEY RATING DRIVERS

Direct Counterparty Upgrade

The upgrade follows a similar action on VH2's direct counterparty Barclays Bank plc (A+/Stable) on 20 December 2018.

The rating of the notes is aligned with Barclays Bank due to the notes' credit enhancement being mostly provided by the reserve fund held at the bank.

RATING SENSITIVITIES

Rating changes to Barclays Bank, will be reflected in VH2's class C notes' rating.

USE OF THIRD-PARTY DUE DILIGENCE PURSUANT TO RULE 17G-10

Form ABS Due Diligence-15E was not provided to, or reviewed by, Fitch in relation to this rating action.

DATA ADEQUACY

Fitch has checked the consistency and plausibility of the information it has received about the performance of the asset pool and the transaction. There were no findings that affected the rating analysis. Fitch has not reviewed the results of any third-party assessment of the asset portfolio information or conducted a review of origination files as part of its ongoing monitoring.

Prior to the transaction's closing, Fitch reviewed the results of a third-party assessment conducted on the asset portfolio information and how to use it. There were no findings. Privacy Policy (<https://www.fitchratings.com/site/privacy>). To agree to our use of cookies click Accept.

Prior to the transaction's closing, Fitch conducted a review of a small, targeted sample of the originators' origination files and found the

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information contained in the reviewed files to be adequately consistent with the originator's policies and practices and the other information provided to the agency about the asset portfolio.

Overall and together with the assumptions referred to above, Fitch's assessment of the information relied upon for the agency's rating analysis according to its applicable rating methodologies indicates that it is adequately reliable.

Contacts:

Lead Surveillance Analyst

Francesco Luzzi

Analyst

+44 20 3530 1979

Fitch Ratings Limited

30 North Colonnade

London E14 5GN

Committee Chairperson

Alessandro Pighi

Senior Director

Co-Head European RMBS

+44 20 3530 1794

Media Relations: Athos Larkou, London, Tel: +44 20 3530 1549, Email: athos.larkou@thefitchgroup.com

Additional information is available on www.fitchratings.com

Applicable Criteria

European RMBS Rating Criteria (pub. 21 Dec 2018) (<https://www.fitchratings.com/site/re/10055894>)

Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 02 Feb 2018)

(<https://www.fitchratings.com/site/re/10018863>)

Global Structured Finance Rating Criteria (pub. 15 May 2018) (<https://www.fitchratings.com/site/re/10029600>)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 01 Aug 2018) (<https://www.fitchratings.com/site/re/10039504>)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 01 Aug 2018)

(<https://www.fitchratings.com/site/re/10039505>)

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 23 Oct 2018) (<https://www.fitchratings.com/site/re/10047041>)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 02 Feb 2018)

(<https://www.fitchratings.com/site/re/10018549>)

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