

Hecho Relevante de VALENCIA HIPOTECARIO 2 FONDO DE TITULIZACION HIPOTECARIA

En virtud de lo establecido en el Folleto Informativo de **VALENCIA HIPOTECARIO 2 FONDO DE TITULIZACION HIPOTECARIA** (el “Fondo”) se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Fitch Ratings** (“**Fitch**”), con fecha 17 de enero de 2020, comunica que confirma la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:
 - **Serie C:** **A+sf**, perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 20 de enero de 2020.



Fitch Affirms 8 European RMBS Ratings on Counterparty Affirmation; off RWN

Fitch Ratings - Milan - 17 January 2020:

Fitch Ratings has affirmed eight tranches of four European RMBS transactions and has removed them from Rating Watch Negative (RWN). The Outlook is Stable.

A full list of rating actions is detailed below.

RATING ACTIONS		
ENTITY/DEBT	RATING	PRIOR
RMAC Securities No.1 Plc (Series 2006-NS1)		
Class B1 Currency Swap Obligation	LT A+sf ● Affirmed	A+sf ◆
Class B1c XS0248597543	LT A+sf ● Affirmed	A+sf ◆
Magellan Mortgages No.1 Plc		
Class A XS0140415836	LT Asf ● Affirmed	Asf ◆
Class B XS0140416057	LT Asf ● Affirmed	Asf ◆
Paragon Mortgages (No. 12) Plc		
Class A1 XS0261644941	LT AAAsf ● Affirmed	AAAsf ●
Class A2a XS0261646136	LT AAAsf ● Affirmed	AAAsf ●
Class A2b XS0261646565	LT AAAsf ● Affirmed	AAAsf ●
Class A2c 69913BAB2	LT AAAsf ● Affirmed	AAAsf ●
Class B1a XS0261647886	LT AAAsf ● Affirmed	AAAsf ●
Class B1b XS0261648850	LT AAAsf ● Affirmed	AAAsf ●
Class C1a XS0261650161	LT A+sf ● Affirmed	A+sf ◆

Class C1b Currency Swap Obligations	LT A+sf ● Affirmed	A+sf ◆
Class C1b XS0261650674	LT A+sf ● Affirmed	A+sf ◆
Valencia Hipotecario 2, FTH		
Series C ES0382745026	LT A+sf ● Affirmed	A+sf ◆

Transaction Summary

RMAC Securities No.1 Plc Series 2006-NS1 (RMAC 2006) is a securitisation of buy-to-let (BTL) and non-conforming residential mortgages originated by GMAC-RFC (now called Paratus AMC) in the UK.

Magellan Mortgages No.1 Plc (Magellan 1) comprises Portuguese residential mortgage loans serviced by Banco Comercial Portugues, S.A. (BB/Positive/B).

Paragon Mortgages No. 12 Plc (Paragon 12) is a BTL RMBS transaction backed by loans originated in the UK between 2005 and 2006 by Paragon Mortgage Limited and Mortgage Trust Limited, all subsidiaries of Paragon Bank Plc.

Valencia Hipotecario 2 FTH (Valencia 2) comprises Spanish residential mortgages serviced by Caixabank, S.A. (BBB+/F2/Stable)

KEY RATING DRIVERS

Counterparty Exposure Caps Ratings

The affirmation and removal from RWN follow similar rating actions on some UK banking groups on 20 December (see "Fitch Affirms 19 UK Banking Groups; off RWN" dated 20 December 2019 available at www.fitchratings.com).

The class A and B notes of Magellan 1 continue to be capped at NatWest Markets Plc's IDR in accordance with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria. The rating cap is explained by Fitch's assessment of the transactions' continued material exposure to NatWest as remedial actions have not been implemented as per transaction documentation following the bank's downgrade in 2015.

For Paragon 12, RMAC 2006 and Valencia 2, the only source of credit enhancement for the affected classes (class C1a notes, C1b notes and C1b currency-swap obligations for Paragon 12, class B1c notes and class B1c notes currency-swap obligation for RMAC 2006, and class C notes for Valencia 2) is in the form of a reserve held at the issuer account bank (Barclays Bank plc Long-Term IDR, A+/Stable/F1). Those tranches remain capped at the rating of Barclays.

Paragon 12 First Loss Fund Reduction

On 15 November 2019, the Paragon 12's first loss fund was reduced to £20,504,000 from £28,503,895. Fitch has assessed such reduction on the transaction and found no impact on all the note ratings.

RATING SENSITIVITIES

As the class A and B notes of Magellan 1 continue to be capped at NatWest's IDR, a downgrade of Natwest will be reflected in the rating of these classes of notes.

Similarly, as the classes C1a and C1b notes of Paragon 12, the class B1c notes of RMAC 2006 and the class C notes of Valencia 2 are capped at Barclays' IDR, a downgrade of Barclays will trigger a downgrade in the rating of these classes of notes.

USE OF THIRD PARTY DUE DILIGENCE PURSUANT TO SEC 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 not conducted any checks on the consistency and plausibility of the information it has received about the performance of the asset pool and the transaction. 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.

Overall, 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.

SOURCES OF INFORMATION

None

MODELS

None

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is typically a score of 3. This means ESG issues are credit-neutral or have only a minimal credit impact on transactions, either due to their nature or to the way in which they are being managed by the transactions.

Magellan 1 has an ESG Relevance Score of 4 for the class A and B notes due to exposure to counterparty risk, which has a negative impact on the credit profile, and is relevant to the ratings in conjunction with other factors.

RMAC 2006 has an ESG Relevance Score of 4 for Human Rights, Community Relations, and Access & Affordability due to exposure to accessibility to affordable housing which, in combination with other factors, impacts the ratings.

RMAC 2006 has an ESG Relevance Score of 4 for Customer Welfare - Fair Messaging, Privacy & Data Security due to exposure to compliance risks including fair lending practices, mis-selling, repossession/foreclosure practices, consumer data protection (data security) which, in combination with other factors, impacts the ratings.

For more information on our ESG Relevance Scores, visit www.fitchratings.com/esg

Additional information is available on www.fitchratings.com

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Applicable Criteria

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 23 Oct 2018)
Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 18 Apr 2019)
Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 18 Apr 2019)
Global Structured Finance Rating Criteria (pub. 02 May 2019)
UK RMBS Rating Criteria (pub. 04 Oct 2019)
European RMBS Rating Criteria (pub. 25 Oct 2019)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 06 Dec 2019)
Fitch Ratings Interest Rate Stress Assumptions for Structured Finance and Covered Bonds (Excel) (pub. 06 Dec 2019)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form
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