

Otra Información 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 la presente información relevante:

- La Agencia de Calificación **Fitch Ratings** (“Fitch”) con fecha 1 de junio de 2022, comunica que ha elevado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:
 - **Serie B: AAAsf** (anterior **AA+sf**)
- Asimismo, Fitch ha confirmado la calificación asignada a las restantes Series de Bonos:
 - **Serie A: AAAsf**
 - **Serie C: A+sf**
 - **Serie D: CCCsf**

Se adjunta la comunicación emitida por Fitch.

Madrid, 2 de junio de 2022.



RATING ACTION COMMENTARY

Fitch Takes Rating Action on 2 Valencia RMBS Transactions

Wed 01 Jun, 2022 - 7:57 AM ET

Fitch Ratings - Madrid - 01 Jun 2022: Fitch Ratings has taken multiple rating actions on two Valencia RMBS transactions in Spain, including the upgrade of one tranche and affirming the rest. All Outlooks are Stable. A full list of rating actions is below.

RATING ACTIONS

ENTITY / DEBT ↕	RATING ↕	PRIOR ↕
Valencia Hipotecario 3, FTA		
Class A2 ES0382746016	LT AAAsf Rating Outlook Stable Affirmed	AAAsf Rating Outlook Stable
Class B ES0382746024	LT A+sf Rating Outlook Stable Affirmed	A+sf Rating Outlook Stable

Class C ES0382746032	LT	Asf Rating Outlook Stable	Affirmed	Asf Rating Outlook Stable
Class D ES0382746040	LT	CCCsf	Affirmed	CCCsf
Valencia Hipotecario 2, FTH				
Series A ES0382745000	LT	AAAsf Rating Outlook Stable	Affirmed	AAAsf Rating Outlook Stable
Series B ES0382745018	LT	AAAsf Rating Outlook Stable	Upgrade	AA+sf Rating Outlook Stable
Series C ES0382745026	LT	A+sf Rating Outlook Stable	Affirmed	A+sf Rating Outlook Stable
Series D ES0382745034	LT	CCCsf	Affirmed	CCCsf

[VIEW ADDITIONAL RATING DETAILS](#)

TRANSACTION SUMMARY

The transactions comprise fully amortising Spanish residential mortgages serviced by Caixabank, S.A. (BBB+/Stable/ F2).

KEY RATING DRIVERS

Stable Performance Expectation: The rating actions reflect our expectation of broadly stable asset performance for the securitised portfolios, supported by a low share of loans in arrears over 90 days (below 0.9% of the current portfolio balance as of the latest reporting

dates in both cases), very high portfolio seasoning of more than 16 years and low current loan-to-value ratios.

Positive Credit Enhancement Trend: The rating actions also reflect Fitch's view that credit enhancement (CE) ratios will continue increasing in the short-to-medium term, which will be sufficient to compensate the credit-and-cash-flow stresses defined for the corresponding rating scenarios. For Valencia 2, this is driven by the mandatory sequential paydown of the liabilities that takes place until the final maturity date in line with transaction documentation as its portfolio factor -defined as the outstanding portfolio balance as a share of initial asset balance - is less than 10% (currently around 9%).

For Valencia 3, CE is also expected to increase but at a slower pace considering its pro-rata paydown of liabilities and a non-amortising reserve fund. CE build-up will accelerate when the note amortisation switches to fully sequential, upon the portfolio factor falling below 10% (currently at 15%).

Ratings Capped by Counterparty Risks: Valencia 2 class C notes' rating is capped at the transaction account bank (TAB) provider's rating (Barclays Bank Plc (A+/Sta/F1)). The rating cap reflects the excessive counterparty dependence on the TAB holding cash reserves that are the main source of CE for this tranche.

Payment Interruption Risk Mitiaged: Fitch deems payment interruption risk (PiR) on the notes sufficiently mitigated in both transactions in the event of a servicer disruption. We deem the available liquidity protection (cash reserves that could be depleted by losses) as sufficient to cover stressed senior fees, net swap payments and senior note interest due amounts during a minimum three month-period while an alternative servicer arrangement is being implemented.

Geographical Concentration in Valencian Region: The securitised portfolios are exposed to the Region of Valencia, where approximately 65% and 70% of Valencia 2 and Valencia 3 current portfolio balance is located. Within Fitch's credit analysis, and to address regional concentration risk, higher rating multiples are applied to the base foreclosure frequency assumption to the portion of the portfolios that exceeds 2.5x the population within this region, in line with Fitch's European RMBS Rating Criteria.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

-For note ratings already at 'AAAsf', a downgrade of Spain's Long-Term Issuer Default Rating (IDR) that could decrease the maximum achievable rating for Spanish structured finance transactions. This is because these notes are rated at the maximum achievable rating, six notches above the sovereign IDR.

-For Valencia 2 class C tranche, a downgrade of the TAB's rating as the notes' rating is capped at the bank's rating due to excessive counterparty risk exposure.

-Long-term asset performance deterioration, such as increased delinquencies or larger defaults, which could be driven by adverse changes to macroeconomic conditions, interest-rate increases or adverse borrower behaviour. Higher inflation, larger unemployment and lower economic growth than Fitch's current forecast as disclosed in the Global Economic Outlook (March 2022) could affect the borrowers' ability to pay their mortgage debt.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

-The note ratings already at 'AAAsf' are the highest level on Fitch's scale and therefore cannot be upgraded.

-For mezzanine tranches, a sustained CE ratio increase as the transaction deleverages to fully compensate the credit losses and cash flow stresses commensurate with higher rating scenarios, all else being equal.

-For Valencia 2 class C tranche, an upgrade of the TAB's rating.

BEST/WORST CASE RATING SCENARIO

International scale credit ratings of Structured Finance transactions have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of seven notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of seven notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAAsf' to 'Dsf'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>.

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 checked the consistency and plausibility of the information it has received about the performance of the asset pool[s] and the transactions. 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.

Fitch did not undertake a review of the information provided about the underlying asset pools ahead of the transactions' initial closing. The subsequent performance of the transactions over the years is consistent with the agency's expectations given the operating environment and Fitch is therefore satisfied that the asset pool information relied upon for its initial rating analysis was adequately reliable.

Overall, and together with any 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.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

PUBLIC RATINGS WITH CREDIT LINKAGE TO OTHER RATINGS

Valencia 2's class C notes are capped at the TAB's rating because it is exposed to excessive counterparty dependency.

ESG CONSIDERATIONS

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit

www.fitchratings.com/esg

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PARTICIPATION STATUS

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APPLICABLE CRITERIA

[Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria \(pub. 20 Sep 2021\)](#)

[Global Structured Finance Rating Criteria \(pub. 26 Oct 2021\) \(including rating assumption sensitivity\)](#)

[Structured Finance and Covered Bonds Country Risk Rating Criteria \(pub. 28 Oct 2021\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum \(pub. 04 Nov 2021\)](#)

[Structured Finance and Covered Bonds Counterparty Rating Criteria \(pub. 04 Nov 2021\)](#)

[European RMBS Rating Criteria \(pub. 23 May 2022\) \(including rating assumption sensitivity\)](#)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Multi-Asset Cash Flow Model, v2.12.2 (1)

ResiGlobal Model: Europe, v1.8.1 (1)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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ENDORSEMENT STATUS

Valencia Hipotecario 2, FTH

EU Issued, UK Endorsed

Valencia Hipotecario 3, FTA

EU Issued, UK Endorsed

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Structured Finance Structured Finance: RMBS Europe Spain
