



## 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](http://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](http://www.fitchratings.com/esg)

Additional information is available on [www.fitchratings.com](http://www.fitchratings.com)

## **FITCH RATINGS ANALYSTS**

Surveillance Rating Analyst

Diana Leone, CFA

Director

+39 02 879087 219

Fitch Italia Società Italiana per il rating, S.p.A.

Via Morigi, 6 Ingresso Via Privata Maria Teresa, 8

Milan 20123

Surveillance Rating Analyst

Sara Mariani

Senior Analyst

+44 20 3530 1540

Fitch Ratings Ltd

30 North Colonnade, Canary Wharf

London E14 5GN

Surveillance Rating Analyst

Alessandro Magri

Senior Analyst

+44 20 3530 1756

Fitch Ratings Ltd

30 North Colonnade, Canary Wharf

London E14 5GN

Surveillance Rating Analyst

Paula Nafria, FRM

Analyst

+34 91 076 1985

Fitch Ratings Spain - Madrid

Paseo de la Castellana 31 9ºB

Madrid 28046

Committee Chairperson

Francois Le Roy

Senior Director

+33 1 44 29 91 75

## **MEDIA CONTACTS**

Athos Larkou

London  
+44 20 3530 1549  
athos.larkou@thefitchgroup.com

## 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  
Solicitation Status  
Endorsement Policy

## DISCLAIMER

ALL FITCH CREDIT RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.FITCHRATINGS.COM/UNDERSTANDINGCREDITRATINGS](https://www.fitchratings.com/understandingcreditratings). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEB SITE AT [WWW.FITCHRATINGS.COM](http://WWW.FITCHRATINGS.COM). PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. FITCH'S CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE. DIRECTORS AND SHAREHOLDERS RELEVANT INTERESTS ARE AVAILABLE AT [HTTPS://WWW.FITCHRATINGS.COM/SITE/REGULATORY](https://www.fitchratings.com/site/regulatory). FITCH MAY HAVE PROVIDED ANOTHER PERMISSIBLE SERVICE TO THE RATED ENTITY OR ITS RELATED THIRD PARTIES. DETAILS OF THIS SERVICE FOR RATINGS FOR WHICH THE LEAD ANALYST IS BASED IN AN EU-REGISTERED ENTITY CAN BE FOUND ON THE ENTITY SUMMARY PAGE FOR THIS ISSUER ON THE FITCH WEBSITE.

## COPYRIGHT

Copyright © 2020 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved. In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the

extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries

are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

## **SOLICITATION STATUS**

The ratings above were solicited and assigned or maintained at the request of the rated entity/issuer or a related third party. Any exceptions follow below.

## **Endorsement Policy**

Fitch's approach to ratings endorsement so that ratings produced outside the EU may be used by regulated entities within the EU for regulatory purposes, pursuant to the terms of the EU Regulation with respect to credit rating agencies, can be found on the EU Regulatory Disclosures page. The endorsement status of all International ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for all structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.

## **Fitch Updates Terms of Use & Privacy Policy**

We have updated our Terms of Use and Privacy Policies which cover all of Fitch Group's websites. [Learn more.](#)