

**Hecho Relevante de                      GAT ICO-FTVPO 1, Fondo de Titulización Hipotecaria**

En virtud de lo establecido en el Folleto Informativo de **GAT ICO-FTVPO 1, Fondo de Titulización 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 29 de enero de 2019, comunica que ha elevado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
  - **Serie B (CA): AAAsf**, perspectiva estable (anterior **AA-sf**)
  - **Serie B (CM): AAAsf**, perspectiva estable (anterior **AA-sf**)
  - **Serie B (CP): AAAsf**, perspectiva estable (anterior **AA-sf**)
  - **Serie B (CT): AAAsf**, perspectiva estable (anterior **AA-sf**)
  - **Serie C (CA): A+sf**, perspectiva estable (anterior **A-sf**)
  - **Serie C (CM): A+sf**, perspectiva estable (anterior **A-sf**)
  - **Serie C (CP): A+sf**, perspectiva estable (anterior **A-sf**)
  - **Serie C (CT): A+sf**, perspectiva estable (anterior **A-sf**)

Asimismo, Fitch ha confirmado la calificación asignada a la siguiente Serie de Bonos:

- **Serie AG: AAAsf**, perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 29 de enero de 2019.



## Fitch Takes Multiple Rating Actions on 2 Spanish VPO RMBS Transactions

Fitch Ratings-Madrid-29 January 2019: Fitch Ratings has upgraded eight tranches of GAT ICO-FTVPO 1, FTH (GAT VPO), and affirmed all tranches of AyT ICO-FTVPO Caja Vital Kutxa, FTA (Kutxa VPO). A full list of rating actions is at the end of this rating action commentary.

Both transactions mostly comprise Spanish residential mortgages backed by Viviendas de Proteccion Oficial (VPO) properties, allocated to low-income borrowers who fulfil stated eligibility criteria.

### KEY RATING DRIVERS

#### Stable or Improving Credit Enhancement (CE)

Fitch expects structural CE to remain stable over the short-to medium-term for Kutxa VPO as the transaction continues to amortise pro rata in the coming months. Conversely, Fitch expects CE for GAT VPO senior notes to increase as this transaction amortises on a fully sequential basis. Fitch views these CE trends as sufficient to withstand the rating stresses, leading to today's upgrades and affirmations.

The rating actions also reflect the removal of commingling losses from the analysis in accordance with Fitch's updated Structured Finance and Covered Bonds Counterparty Criteria, as cash collections from the securitised portfolios are swept by servicers to the SPV account banks either daily or every two days.

#### Stable Asset Performance

The transactions continue to show sound asset performance. Three-months plus arrears (excluding defaults) as a percentage of the current pool balance are below 0.5% at the latest reporting periods. Cumulative defaults, defined as mortgages in arrears by more than 18 months in Kutxa VPO and 12 months in GAT VPO, are around 1% of the portfolio initial balances in both cases. Fitch believes these levels are likely to remain stable as the stock of late-stage arrears is low and the seasoning of the securitised portfolios ranges between 12 and 14 years.

#### Subsidy Interruption Simulated

Fitch has tested potential interruption of the government subsidy to VPO borrowers by assigning a higher probability of default to such borrowers. The analysis showed that current and projected CE levels are sufficient to withstand these stresses. The current share of borrowers benefiting from any kind of subsidy is assumed to be between 0% for Kutxa VPO and 40% for GAT VPO.

#### Excessive Counterparty Exposure

The class C notes' rating of Kutxa VPO and GAT VPO are capped at 'Asf' and 'A+sf' respectively, equivalent to their SPV account bank provider's deposit ratings (Banco Santander, SA (A/Stable) and Societe Generale, SA (A+/Stable)). This is due to excessive counterparty risk as the cash reserves held at such entities represent the only source of structural CE for these notes. A sudden loss of these reserves would cause a downgrade of the notes' rating by 10 or more notches, thus capping the maximum achievable rating at the SPV account bank provider's deposit ratings in accordance with Fitch's criteria.

#### Payment Interruption Risk Mitigated

The transactions are viewed by Fitch as sufficiently protected against payment interruption risk in a scenario of servicer disruption, as liquidity sources provide sufficient buffer to mitigate liquidity stresses, covering at least three months of senior fees and interest payment obligations on the senior securitisation notes, until an alternative servicing arrangement is implemented.

#### VARIATIONS FROM CRITERIA

When assessing the excessive counterparty exposure for Kutxa VPO, Fitch has run its analysis with a performance adjustment factor (PAF) of 50% instead of 70%, considering the current loan-to-value (CLTV) trajectory of the portfolio that is expected to continue declining in the short-to medium-term to below 50% from its current estimated 54%. A model-implied rating impact of three notches for the class B reflects this variation.

For GAT VPO, Fitch has shortened the back-loaded default distribution timing to 168 months from 180 months to align it with the remaining time to maturity of the last maturing loan in the portfolio. The model-implied rating impact of this variation cannot be assessed as cash flows cannot be modelled without this adjustment.

#### RATING SENSITIVITIES

A worsening of the Spanish macroeconomic environment, especially employment conditions, or an abrupt shift in interest rates could jeopardise the ability of the underlying borrowers to meet their payment obligations.

The class C notes' ratings are also sensitive to changes in the SPV account bank providers' deposit ratings, as the cash reserves kept at the respective bank account represent the only source of CE for these notes. The class C notes' ratings are capped at the SPV account bank's deposit ratings.

#### 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 pools and the transactions. For Kutxa VPO, because loan-by-loan portfolio data sourced from the European Data Warehouse did not contain information about subsidised loans in the portfolio, Fitch assumed the proportion of borrowers with any subsidy remains at 0% of the portfolio current balance, identical to the proportion as of the closing date. For GAT VPO, Fitch has assumed around 40% of borrowers in the portfolio are still linked to either up-front and instalment subsidies based on data received from the transaction trustee. For both transactions, Fitch has assumed 100% of the properties securing the loans to be VPO houses.

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 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.

#### SOURCES OF INFORMATION

The information below was used in the analysis.

Loan level data sourced from the European Data Warehouse with the following cut-off dates:

- October 2018 for Kutxa VPO
- August 2018 for GAT VPO

Issuer and servicer reports since closing date until:

- October 2018 for Kutxa VPO provided by Haya Titulizacion, SGFT, SA
- November 2018 for GAT VPO provided by Europea de Titulizacion, SGFT, SA

#### MODELS

ResiGlobal

ResiGlobal.

EMEA Cash Flow Model

EMEA Cash Flow Model.

AyT ICO-FTVPO Caja Vital Kutxa, FTA

Class A notes (ISIN ES0312304001): affirmed at 'AAAsf'; Outlook Stable

Class B notes (ISIN ES0312304019): affirmed at 'AAsf'; Outlook Stable

Class C notes (ISIN ES0312304027): affirmed at 'Asf'; Outlook Stable

GAT ICO-FTVPO 1, FTH:

Class AG (ISIN ES0341068007) affirmed at 'AAAsf'; Outlook Stable

Class B (CA) (ISIN ES0341068015) upgraded to 'AAAsf' from 'AA-sf'; Outlook Stable

Class B (CM) (ISIN ES0341068023) upgraded to 'AAAsf' from 'AA-sf'; Outlook Stable

Class B (CP) (ISIN ES0341068031) upgraded to 'AAAsf' from 'AA-sf'; Outlook Stable

Class B (CT) (ISIN ES0341068049) upgraded to 'AAAsf' from 'AA-sf'; Outlook Stable

Class C (CA) (ISIN ES0341068056) upgraded to 'A+sf' from 'A-sf'; Outlook Stable

Class C (CM) (ISIN ES0341068064) upgraded to 'A+sf' from 'A-sf'; Outlook Stable

Class C (CP) (ISIN ES0341068072) upgraded to 'A+sf' from 'A-sf'; Outlook Stable

Class C (CT) (ISIN ES0341068080) upgraded to 'A+sf' from 'A-sf'; Outlook Stable

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Applicable Criteria

European RMBS Rating Criteria (pub. 21 Dec 2018)

Global Structured Finance Rating Criteria (pub. 15 May 2018)

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

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

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 23 Oct 2018)

Additional Disclosures

Dodd-Frank Rating Information Disclosure Form

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