FitchRatings

Structured Finance

Other Mortgage & Real Estate-Related
Residential Assets
Spain
New Issue

GAT ICO-FTVPO 1, F.T.H.

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Related Research

The following special reports provide additional detail on Fitch's rating approach; all are available at www.fitchratings.com:

Applicable Criteria

- *EMEA Residential Mortgages Loss Criteria (February 2010)*
- *EMEA Residential Mortgage Loss Criteria Addendum - Spain (February 2010)*
- *Counterparty Criteria for Structured Finance Transactions (October 2009)*

Other Research

- *Spain (June 2010)*
- *Instituto de Credito Oficial (December 2009)*
- *Confederación Española de Cajas de Ahorros (March 2009)*
- *Caixa d'Estalvis del Penedès (July 2009)*
- *Caixa d'Estalvis Unio de Caixes Manlleu, Sabadell i Terrassa (July 2010)*
- *Securitisation of Spanish Subsidised Housing (March 2009)*

Contents

Final Ratings

Series	Amount (EURm)	Final Legal Maturity	Rating		CE (%)	Outlook
Series AG	331.6	Jun 2036	AAA	LS1	10.59	Stable
Series B (CA)	9.8	Jun 2036	A	LS2	4.76	Stable
Series B (CM)	3.3	Jun 2036	A	LS2	7.25	Stable
Series B (CP)	2.7	Jun 2036	A	LS1	5.67	Stable
Series B (CT)	2.0	Jun 2036	A	LS2	7.11	Stable
Series C (CA)	3.2	Jun 2036	BBB	LS3	3.11	Stable
Series C (CM)	2.3	Jun 2036	BBB	LS3	3.78	Stable
Series C (CP)	1.5	Jun 2036	BBB	LS2	2.93	Stable
Series C (CT)	1.5	Jun 2036	BBB	LS2	3.43	Stable
Total Issuance	**357.9**					

Closing occurred in June 2009

Transaction Summary

This EUR357.9m transaction is a securitisation of Spanish mortgage loans granted for the acquisition of subsidised properties (Viviendas de Protección Official (VPO)). The loans were originated by four Spanish saving banks in the region of Catalunya. Since transaction closing, some sellers have merged with other saving banks and others are in the process of merging. The initial sellers were: Caixa d'Estalvis de Catalunya and Caixa Manresa, which now form Caixa d'Estavis de Catalunya, Tarragona i Manresa (not rated by Fitch); Caixa d'Estalvis de Terrassa which, since July 2010, belongs to Caixa d'Estalvis Unio de Caixes Manlleu, Sabadell i Terrassa (UNNIM) ('BBB-'/Stable/'F3'); and Caixa d'Estalvis del Penedès (Caixa Penedés, rated 'BBB+'/(RWN)/'F2') . Fitch Ratings has assigned ratings to the notes issued by GAT ICO-FTVPO 1, Fondo de Titulización Hipotecaria (GAT VPO 1, or the fund) as indicated above.

The ratings are based on the quality of the collateral, the underwriting and servicing capabilities of the sellers, the available credit enhancement (CE), the integrity of the legal and financial structure and the sociedad gestora's administrative capabilities. The ratings address payment of interest on the notes according to the terms and conditions of the documentation — subject to a deferral trigger on the series B and C notes — as well as the repayment of principal on each note by legal final maturity. Should the deferral trigger on the series B and C notes be hit, interest on these notes will be deferred as per the priority of payments and might not be received for a time, but will be received by legal final maturity.

Key Rating Drivers

- **Collateral:** The collateral pool is 100% composed of loans granted for the acquisition of subsidised properties (Viviendas de Protección Official, or protected dwellings (VPO)). According to data provided by the originators, VPO collateral has historically outperformed the non-VPO mortgage books, as reflected in lower arrears and defaults.
- **Seasoning of the Pool:** Because some of these originators are securitising virtually all their VPO portfolio in order to achieve the volume necessary for the ICO (Instituto de Credito Oficial) guarantee, the seasoning of this pool is very high. At closing, the pool had an average seasoning of 61 months.

- **Structure:** The 'AAA' tranche benefits from the excess spread available to the structure and the credit enhancement (CE) of all the individual structures under certain circumstances. The excess spread, meaning the monies that otherwise will be free to the originator, will be used to replenish the Reserve Fund (RF) of other originators, should they be depleted. The subordinated tranches only benefit from the individual CE of their specific structure.
- **ICO Guarantee:** The 'AAA' tranche benefits from a guarantee provided by Instituto de Crédito Oficial (ICO) rated 'AA+'/Stable/'F1+'; however, no credit has been given to the guarantee, since the 'AAA' rating for the Series AG bonds was assigned prior to the concession of the guarantee. In order to qualify for that guarantee, all loans backing the pool had to be performing for at least the last 12 months.
- **Cross Servicing Provision:** There is a cross servicing provision in the transaction to guard against potential servicing disruption associated with a bank default. Under this provision, each servicer in the transaction commits to take on the servicing for other originators if needed.

Rating Sensitivity[1]

This section of the report provides a greater insight into Fitch's Spanish Residential Mortgage Default Model Criteria. It provides implied ratings sensitivities the transaction faces when one risk factor is stressed, while holding others equal. The results below should only be considered as one potential outcome, given that the transaction is exposed to multiple risk factors that are all dynamic variables. The results below do not consider the sub-tranches for each originator, but rather a combined Weighted Average Foreclosure Frequency (WAFF) and Weighted Average Recovery Rate (WARR).

Rating Sensitivity to Defaults

The change in rating (ie rating migration) if the probability of default of the portfolio is increased by a relative amount is displayed below. Model results, when instantaneously increasing the portfolio default rate by 5%, 15% and 25%, indicate no rating transition to series A and B. A 15% and 25% increase in WAFF shows a one-notch and two-notch downgrade of the Series C notes (to 'BBB-' and 'BB+' respectively from 'BBB').

Rating Sensitivity to Default Rates

	Series A	Series B	Series C
Original rating	**AAA**	**A**	**BBB**
5% increase in default rates	AAA	A	BBB
15% increase in default rates	AAA	A	BBB-
25% increase in default rates	AAA	A	BB+

Source: Fitch

Rating Sensitivity to Recovery Rates

Rating Sensitivity to Recovery Rates

	Series A	Series B	Series C
Original rating	**AAA**	**A**	**BBB**
5% decrease in recovery rates	AAA	A	BBB
15% decrease in recovery rates	AAA	A	BBB-
25% decrease in recovery rates	AAA	A	BB+

Source: Fitch

[1] These sensitivities only describe the model-implied impact of a change in one of the input variables. This is designed to provide information about the sensitivity of the rating to model assumptions. It should not be used as an indicator of possible future performance

The rated notes also show good stability to a decrease in recovery rates. Model results, when instantaneously decreasing the portfolio recovery rate by 5%, 15% or 25%, indicate no rating transition in series A and B. A 15% and 25% decrease in WARR shows a one-notch and two-notch downgrade of the Series C notes (to 'BBB-' and 'BB+' respectively from 'BBB').

Rating Sensitivity to Shifts in Multiple Factors

The table below summarises the rating sensitivity to stressing multiple factors concurrently. A total of three scenarios are evaluated to demonstrate the sensitivity of the rating to varying degrees of stress on the assumptions (ie changes to the expected level of defaults and recoveries tested in Fitch's stress scenarios).

Rating Sensitivity to Default Rates and Recovery Rates

	Series A	Series B	Series C
Original rating	**AAA**	**A**	**BBB**
Scenario 1: 10% increase in default rates, 5% decrease in recovery rates	AAA	A	BBB
Scenario 2: 15% increase in default rates, 15% decrease in recovery rates	AA+	A-	BB+
Scenario 3: 25% increase in default rates, 25% decrease in recovery rates	AA+	BBB+	BB

Source: Fitch

The model results of the combined stresses show that the Series A notes, with an initial rating of 'AAA', would suffer a downgrade of one notch in scenarios 2 and 3, (see table *Rating Sensitivity to Multiple Factors* above). However, series B and C exhibit greater rating migration under scenarios 2 and 3, as noted in the table above. These results assume that the stresses occur immediately. One of the reasons for the limited impact on ratings is the contribution of the swap to guarantee excess spread to the transaction.

Model, Criteria Application and Data Adequacy

Fitch divided the collateral portfolio into four sub-pools, one for each of the four originators (see *Asset Analysis*), and analysed them on a loan-by-loan basis, taking into account the differences in the borrowers' risk profile.

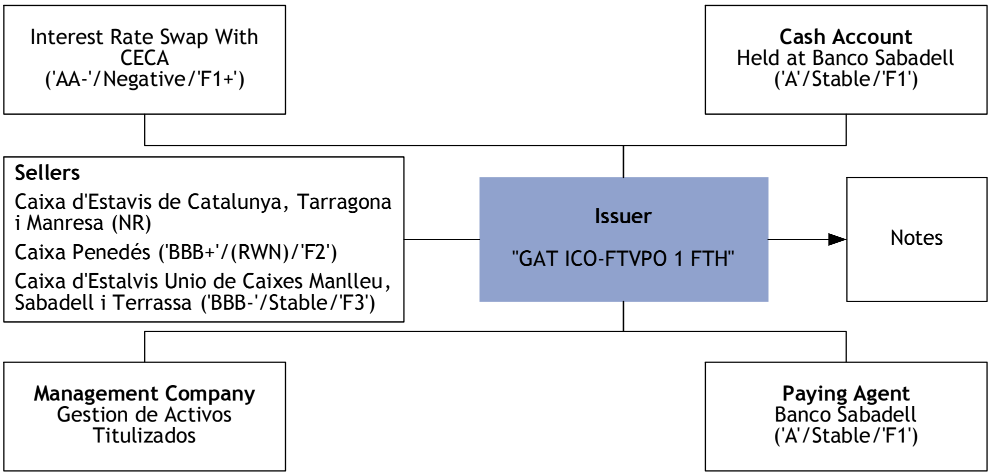
Each originator provided Fitch with static historical default and recovery data as well as dynamic delinquencies, broken down by type of property, ie protected dwelling or open market. Fitch also considered the origination strategy, servicing process, and the performance of each participating bank's mortgage pool as part of its analysis.

Fitch was provided with loan-by-loan data for the securitisation pool. While the data provided was largely complete, details of two fields (debtor's employment type, and debt-to-Income (DTI)) were either not provided or were not in the agency's standard format. As a result, more conservative assumptions were made with respect to these two factors (please see *Asset Analysis* section).

Fitch analysed the risk of obligor default using its proprietary Spanish RMBS default model (see "*EMEA Residential Mortgages Loss Criteria Addendum-Spain*", dated February 2010). Fitch's proprietary cash flow model was used to complete the rating analysis and simulate the transaction cash flows and capital structure. Fitch's cash flow model was customised to account for the specific features of the deal.

Transaction and Legal Structure

Structure Diagram



Source: Transaction documents

Legal Framework

The fund is regulated by Spanish Securitisation Law 19/1992 and Royal Decree 26/1998. Its sole purpose is to transform a portfolio of mortgage certificates (certificados de transmisión de hipoteca or CTHs) acquired from the seller into fixed-income securities. The CTHs are acquired from the seller on behalf of the fund by Gestión de Activos Titulizados, S.G.F.T, S.A. (the sociedad gestora), a limited liability company incorporated under the laws of Spain and the activities of which are limited to the management of securitisation funds.

As part of the transaction analysis, Fitch relies on legal and/or tax opinions provided by transaction counsel. At closing, the seller transferred the mortgages to the sociedad gestora on behalf of the fund. However, under Spanish law, the mortgage loans are not actually transferred via a true sale, as this would entail a lengthy process of re-registering them at the property registry. Instead, the seller issues mortgage participations (PHs) and, since the Finance Act of December 2003, mortgage certificates (CTHs). Mortgages transferred in the form of PHs are subject to certain restrictions with which CTHs do not have to comply. In particular, PHs must be first-ranking mortgages with a current LTV (CLTV) below 80%, and the properties underlying the mortgage must be properly insured.

Representations and Warranties

The originators have provided the issuer with specific representations and warranties concerning the features of the mortgages, as well as the general and legal circumstances of the loans and the properties in each portfolio, including those listed below.

1. Mortgage loans exist and are valid and enforceable in accordance with applicable law and in granting them, all applicable legal provisions have been fulfilled.
2. In the final pool 100% of the outstanding amount of assets transferred to the fund are backed by mortgage loans granted for the acquisition of a VPO property.
3. The sale of mortgage loans through the issuance of certificates does not violate Spanish law.
4. All loans have been granted for the purchase, refurbishment or construction of homes in Spain, both directly or through subrogation of developer loans.

5. All mortgage loans of the pool are first lien loans.
6. All mortgage loans were formalised in a public act and are properly constituted and registered in the property office. The registration of the mortgaged property is enforceable, and it is not subject to any limitation in accordance with applicable law.
7. The sellers are not aware of any price adjustment by more than 20% of the appraised value — and/or the authorised selling value — as regards any securitised mortgaged property.
8. At the date of issuance of the certificates, none of the mortgage loans will have matured debts outstanding for a period greater than thirty days.
9. At closing, none of the loans had been delinquent (defined as arrears for more than 90 days) during the prior 12 months.
10. All mortgage loans were granted following standard procedures of each originator.
11. None of the mortgage loans will have, at the date of the transfer, a grace period on principal and/or interest other than those derived from the national VPO plans.
12. All mortgage loans securitised are denominated and payable in euros only.

Substitution

The event of early redemption of certificates for early repayment of principal of the mortgage loans will not entail the replacement of the affected certificates. Substitution events allowed in the documentation, and by the Spanish Securitisation Law, will be linked only to the discovery of loans that are not in compliance with the representations and warranties listed in the Offering Circular. In that case, loans that have breached representations and warranties will be either amortised in total or substituted with a similar mortgage in terms of amount and characteristics. Loan substitutions are monitored and must be approved by the management company.

Permitted Variations

As stipulated in Article 25 of Royal Decree 685/1982, each seller, in administering the mortgage loans, may not, without the consent of the managing company, voluntarily cancel the mortgages of the collateral for reasons other than the full amortisation of the loan. Additionally, servicers will not relinquish the mortgage claim, modify or restructure them, cancel them in whole or in part, or permit an extension, or in general take any action that diminishes the legal effectiveness, or the economic value of the mortgage loans, except for the modifications listed below:

- contracts allow subrogation of mortgage loans only in cases where the debtor characteristics of the new features are similar to those of the original debtor and originated under the same guidelines;
- changes in interest rates and final maturity of the mortgage loans, as described in the following paragraphs:

In particular, in relation to the final maturity of the mortgage loans, with a previous communication to the management company, each servicer may agree to modify mortgages involving a decrease or increase of the remaining life of the mortgage loan in question (by decreasing or increasing the amortisation period) in any case, subject to the limits and conditions set out in legislation and in the Offering Circular. In particular, any extension is limited to the final maturity of the certificates. In no case will the extension be able to exceed the final maturity of the last securitised mortgage loan. In addition, the outstanding amount of the mortgage loans for which the extension of maturity could be allowed will not exceed 10% of the initial aggregate pool principal balance transferred to the fund.

Historically, there have been limited loan modifications or restructurings reported for existing RMBS transactions. However, given the downturn in the housing market and macro-economic conditions, many lenders have expanded their loan modification and restructuring programmes as part of loss mitigation strategies. Fitch expects that all loan modifications or restructuring will be done within the context of transaction documentation parameters and tracked by the management company.

Disclaimer

For the avoidance of doubt, Fitch relies, in its credit analysis, on legal and/or tax opinions provided by transaction counsel. As Fitch has always made clear, Fitch does not provide legal and/or tax advice or confirm that the legal and/or tax opinions or any other transaction documents or any transaction structures are sufficient for any purpose. The disclaimer at the foot of this report makes it clear that this report does not constitute legal, tax and/or structuring advice from Fitch, and should not be used or interpreted as legal, tax and/or structuring advice from Fitch. Should readers of this report need legal, tax and/or structuring advice, they are urged to contact relevant advisers in the relevant jurisdictions.

Asset Analysis

As of June 2009, the portfolio had an outstanding balance of EUR357.9m, comprising 7,767 mortgage loans. All loans in the preliminary pool conformed to the ICO guarantee eligibility guidelines. The pool distribution by seller was:

Pool Distribution

(%)	Caixa Catalunya	Caixa Manresa	Caixa Penedés	Caixa Terrasa
Total pool	54.82	18.50	15.28	11.40

Source: Fitch

The aggregate portfolio had a WA OLTV of 74.1% and a WA CLTV of 60.12%, calculated based on each individual loan amount as a percentage of the collateral asset value (as reported by the seller).

Taking into consideration the VPO asset specifics and their government-regulated sale prices, Fitch used an indexed valuation of the underlying properties in its recovery calculations, based on regional residential indices for subsidised housing assets provided by the Ministry of Housing. After giving 50% credit to increases, and 100% credit to decreases in property prices, the WA indexed CLTV of the combined pool was 58.3%. The low CLTV is largely driven by the high seasoning of the pool, which stood at 61 months at closing.

Lender Adjustment

Fitch's base default probabilities assume that origination, underwriting and servicing practices and procedures are in line with those of a standard Spanish lender with market expertise, financial stability and relevant management experience. As part of its analysis, the agency performs an operational review of the originators to assess the origination, underwriting and servicing capabilities of the sellers. As a result of this review, if Fitch believes that origination, underwriting and servicing procedures are below market standards, an adjustment to the base default probabilities or recoveries is made to the entire portfolio or specific sub-segments. The adjustment also considers certain elements not factored into the loan-by-loan analysis, such as: (i) historical performance of the residential mortgage loans originated by the lenders; (ii) length of historical performance observation period; (iii) maturity of the relevant market or segment; and (iv) extent of undisclosed information.

Fitch conducted an on-site operational review with senior management from Caixa Catalunya, which represented nearly 55% of the pool at closing. For the smaller originators, the agency conducted teleconferences and queries with senior management, also focusing on origination and servicing practices.

When considering the strengths and weaknesses of the origination procedures, the fact that the underlying assets are VPO properties was also considered. Notably, subsidised housing programmes, either national or regional, leave little room for differentiation in origination policies, since the limits of financing, interest rates, and amortisation profiles are set in the financial agreements established or approved by regional housing authorities. Additionally, subsidised housing loans have an extra layer of documentation checks conducted by the relevant regional housing administration.

However, distinctions between lenders were made, based on historical performance, the quality of the information provided, and the strengths and weaknesses of the origination and servicing policies. Fitch applied an underwriting adjustment to approximately 34% of the pool.

VPO-Specific Characteristics

VPO mortgage loans are backed by social housing properties sponsored by national or local governments with protected resale prices. These properties are targeted at low-income and first-time home buyers, based on eligibility criteria that have changed over time. More information on Spanish subsidised housing loans can be found in the report, "*Securitisation of Spanish Subsidised Housing*", dated 3 March 2009 and available at www.fitchratings.com.

At closing, 50.6% of the pool benefited from a debt service instalment subsidy granted by the Spanish government ('AA+'/Stable/'F1+' — see "*Spain*", dated July 2010 and available at www.fitchratings.com) via the Ministry of Housing, to the borrower. The quota subsidies were granted to borrowers that met minimum eligibility requirements and cover a portion of the monthly debt service. While the borrower is the beneficiary of these subsidies, the Spanish government sends the subsidy funds directly to the servicers. These subsidies are not fixed for the life of the loan and the borrower must re-apply for them over time.

Given that the borrower subsidies represent a material component of monthly debt service, Fitch considers that there is an indirect rating link between the rating on the senior notes and the rating of the Kingdom of Spain. In the event of a deterioration in the credit profile of the Kingdom of Spain, Fitch will evaluate the possible effect on the structure at the time.

43.6% of the pool benefited from an upfront government subsidy for the purchase of the VPO asset. As these subsidies must be repaid under certain circumstances, Fitch did not fully consider them as equity. Rather, the agency allowed for partial equity treatment and increased the default probability on these loans by increasing the original loan-to-value ratio (OLTV) by 50% of the upfront subsidy.

Affordability

Information on DTI was provided for 68% of the pool. However, given the profile of the borrowers and the fact that Caixa Cataluña included the borrowers' monthly debt service subsidies in its DTI calculation, no credit has been given to the DTI information provided. This risk was mitigated by the fact that all loans were considered as falling in category 4 DTI (between 40% and 50%). This is a conservative approach since only 1.45% of the loans in the pool are over such category, as per the information provided, while 54.4% fall below this threshold.

Short Employment History

All loans in the portfolio were granted to Spanish residents, as specified in the representations and warranties.

Arrears Status

None of the loans in the final pool were in arrears by more than 30 days. At closing, 4.35% of the loans included in the portfolio were in arrears by up to 30 days. A incremental WAFF hit of 25% was applied to these loans to reflect their higher probability of default. It should be noted that in order to qualify for the ICO guarantee programme, none of the loans included in the pool had been in arrears over 90 days during the prior 12 months.

Geographical Concentration

The fund's highest regional concentration was in Catalunya (69.26%). Fitch applied an incremental regional concentration WAFF adjustment of 5% to the pool for the above-mentioned region.

Property Type

VPO properties can only serve as primary residences; therefore no property type WAFF adjustment was applied.

Product Flexibility

The only flexibilities linked to VPO properties are a grace period and increasing instalments. VPO borrowers can request, in the event of unemployment or financial difficulty, the possibility of up to 24 months of debt service grace period. This amount will be capitalised into the loan via a corresponding extension of its maturity. This grace period, however, is subject to the approval of the sellers. The documents limit loan term extensions to 10% of the pool's original balance, hence limiting this flexibility feature as it relates to the securitised pool. To model this feature, it has been considered that 10% of the pool took a payment holiday option. An incremental WAFF adjustment of 10% has been applied to a random 10% of the pool. However, the sellers have indicated that to date, none of the loans to be securitised has requested this grace period.

In some national plans, mortgage loans have an increasing instalment amortisation profile during the first years of the loan. The geometrical amortisation factor ranges from 1% to 3% and the increasing instalment is limited in time. However, Fitch considers that payment shock and affordability constrains could arise from the increasing instalments; therefore, an increasing probability of default of 15% was applied to the 32.38% of loans by volume with such amortisation profile. For more information on the characteristics of each National Plan, please see the report "*Securitisation of Spanish Subsidised Housing*", dated March 2009.

Pool Composition by VPO Programme

National plan	Pool (%)
VPO National Plan 1992-1995	1.94
VPO National Plan 1996-1999	4.57
VPO National Plan 1998-2001	26.02
VPO National Plan 2002-2005	62.49
VPO National Plan 2005-2008	4.98

Source: Fitch and originator

Fitch Default Model Output

Rating level (%)	WAFF[a]	WARR[b]
AAA	16.5	65.7
A	11.8	79.7
BBB	7.95	84.7

[a] Weighted-average foreclosure frequency
[b] Weighted-average recovery rate
Source: Fitch

Default Model Output

The table on the left illustrates the asset analysis results across different rating scenarios. Fitch has used these WAFF and WARR levels when modelling the transaction cash flows. Please note that the WAFF and WARR levels correspond to the combined pool of assets of the four originators.

Financial Structure and Cash Flow Modelling

The issued notes are floating-rate and quarterly-paying securities, based on three-month Euribor plus a margin. There is a single Series AG tranche that is rated 'AAA' by Fitch. This class benefits from excess spread and the subordination of all the junior classes, as well as all reserve funds in place. This class also benefits from the guarantee provided by ICO.

In the event that on a given payment date, the amounts retained in the Individual Order of Precedence of Payments do not suffice to pay the interest and principal due on the AG Series to be met by a servicer/originator, the other originators will cover pro rata the shortfall of the balance outstanding of the loans assigned by each of them (after meeting their own part of the interest due on the AG Series, until the shortfall is covered). The fund manager will be responsible for monitoring the debit and credit positions of the originators with regard to interest payments on the AG Series, by means of entries in an internal monitoring account.

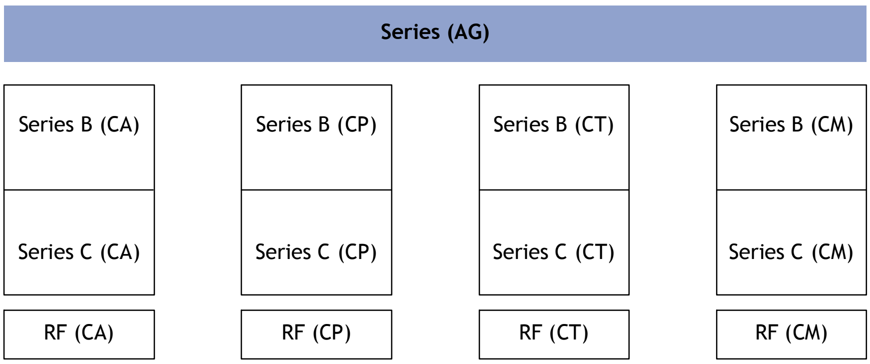
The subordinated tranches benefit from the Individual Order of Precedence of Payments of each originator. Therefore, there are four orders of precedence of payments, one for each originator, which are separate from one another (except for the compensation arrangements between originators).

This structure aims to link each individual junior series (Series B and Series C) of each originator to the collateral originated by each originator. However, a credit link between the notes in the structure persists, due to the subordination of all classes to the class AG. As such, if one of the sub-pools significantly underperforms the rating, all the notes in the structure could be affected.

However, there is also a positive linkage between each sub-pool. If the balance in any of the reserve funds on a given payment date falls short of the minimum required level — after applying available funds according to the Individual Order of Precedence of Payments of each originator — the rest of the originators will retain out of the available funds an amount (adjusted on a pro rata basis) equal to the shortfall, after making the relevant replenishment of the reserve fund according to the Individual Order of Precedence of Payments of each originator.

The diagram below summarises the transaction structure.

Structure Diagram



Source: Transaction documents

A treasury account, held in the name of the fund at Banco de Sabadell ('A'/Stable/'F1'), receives all the incoming cash flows from the mortgage pool on a daily basis. Amounts standing to the credit of this account receive a guaranteed interest rate equal to one-month Euribor. This account is also used to maintain the reserve fund and the commingling deposit (see *Reserve Fund*).

Subordination

Initial CE for the Series A to C notes is provided by subordination and a reserve fund, which has been fully funded at closing using a subordinated loan. CE on the Series AG bonds comes from the subordination of all Series B notes (4.97%), all Series C notes (2.02%), and all the reserve funds (3.24%). Originator-specific B Series CE is derived from the specific Series C and its own reserve fund. Similarly, each originator Series C CE comes only from its individual reserve fund.

Reserve Funds

Four reserve funds (RF), in an amount equivalent to 3.24% of the total original note balance, were funded at closing through the disbursement date with the amount received in payment for the bonds of the D(CA), D(CM), D(CP) and D(CT) Series (not rated by Fitch). The different reserve funds are distributed as follows: Caixa Catalunya's reserve fund is EUR6,100,000, equal to 3.11% of the initial balance of the loans assigned by Caixa Catalunya; Caixa Manresa's reserve fund is EUR2,500,000, equal to 3.78% of the initial balance of the loans assigned by Caixa Manresa; Caixa Penedes' reserve fund is EUR1,600,000, equal to 2.93% of the initial balance of the loans assigned by Caixa Penedes; Caixa Terrasa's reserve fund is EUR1,400,000, equal to 3.43% of the initial balance of the loans assigned by Caixa Terrassa.

On each payment date, the required reserve funds will be the lesser of the initial amount of each RF as displayed above, or the greater of: (i) two times the initial size, measured over the initial percentage of the remaining principal of the notes; and (ii) half of the initial size, measured over the initial balance of the notes, subject to the following conditions:

- the balance of loans more than 90 days in arrears remains below or equal to 1% of the outstanding performing collateral;
- on the current payment date, the reserve funds of all originators is fully replenished to its required amount; and
- the issuance of the notes took place more than three years ago.

If, on any one payment date, the reserve fund is below its minimum level, after applying the ranking of individual payments for each originator, the rest of the originators will retain the excess of their available funds in an amount equivalent (adjusted in proportional terms) to the deficit.

These amounts, withheld under the compensation mechanism between originators for the provision of a minimum reserve fund, shall be deposited in the Treasury Account and will be allocated to the replenishment of the minimum reserve fund of that originator whose reserve fund was not at its required level. As soon as the originator has sufficient liquidity to replenish its reserve fund, it will use the funds in excess to regularise its position.

Cash Advance Deposit

The object of the cash advance deposit is to make available to the fund the subsidised part of the principal of the mortgage loans subsidised by the government which has accrued but: (i) has not yet been collected from the national government; and (ii) has not been advanced by the relevant originator.

On the date of establishment, the fund manager, acting for and on behalf of the fund, will enter into a deposit agreement (hereinafter, the 'cash advance deposit') with Banco de Sabadell ('A'/Stable/'F1'), as the depository entity, and the originators, as the depositor entities, for an amount equal to EUR4,100,000, ie an amount equal to 1.50% of the subsidised amounts of principal, at 18 May 2009. The breakdown of the total amount, according to the amounts to be contributed by the individual originators, is as follows:

1. Caixa Catalunya — EUR2,378,000;
2. Caixa Manresa — EUR831,000;
3. Caixa Penedes — EUR467,000;
4. Caixa Terrassa — EUR424,000.

Note Amortisation

On each payment date, commencing 21 September 2009, the combined ordinary priority of payments will be as follows:

1. expenses, taxes and servicing fees;
2. net payments under the swap agreement (if applicable), and any swap termination payment solely in the event of the issuer not meeting its obligations under the swap agreement;
3. payment of interest and principal on drawn amounts from the ICO guarantee. Replenishment of the disbursed amount of the liquidity line for payment of interest to ICO;
4. payment of interest to Series AG bonds;
5. interest due on the Series B notes (if not deferred);
6. interest due on the Series C notes (if not deferred);
7. payment of principal due to Series A bonds;
8. payment of principal due to Series B bonds;
9. payment of principal due to Series C bonds;
10. interest on the Series B notes if deferred, which occurs if, on the relevant payment date, a repayment shortfall is going to take place which is equal to 50% or more of the outstanding principal of the bonds of the B Series plus 100% of the outstanding principal of the bonds of the C Series, and provided the bonds of the AG Series have not been fully repaid;
11. interest on the Series C notes if deferred, which occurs if, on the relevant payment date, a repayment shortfall is going to take place which is equal to 50% or more of the outstanding principal of the bonds of the C Series and provided the bonds of the AG Series have not been fully repaid,;
12. replenishment of the reserve fund (see *Reserve Fund*);
13. compensation between originators for the replenishment of the reserve fund;
14. subordinated amounts, such as the remuneration and reimbursement of the loans to cover start-up expenses and subordinated loans, including interest and principal due.

Principal Redemption

The funds available for amortisation are initially allocated to the redemption of the Series AG notes. Once the Series AG notes have been fully redeemed, all amounts available are used to redeem the Series B notes. Finally, once the Series B notes are fully amortised, the Series C notes begin to amortise.

The amortisation of the bonds of each Series B will be subject to the redemption of the corresponding portion of the Series AG of each originator. The amortisation of each of the Series C will begin only when the share of the Series AG of that originator is completely amortised (and when the corresponding Series B has fully amortised, regardless of whether the rest of the originators have paid their share of Series AG and Series B).

The legal final maturity date for the notes is 20 June 2036, which is three years after the final scheduled maturity date for all loans in the collateral pool. This delay has been deemed adequate to ensure that collections from the mortgages will be sufficient to redeem the obligations of the fund in respect of any defaulted loans.

Key Parties

- **Originators and Sellers:** Caixa d'Estavis de Catalunya, Tarragona i Manresa (NR); Caixa Penedés(‘BBB+’/(RWN)/‘F 2’); Caixa d'Estalvis Unio de Caixes Manlleu, Sabadell i Terrassa (‘BBB-’/Stable/‘F3’)
- **Servicers:** Caixa d'Estavis de Catalunya, Tarragona i Manresa (NR); Caixa Penedés(‘BBB+’/(RWN)/‘F 2’); Caixa d'Estalvis Unio de Caixes Manlleu, Sabadell i Terrassa (‘BBB-’/Stable/‘F3’)
- **Fund:** GAT ICO-FTVPO 1, Fondo de Titulizacion Hipotecaria
- **Sociedad Gestora:** Gestion de Activos Titulizados
- **Swap Counterparty:** CECA ‘AA-’/Negative/‘F1+’
- **Account Bank :** Banco Sabadell ‘A’/Stable/‘F1’
- **Paying Agent:** Banco Sabadell ‘A’/Stable/‘F1’
- **Final Legal Maturity:** June 2036

Call Option
All notes are subject to a clean-up call option in favour of the sociedad gestora, when less than 10% of the initial collateral balance remains outstanding.

Cash Flow Modelling
To evaluate the contribution of structural elements such as excess spread, the reserve fund and other factors, Fitch modelled the cash flows from the mortgages based on the WA recovery rate and WA foreclosure frequency (WAFF) provided by the loan-by-loan collateral analysis. Recoveries included both interest and principal.

Fitch has tested the structure under the default distributions described in its criteria report "*EMEA RMBS Cash Flow Analysis Criteria*", published 6 May 2009. The cash flow model assumes that defaults are spread over the first seven years following origination, starting straight after closing. The analysis simulates the cost of carrying defaulted loans as the difference between the performing balance of the mortgages and the notional note balance. Excess spread, the reserve fund, principal, and the benefit of deferring junior interest must be sufficient to cover the cost of carry until recoveries are received after 36 months.

Fitch ran a number of tests on the key variables affecting cash flows generated by the portfolio, including prepayment speed, interest rates, default and recovery rates, recession timing, WA margin compression, and delinquencies. The agency also modelled cash flows according to the particular features of this transaction, as detailed below.

The cash flow analysis assumes a high level of annual prepayments on the mortgages, up to 25%, 21% and 18% under the 'AAA', 'A' and 'BBB' scenarios, respectively. Fitch also considered a low prepayment stress.

The CE levels reflect the most severe stress assumptions under the terms and conditions of the transaction. CE analysis accounted for the interest deferral mechanism in place on the series B and C notes, which will redirect funds away from the junior notes and towards the more senior notes. Should the trigger be hit, interest on these notes might not be received for a time and Fitch's ratings address payment of interest by final maturity.

Counterparty Risk

Commingling Risk
All originators will transfer daily the cash collections received from the mortgage loans to the fund account held at Banco de Sabadell ('A'/Stable/'F1'), to mitigate possible commingling of deposits in the event of a servicer default. However, in the case of Caixa Manresa — considering its shadow rating below the other sellers of the transaction — an additional deposit has been put in place to cover for both the holding period of the servicer, and any period it may take to notify and implement new payment instructions for obligors in case of servicer default. The deposit is equivalent to 2.5% of Manresa's initial collateral balance, or 45 days of collections, with a prepayment ratio of 25%.

Set-Off Risk
In the event that one of the sellers defaults, the fund could be affected by the set-off rights of borrowers with deposits in an account held with that bank. According to Spanish law, the set-off risk should cease to be valid following the notification of assignment of the receivable to the other party (ie borrowers), or the bankruptcy of one of the parties. The documents include a provision to inform debtors within five days in case the sellers are replaced as servicer of the collateral.

Servicer
The sellers act as servicers of the loans, as is the case for all Spanish RMBS transactions. For the protection of investors, if the sellers are unable to continue

servicing the collateral, the sociedad gestora must appoint a replacement administration company in accordance with Spanish securitisation law. In addition, there is a cross servicing provision in the transaction to guard against any servicing disruption associated with a bank default. Under this provision, each servicer in the transaction commits to take on the servicing for the other originators if needed.

Cash Bond Administrator

The cash bond administration (CBA) function for this transaction will be carried out by the Gestión de Activos Titulizados SGFT SA, a company regulated and supervised by the Comisión Nacional del Mercado de Valores (CNMV), the activities of which are limited to the management of securitisation funds.

After closing, the sociedad gestora will be responsible for cash reconciliation, waterfall calculations, and their reporting, including the monitoring of applicable triggers. It will also be responsible for taking any action in the interests of the noteholders, such as the replacement of the servicers, account bank, or swap counterparty, according to the terms and conditions of the documentation.

Hedge Provider

The fund has entered into four interest rate swap agreements with Confederación Española de Cajas de Ahorros (CECA) (‘AA-’/Negative/’F1+’), which hedges the risks arising from the mismatch between the reference indices for the collateral and the three-month Euribor payable on the notes. In addition, the swap, as described below, guarantees a 100bp of excess margin.

Under the swap agreement, the fund pays the swap counterparty all the interest received from the mortgages. In return, it receives three-month Euribor, plus a spread of 100bp, over a notional defined as the outstanding balance of performing and delinquent loans up to 90 days.

If the swap counterparty is downgraded below ‘A’/‘F1’, the swap counterparty itself will, within 14 calendar days, take one of the following steps:

- find a replacement counterparty with a Short–Term Rating of at least ‘A’/‘F1’;
- find an entity rated at least ‘A’/‘F1’ to guarantee its obligations under the swap agreement; or
- cash or security-collateralise its obligations in an amount sufficient to satisfy existing Fitch criteria.

If CECA is downgraded below ‘A’/‘F1’, and when posting of collateral is the action of choice, it will, within 14 calendar days, report to Fitch the formula to calculate the mark-to-market of the swap and, therefore, the amount to be posted as collateral. For details on the method used to calculate the collateral amount, see “*Counterparty Criteria for Structured Finance Transactions*”, dated 22 October 2009 and available at www.fitchratings.com.

Account Bank

In the structure, Banco Sabadell acts as account bank. For the protection of the investors, if Banco Sabadell’s rating (‘A’/Stable/‘F1’) falls below the threshold set out in the criteria, “*Counterparty Criteria for Structured Finance Transactions*”, dated 22 October 2009, the rating action specified in the criteria will be put in place by the Gestora.

Performance Analytics

To monitor the performance of the deal, it is necessary for Fitch to receive details of the current note balance. Further information as regards the level of excess spread, and details of the priority of payments at each interest payment date, also assist with monitoring the rating and assessing the performance of the transaction against the agency’s initial expectations.

The rating reflects the current risks to the transaction, while performance outside of expectations, or the occurrence of certain events, may trigger positive or negative rating actions. For more details, please refer to “*EMEA RMBS Surveillance Criteria*”, published 9 April 2009. To ensure that the structure is adequately protected, Fitch will also monitor the credit ratings of the various counterparties.

Fitch will monitor the transaction regularly and as warranted by events. Its structured finance performance analytics team ensures that the assigned ratings remain, in the agency’s view, an appropriate reflection of the issued notes’ credit risk. Details of the transaction’s performance are available to subscribers at www.fitchresearch.com.

Appendix A: Transaction Comparison

Comparison Table

	AyT ICO-FTVPO CajaSol, F.T.A.	AyT ICO-FTVPO Caja Murcia, F.T.A.	FTGENVAL Bancaja 1, F.T.A.
Closing date	**July 2009**	**June 2009**	**June 2009**
Total issuance (EUR)	**115,000,000.00**	**138,000,000.00**	**300,000,000**
Final ratings (%)			
AAA	90.00	86.96	86.10
AA	4.50	7.97	
A			8.90
A-	5.50	5.07	
BBB			5.00
Initial reserve (% of initial balance)	6.75	7.00	9.70
Target reserve (% of current balance)	6.75	7.00	9.70
Liquidity	n.a.	n.a.	n.a.
WAFF (%)			
AAA	22.59	19.35	27.30
AA	18.54	15.88	23.23
A	15.96	13.67	19.51
BBB	10.64	9.11	15.07
BB	5.32	4.56	10.99
WARR (%)			
AAA	55.00	50.10	52.30
AA	63.30	58.00	59.00
A	68.60	63.00	63.20
BBB	73.90	68.20	67.50
BB	80.50	74.80	72.90
Portfolio			
Collateral balance (EUR)	121,653,843	146,957,426	444,702,091
Number of borrowers	3,049	2,409	2,883
Average current balance per borrower (EUR)	39,900	61,003	154,250
WA seasoning (months)	53.9	34.8	15.5
WA remaining term to maturity (years)	15.9	17.6	32.1
(%)			
WA interest margin	4.83	5.01	5.83
WA OLTV	74.90	76.20	75.30
WA DTI	50.10	47.00	36.5
Self-employed	10.20	23.50	19.9
Second homes	0	0	0
WA CLTV	62.20	68.20	73.40
WA CLTV (indexed values)	62.20	68.20	74.20
WA OLTV >80%	0	0	27

Source: Transaction documents and Fitch

Appendix B: Servicing and Origination

Fitch conducted an on-site operational review with senior management from Caixa Catalunya, which represented nearly 55% of the pool at closing. For the smaller originators, the agency conducted teleconferences and queries with senior management, also focusing on origination and servicing practices.

Subsidised housing programmes, either national or regional, leave little room for origination policies to differ, since the limits of financing, interest rates, and amortisation profiles are set in the financial agreements between participating financial institutions and national or regional governments.

The underwriting and servicing policies for the VPO loans of the institutions analysed below do not differ from those of open market mortgages loans except for the extra layer of documentation checks conducted by the correspondent administration, the characteristics of the VPO products, and the origination channel (which in most cases involves the subrogation of developer loans).

With regards to the underwriting criteria for VPO loans, the main characteristics shared across originators are the maturity limits, flexibilities allowed, OLTV thresholds (established by the different programmes) and the fact that these loans are generally not analysed via scoring tools.

Servicing policies of VPO loans and open market loans are generally the same, since both types of loan are recovered using the same channels and procedures. The main difference in terms of servicing relates to the selling price, where the correspondent administration has to be informed and the buyer has to meet the requirements established by the correspondent authority to acquire a subsidised property. For more information on general practises in the underwriting of VPO loans, please see "*Securitisation of Spanish Subsidised Housing*", dated 3 March 2009 and available at www.fitchratings.com.

The following section refers to the general servicing and origination guidelines of Caixa Catalunya and Caixa Manresa, which on a combined basis accounted for approximately 73% of the pool at closing.

Caixa Catalunya

Caixa Catalunya was founded in 1926 and was the fifth-largest savings bank in Spain by assets at end-2009. In July 2010, Caixa Catalunya merged with Caixa Tarragona and Caixa d'Estalvis de Manresa, forming a new entity named Caixa d'Estavis de Catalunya, Tarragona i Manresa (not rated by Fitch).

As a result of the merger, the underwriting and servicing procedures of Caixa Manresa and Caixa Catalunya are expected to be consolidated. However, the comments below relate to the origination and servicing policies of each entity on a standalone basis.

Underwriting Process and Systems

In late 2008, Caixa Catalunya centralised its approval structure while retaining a traditional multi-level approval system. While the maximum OLTV is 100%, VPO loans are generally subscribed at 80% LTV. Branches can only approve deals up to 80%. Those with higher OLTVs are approved at the centralised level and may require additional guarantees.

For affordability purposes, Caixa Catalunya has a 40% maximum DTI, based on the borrower's net income divided by total debts. For affordability calculations — carried out at the centralised risk department — interest rates are currently being stressed with a minimum initial mortgage rate of 5.5% to take into account possible future interest rate increases. With regard to credit checks, Caixa Catalunya relies on CIRBE, credit bureaus and RAI, if applicable. Income and tax declarations are also required as part of the underwriting process.

With regard to property valuations, Caixa Catalunya works with five property appraisers regulated by and registered with the Bank of Spain. It routinely conducts second valuations to verify the values of properties being financed. For VPO loans, the valuation used is the lower of the maximum legal value and the appraisal value.

Caixa Catalunya has been working with scoring models since 1999 and these have been binding since 2007. It comprises two types of scoring systems: (i) since 1999, a behavioural scoring system for existing clients with at least 12 months' history with Caixa Catalunya. This measures the maximum further indebtedness of the client; and (ii) since 2002, a concession scoring system for new clients or for existing ones for which additional information is required, which is based on the application information.

Loan Servicing

From one to 10 days overdue, the branch is responsible for contacting the client. At day 10, the branch may decide to appoint a telephone recovery company to work on the account for five days. From days 15 to 30, the recovery process is managed by an external recovery company. From days 30 to 35, management of arrears returns to the branch and, if no solution is found, the recovery process will revert to the external recovery company until day 60. From day 60 onwards, the recovery department will manage loans in arrears together with the branches.

All loan renegotiation and restructuring proposals have to be approved by the recovery department. Renegotiation and loan modification proposals will include payment agreements on amounts in arrears, loan refinancing or loan asset exchanges. If no solution is found, Caixa Catalunya will proceed with legal claims.

Letters are sent at days five, 15, 35 (also to guarantors), 44 and 50. If the decision is made to proceed with legal claims, a specialised department is used. This department is comprised of six people that work with six external companies, providing full legal and recovery services; a network of 200 external lawyers are also on hand.

Time to foreclosure will depend on the specific court. On average, however, recovery times may take up to 18 months, from presentation of the legal demand.

Caixa Manresa

Before the merger with Caixa Catalunya, Caixa Manresa was Spain's 36-largest caja by total end-2009 assets, and was retail-focused in the region of Catalonia. After the merger with Caixa Catalunya and Caixa Tarragona, the new entity has over 1,200 branch offices, mainly in the region of Calalunya. As mentioned, the underwriting and servicing procedures described below correspond to those of the institution before the merger.

Underwriting Process and Systems

Loans are analysed at branch office level, according to the delegated responsibilities and credit authority of the relevant manager. If the operations or volume of risks relating to a client exceed the manager's responsibilities, the operation must be submitted to a higher level, including the central services risk committee. Also, if the client or the operation involves high risk, the client is subject to internal or external warnings, or is an employee, the transaction is considered beyond the scope of the branch office and is submitted to the central services risk committee.

Depending on the type of mortgage, its purpose, and the initial LTV allowed, the delegated responsibility thresholds vary. For the VPO loans the OLTV is capped at 80% of the maximum legal value.

Servicing

On a daily basis the IT application retrieves from the mortgage loan database the loan amounts falling due on that day; the system checks that the balance in the account linked to the loan is sufficient to pay the required amounts. If the balance in the related account is not sufficient to meet the charge, the computer system holds this balance and attempts to collect the amount in the following five days.

If the client has other overdue payments to make, or five days have elapsed since the due date of payment, and the necessary funds for meeting the mortgage payment have not been paid into the account, the system issues a specific letter informing the borrower that the payment has not been made. This is also entered in a general list of arrears that are serviced by the branch office.

If a payment cannot be collected, successive notices of non-payment are issued, including a notice to surety once 30 days have elapsed. Once 90 days have elapsed — or earlier if the branch office decides to accelerate the process — the matter is reported to the contentious matters department, where collection is attempted through a centralised procedure. The process of demanding payment before the courts of law is undertaken on a case-by-case basis, but generally commences once a loan is past 90 days in arrears.

Appendix C: Transaction Overview

GAT ICO-FTVPO 1, FTH

Spanish/RMBS

Capital Structure

Series	Rating		Size (%)	Size (EURm)	CE (%)	Interest rate	PMT freq.	Maturity	Margin (%)	ISIN
Series AG	AAA	LS1	92.65	331.6	10.59	3m Euribor	3 months	Jun 2036	0.50	ES0341068007
Series B (CA)	A	LS2	2.74	9.8	4.76	3m Euribor	3 months	Jun 2036	0.80	ES0341068015
Series B (CM)	A	LS2	0.92	3.3	7.25	3m Euribor	3 months	Jun 2036	0.80	ES0341068023
Series B (CP)	A	LS1	0.75	2.7	5.67	3m Euribor	3 months	Jun 2036	0.80	ES0341068031
Series B (CT)	A	LS2	0.56	2.0	7.11	3m Euribor	3 months	Jun 2036	0.80	ES0341068049
Series C (CA)	BBB	LS3	0.89	3.2	3.11	3m Euribor	3 months	Jun 2036	2.00	ES0341068056
Series C (CM)	BBB	LS3	0.64	2.3	3.78	3m Euribor	3 months	Jun 2036	2.00	ES0341068064
Series C (CP)	BBB	LS2	0.42	1.5	2.93	3m Euribor	3 months	Jun 2036	2.00	ES0341068072
Series C (CT)	BBB	LS3	0.42	1.5	3.43	3m Euribor	3 months	Jun 2036	2.00	ES0341068080
Reserve funds			3.24	11.6						
Cash advance deposit			1.15	4.1						
First interest payment date			21 Sep 2009							

Source: Transaction documents

Key Information

Closing date	19 June 2009	**Parties**	
Country of assets	Spain	**Seller/originator**	Caixa d'Estavis de Catalunya, Tarragona i Manresa; Caixa Penedés; Caixa d'Estalvis Unio de Caixes Manlleu, Sabadell i Terrassa
Country of SPV	Spain	**Servicer**	Caixa d'Estavis de Catalunya, Tarragona i Manresa; Caixa Penedés; Caixa d'Estalvis Unio de Caixes Manlleu, Sabadell i Terrassa
Structure	Pass-though, combined waterfall	**Arranger**	Gestión de Activos Titulizados
Analysts	Carlos Masip, Gaston Wieder	**Joint lead managers**	Gestión de Activos Titulizados
		Principal paying agent	Banco Sabadell
		Cash collection account provider	Banco Sabadell
		Swap counterparty	CECA

Source: Transaction documents

Summary

Rating drivers

- Diversified pool with multiple originators. 100% of the pool comprises VPO properties
- High seasoning of the pool and conservative LTV profile
- Clean payment history of loans
- Cross servicing provision
- Geographical concentration

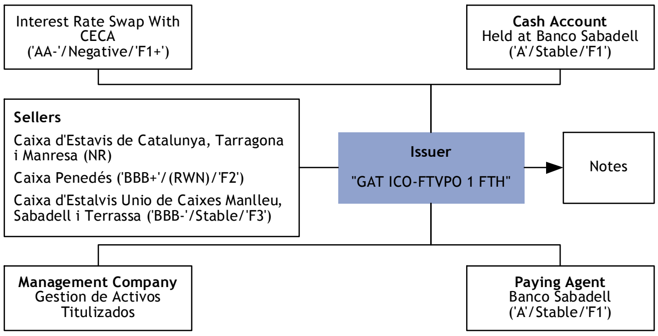
Source: Fitch

Fitch Default Model Output

Rating level	AAA	AA	A	BBB
WAFF (%)	16.54	13.63	11.77	1.95
WARR (%)	65.74	74.56	79.72	84.67

Source: Fitch

Simplified Structure Diagram



Source: Transaction documents

Collateral Summary

Provisional pool characteristics (as of closing)

Current principal balance (ISO)	357,900,194	**Regional concentration (%)**	
Average current loan per borrower (ISO)	46,076	Catalunya	69.26
Number of borrowers	7,767		
Number of loans	7,767	**Loan characteristics**	
Seasoning (years)	5.1	Loans in principal grace period (%)	0
Loan-to-value (LTV) (%)	57.78	First ranking	100
WA OLTV (%)	74.1	Jumbo (%)	22.23
Mortgage characteristics	VPO loans	**Payments**	
		Payment frequency	Monthly
Interest rate type (%)	IRPH	Payment method	Direct debit
Floating rate loans	100	Delinquent loans up to 30 days (%)	4.35
WA interest margin	0	WA DTI (%)	45 (e)
Interest index	5.03		

Source: Transaction documents