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 11 de diciembre de 2019, comunica que confirma las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:

  - **Serie AG**: **AAAsf**, perspectiva estable
  - **Serie B (CA)**: **AAAsf,** perspectiva estable
  - **Serie B (CM)**: **AAAsf,** perspectiva estable
  - **Serie B (CP)**: **AAAsf,** perspectiva estable
  - **Serie B (CT)**: **AAAsf,** perspectiva estable
  - **Serie C (CA)**: **A+sf,** perspectiva estable
  - **Serie C (CM)**: **A+sf,** perspectiva estable
  - **Serie C (CP)**: **A+sf,** perspectiva estable
  - **Serie C (CT)**: **A+sf,** perspectiva estable

Se adjunta la comunicación emitida por Fitch.

Madrid, 11 de diciembre de 2019.

FitchRatings

Fitch Affirms 2 Spanish VPO RMBS Transactions

Fitch Ratings - Madrid - 11 December 2019:

Fitch Ratings has affirmed all tranches of GAT ICO-FTVPO 1, FTH (GAT VPO) and AyT ICO-FTVPO Caja Vital Kutxa, FTA (Kutxa VPO) Spanish RMBS. The Outlooks are Stable. A full list of rating actions is detailed below.

RATING ACTIONS

ENTITY/DEBT	RATING		PRIOR
GAT ICO-FTVPO 1, FTH			
AG ES0341068007	LT AAAsf Affirmed		AAAsf
B (CA) ES0341068015	LT AAAsf Affirmed		AAAsf
B (CM) ES0341068023	LT AAAsf Affirmed		AAAsf
B (CP) ES0341068031	LT AAAsf Affirmed		AAAsf
B (CT) ES0341068049	LT AAAsf Affirmed		AAAsf
C (CA) ES0341068056	LT A+sf Affirmed		A+sf
C (CM) ES0341068064	LT A+sf Affirmed		A+sf
C (CP) ES0341068072	LT A+sf Affirmed		A+sf
C (CT) ES0341068080	LT A+sf Affirmed		A+sf
AyT ICO-FTVPO Caja Vital Kutxa, FTA			
Class A(G) ES0312304001	LT AAAsf Affirmed		AAAsf
Class B ES0312304019	LT AAsf Affirmed		AAsf
Class C ES0312304027	LT Asf Affirmed		Asf

Transaction Summary

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

KEY RATING DRIVERS

Stable or Improving Credit Enhancement (CE)

Fitch expects structural CE to remain stable for Kutxa VPO as the transaction will continue to amortise pro-rata. Conversely, Fitch expects CE for GAT VPO senior notes to increase as this transaction does not allow pro-rata amortisation and permits only fully sequential amortisation of liabilities. The agency considers these CE trends sufficient to withstand the rating stresses, leading to the affirmation of all classes.

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 were below 1% 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, were around 1% of the initial portfolio balances in both cases. Fitch believes these levels will remain stable as the stock of late-stage arrears is low and the seasoning of the securitised portfolios ranges between 14 and 15 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. In Fitch's credit analysis, the share of borrowers benefiting from any kind of subsidy is 0% for Kutxa VPO and 41.4% for GAT VPO.

Excessive Counterparty Exposure (ECE)

The class C notes' ratings of Kutxa VPO and GAT VPO are capped at 'Asf' and 'A+sf' respectively, equivalent to their respective SPV account bank provider's Deposit Ratings. The rating cap reflects the excessive counterparty dependency on the SPV account banks holding the cash reserves, as the sudden loss of these funds would imply a downgrade of 10 or more notches of the notes in accordance with Fitch's criteria. While Kutxa VPO's class B notes are not affected today by the excessive counterparty risk, it could be exposed to such risk in the future, subject to CE development.

Regional Concentration

The securitised portfolios are exposed to geographical concentration. Around 96% of the properties in Kutxa VPO are located in the Basque region, and around 71% of the properties in GAT VPO are located in Catalonia. In line with Fitch's European RMBS rating criteria, higher rating multiples are applied to the base foreclosure frequency assumption to the portion of the portfolio that exceeds 2.5x the population share of these regions relative to the national count.

RATING SENSITIVITIES

A worsening of the Spanish macroeconomic environment, especially employment conditions or an abrupt shift of interest rates could jeopardise the underlying borrowers' affordability. This could have negative rating implications, especially for junior tranches that are less protected by structural CE.

The class C notes' ratings on both transactions are capped at the respective SPV account bank's Long-Term Deposit Rating (Banco Santander for Kutxa VPO, and Societe Generale for GAT VPO). A change to these ratings could trigger a corresponding change to the class C notes' ratings. Moreover, Kutxa VPO class B notes' rating could be exposed to excessive counterparty risk to the SPV account bank provider where the reserve funds of the transaction are kept. This could occur if the reserve funds increase to become the most material component of CE for the class B notes, in which case the class B notes' rating could be downgraded to 'Asf' equivalent to Banco Santander, SA's Deposit Rating.

CRITERIA VARIATION

For Kutxa VPO, Fitch has run its analysis with a performance adjustment factor (PAF) of 50% instead of 70%, considering the current indexed loan-to-value (CLTV) trajectory of the portfolio that is expected to continue reducing in the immediate term to below 50% from its current estimated 51%. A model-implied rating impact of one notch for the class B notes is linked to this variation.

For GAT VPO, the agency 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.

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 pools 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 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 2019 for Kutxa VPO

- August 2019 for GAT VPO

Issuer and servicer reports since closing date until:

- October 2019 for Kutxa VPO and GAT VPO provided by Haya Titulizacion, SGFT, SA and Europea de Titulizacion, SGFT, SA respectively

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 both transactions, Fitch has assumed 100% of the properties securing the loans to be VPO houses.

MODELS

ResiGlobal

https://www.fitchratings.com/site/structuredfinance/rmbs/resiglobal

EMEA Cash Flow Model

https://www.fitchratings.com/site/structuredfinance/emeacfm

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 transactions, either due to their nature or to the way in which they are being managed.

Additional information is available on www.fitchratings.com

FITCH RATINGS ANALYSTS

Surveillance Rating Analyst
Pablo Rubio
Analyst
+34 91 076 1984
Fitch Ratings Spain - Madrid
Paseo de la Castellana 31 9ºB
Madrid 28046

Committee Chairperson
Juan David Garcia

Senior Director
+34 91 702 5774

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)
European RMBS Rating Criteria (pub. 25 Oct 2019)
Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 06 Dec 2019)

Additional Disclosures

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