

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 22 de septiembre de 2017, comunica que ha confirmado las calificaciones asignadas a las siguientes Series de Bonos emitidos por el Fondo:
 - **Serie AG:** **AA+sf**, perspectiva positiva
 - **Serie B (CA):** **AA-sf**, perspectiva estable
 - **Serie B (CM):** **AA-sf**, perspectiva estable
 - **Serie B (CP):** **AA-sf**, perspectiva estable
 - **Serie B (CT):** **AA-sf**, 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, 25 de septiembre de 2017.

José Luis Casillas González
Apoderado

Paula Torres Esperante
Apoderada



Fitch Affirms GAT ICO-FTVPO 1, FTH

Fitch Ratings-London-22 September 2017: Fitch Ratings has affirmed GAT ICO-FTVPO 1, FTH's notes as follows:

Class AG (ISIN ES0341068007) affirmed at 'AA+sf'; Outlook Positive
 Class B (CA) (ISIN ES0341068015) affirmed at 'AA-sf'; Outlook Stable
 Class B (CM) (ISIN ES0341068023) affirmed at 'AA-sf'; Outlook Stable
 Class B (CP) (ISIN ES0341068031) affirmed at 'AA-sf'; Outlook Stable
 Class B (CT) (ISIN ES0341068049) affirmed at 'AA-sf'; Outlook Stable
 Class C (CA) (ISIN ES0341068056) affirmed at 'A-sf'; Outlook Stable
 Class C (CM) (ISIN ES0341068064) affirmed at 'A-sf'; Outlook Stable
 Class C (CP) (ISIN ES0341068072) affirmed at 'A-sf'; Outlook Stable
 Class C (CT) (ISIN ES0341068080) affirmed at 'A-sf'; Outlook Stable

The transaction is a securitisation of loans backed by Viviendas de Proteccion Oficial (VPO) properties. These properties are part of social housing programmes and are sold below market price to low-income borrowers that meet certain eligibility criteria.

KEY RATING DRIVERS

Sound Asset Performance

At the time of the securitisation in 2009, the loan pool was already on average 60 months- seasoned and hence the majority of the properties were bought prior to the excessive price rises on the Spanish real estate market. We observe rapid deleveraging resulting from asset amortisation leading to increasing credit enhancements with a reserve fund at target as excess spread covers defaults. Delinquencies have been decreasing across all buckets.

Sufficient Credit Enhancement

The prices of the VPO properties are regulated by the Spanish government and VPO borrowers are eligible to obtain government sponsorship in the form of a partial (up to 20%) subsidy to the monthly instalment or an upfront payment. Currently 39% of the underlying pool benefit from a monthly government subsidy within the VPO scheme.

In our analysis of GAT ICO, we tested potential interruption of the government subsidy by assigning a higher probability of default to subsidised loans simulating that the borrower is paying also the subsidy part of the instalment in case the government defaults or the borrower is failing to re-apply to the programme (typically after five years). Other cases of subsidy expiry - such as higher borrower income - are not considered a risk for the transaction. The analysis showed that the credit enhancement was sufficient to withstand these stresses.

House Price Indexation

In the loss severity analysis we accounted for the regulated house prices of the VPO programme-financed properties through separate housing indices for these housing types displaying lower volatility in the past. The indices are used as per the Fitch criteria.

Swap Termination Risk

The transaction includes a swap with Cecabank (BBB-/Stable/F3) as counterparty, where the SPV pays all interest received based on its assets indexed to IRPH and receives 3m Euribor plus 1%. Cecabank is posting collateral with itself as collateral account bank on an account pledged to the SPV, which is neither in line with the swap documentation nor with Fitch's Structured Finance and Covered Bonds Counterparty Rating Criteria. Therefore, Fitch is accounting for this ineligibility by assigning ratings that factor in two cases, the continuation and the termination of the swap. The latter case is introducing interest rate risks, despite floating assets and liabilities of the SPV, because the interest rate reset frequencies differ significantly for the assets and liabilities of the SPV.

Political Risk in Catalonia

As pointed out by Fitch's International Public Finance Group (see Catalonia Referendum Move Likely to Increase Tensions), the agency sees it as unlikely that Catalonia, where most of the real estate backing the loans is located, will leave the Kingdom of Spain. Additionally, Fitch International Public Finance assumes that increased tensions between the central government and Catalanian government in the lead-up to any vote will not result in significant disruption to the Spanish economy.

VARIATIONS FROM CRITERIA

No variation to any of the published criteria.

RATING SENSITIVITIES

A reversal of the Spanish recovery with increasing unemployment poses a risk to the asset performance of the transaction.

A departure of Catalonia from the Kingdom of Spain may lead not only to a disruption in subsidies, but also in economic activity and house prices inside and outside Catalonia.

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 transaction. There were no findings that affected the rating analysis. 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 transaction's initial closing. The subsequent performance of the transaction 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, 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-by-loan data provided by European Data Warehouse as at 13 June 2017
- Transaction reporting provided by Europea de Titulizacion SGFT as at 20 June 2017 and 30 June 2017
- Loan subsidy details provided by Europea de Titulizacion SGFT as at 30 June 2017

MODELS

ResiEMEA. (<https://www.fitchratings.com/site/structuredfinance/rmbs/resiamea>)

EMEA RMBS Surveillance Model. (<https://www.fitchratings.com/site/structuredfinance/rmbs/emeasm>)

EMEA Cash Flow Model. (<https://www.fitchratings.com/site/structuredfinance/emeacfm>)

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Additional information is available on www.fitchratings.com

Applicable Criteria

Criteria Addendum: Spain Residential Mortgage Assumptions (pub. 02 Dec 2016) (<https://www.fitchratings.com/site/re/891432>)

EMEA RMBS Rating Criteria (pub. 15 Sep 2017) (<https://www.fitchratings.com/site/re/903176>)

Fitch's Interest Rate Stress Assumptions for Structured Finance and Covered Bonds - Excel File (pub. 17 Feb 2017) (<https://www.fitchratings.com/site/re/894478>)

Global Structured Finance Rating Criteria (pub. 03 May 2017) (<https://www.fitchratings.com/site/re/897411>)

Structured Finance and Covered Bonds Counterparty Rating Criteria (pub. 23 May 2017) (<https://www.fitchratings.com/site/re/898537>)

Structured Finance and Covered Bonds Counterparty Rating Criteria: Derivative Addendum (pub. 23 May 2017) (<https://www.fitchratings.com/site/re/898538>)

Structured Finance and Covered Bonds Country Risk Rating Criteria (pub. 18 Sep 2017) (<https://www.fitchratings.com/site/re/903496>)

Structured Finance and Covered Bonds Interest Rate Stresses Rating Criteria (pub. 17 Feb 2017)

(<https://www.fitchratings.com/site/re/893890>)

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Dodd-Frank Rating Information Disclosure Form (<https://www.fitchratings.com/site/dodd-frank-disclosure/1029561>)

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