Europea de Titulización
Sociedad Gestora de Fondos de Titulización

Hecho Relevante de BCL MUNICIPIOS I FONDO DE TITULIZACIÓN DE ACTIVOS

En virtud de lo establecido en el Folleto Informativo de **BCL MUNICIPIOS I FONDO DE TITULIZACIÓN DE ACTIVOS** (el "**Fondo**") se comunica a la COMISIÓN NACIONAL DEL MERCADO DE VALORES el presente hecho relevante:

- La Agencia de Calificación **Moody's Investors Service (Moody's)**, con fecha 4 de noviembre de 2014, comunica que elevado las calificaciones asignadas a las Series de Bonos emitidos por el Fondo:
  - **Serie A2**: **A1 (sf)** (anterior **A3 (sf)**, bajo revisión)
  - **Serie B**: **A3 (sf)** (anterior **Ba1 (sf)**, bajo revisión)

  Se adjunta la comunicación emitida por Moody's.

Madrid, 5 de noviembre de 2014.

Mario Masiá Vicente
Director General

MOODY'S
INVESTORS SERVICE

Rating Action: Moody's upgrades two classes of BCL Municipios 1, FTA ABS notes

Global Credit Research - 04 Nov 2014

Frankfurt am Main, November 04, 2014 -- Moody's Investors Service has today upgraded to A1 (sf) and A3 (sf), respectively, the ratings on the Class A2 and B notes issued by BCL MUNICIPIOS I, FTA.

Today's rating action concludes the review of the two notes placed on review on 17 March 2014, following the upgrade of the Spanish sovereign rating to Baa2 from Baa3 and the resulting increase of the local-currency country ceiling to A1 from A3 (http://www.moodys.com/viewresearchdoc.aspx?docid=PR_292078). The sovereign rating upgrade reflected improvements in institutional strength and reduced susceptibility to event risk associated with lower government liquidity and banking sector risks.

The transaction is an asset-backed security backed by loans granted by Banco Bilbao Vizcaya Argentaria, S.A. (Baa2/P-2) to Spanish municipalities spread all over Spain.

RATINGS RATIONALE

Today's rating action reflects (1) an increase in the portfolio credit quality following the improvement in the Spanish government's credit quality as reflected in the upgrade and (2) sufficiency of credit enhancement in the affected transaction which has increased over the last 12 months.

-- IMPROVEMENT IN PORTFOLIO CREDIT QUALITY

Moody's has assessed the current credit quality of the portfolio as being equivalent to a strong Ba2 rating, which compares favourably with the B1 average credit quality previously assessed. The rating agency derives this average credit quality from recently updated credit estimates (for the top eight exposures accounting for 32% of the portfolio) and Q scores for the remaining part of the portfolio.

As credit estimates and Q scores do not carry credit indicators, such as ratings reviews and outlooks, Moody's performed several stress tests. In the rating agency's central scenario, it downgraded by two notches the credit estimates of the four largest borrowers with individual exposures in excess of 3% individually and 30% collectively of the portfolio. This resulted in an average adjusted credit quality of Ba2 assuming a 2.8 year weighted average life (corresponding to a 5.86% default probability).

Moreover, the sub-sovereign profile of the bulk of the debtors, all of whom are domiciled in Spain, leads to a 100% correlation assumption in Moody's model. Moody's has maintained the 45% fixed recovery rate on defaulted assets due to the very high recovery rates observed so far for defaulted loans in this deal.

Moody's also took into consideration the fact that the borrower concentration in the portfolio has increased significantly with an effective number of 50 based on loan-by-loan information as of September 2014 down from 61 in May 2013. The top 20 exposures now account for 51.8% of the outstanding pool balance. Credit enhancement of 49% and 146.4% on class A2 and B respectively strongly mitigates the debtor concentration issue.

In the application of the "Updated Approach to the Usage of Credit Estimates in Rated Transactions" (October 2009), Moody's has performed a number of sensitivity analyses, including "jump-to-default" tests. When downgrading either of the two senior exposures to Caa2, the rating agency concluded that the model output for the senior tranche would not be affected compared to the central scenario, thus indicating the resiliency of its rating to standard stress.

-- STRUCTURE

This transaction is a revolving securitisation of a portfolio of loans to Spanish public entities, which closed in June 2000. The closing loan portfolio of EUR1,205 million has substantially amortised to its current size of EUR62.2 million. The Class A2 and B notes benefit from credit enhancement of approximately 146.4% and 49%, respectively, including a EUR30.125 million reserve fund. The reserve fund has amortised down to its minimum level on the back of the transaction's good performance to date.

-- PERFORMANCE

The performance of BCL MUNICIPIOS I, FTA has historically been very good in terms of 90+ day delinquencies and defaults (cumulative 90 days delinquency is only 0.26% to date) and there are only two loans in 90+ day delinquencies as of September 2014 accounting for 0.2% of the current pool balance.

PRINCIPAL METHODOLOGY

The principal methodology used in this rating was "Moody's Global Approach to Rating Collateralized Loan Obligations", published in February 2014. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Factors that would lead to an upgrade or downgrade of the rating:

Factors or circumstances that could lead to an upgrade of the ratings include (1) further reduction in sovereign risk, (2) performance of the underlying collateral that is better than Moody's expected, (3) deleveraging of the capital structure and (4) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than Moody's expects, (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

LIST OF AFFECTED RATINGS:

Issuer: BCL Municipios I, FTA

....EUR900M A2 Notes, Upgraded to A1 (sf); previously on Mar 17, 2014 A3 (sf) Placed Under Review for Possible Upgrade

....EUR60M B Notes, Upgraded to A3 (sf); previously on Mar 17, 2014 Ba1 (sf) Placed Under Review for Possible Upgrade

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of this transaction in the past six months.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

As the section on loss and cash flow analysis describes, Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series or category/class of debt, this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series or category/class of debt or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the rating action on the support provider and in relation to each particular rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

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