

Hecho Relevante de **BCL MUNICIPIOS 1 FONDO DE TITULIZACION DE ACTIVOS**

En virtud de lo establecido en el Folleto Informativo de **BCL MUNICIPIOS 1 FONDO DE TITULIZACION 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 24 de mayo de 2013, comunica que ha bajado la calificación asignada a la siguiente Serie de Bonos emitidos por el Fondo:

- **Serie B:** **Ba1 (sf)** (anterior **A3 (sf)**, bajo revisión)

Asimismo, Moody’s ha confirmado la calificación asignada a la restante Serie de Bonos:

- **Serie A2:** **A3 (sf)** (anterior **A3 (sf)**, bajo revisión)

Se adjunta la comunicación emitida por Moody’s.

Madrid, 27 de mayo de 2013.

Mario Masiá Vicente
Director General

Rating Action: Moody's Downgrades BCL Municipios 1 ABS Notes to Ba1 (sf) from A3 (sf)

Global Credit Research - 24 May 2013

London, 24 May 2013 -- Moody's Investors Service has today downgraded by four notches, to Ba1 (sf) from A3 (sf), the ratings of the Class B notes issued by BCL Municipios 1, FTA, a Spanish asset-backed securities (ABS) transaction backed by the loans to Spanish public entities. At the same time, the rating agency confirmed the ratings of Class A2 notes at A3 (sf). Today's rating action reflects deterioration in the credit quality of the portfolio backing the notes, following the downgrade of the Government of Spain (Baa3/(P)P-3, Not on Watch) on 13 June 2012. This rating action concludes the review for downgrade initiated by Moody's on 2 July 2012.

Issuer: BCL MUNICIPIOS I, FONDO DE TITULIZACION DE ACTIVOS

....EUR900MA2 Notes, Confirmed at A3 (sf); previously on Jul 2, 2012 Downgraded to A3 (sf) and Placed Under Review for Possible Downgrade

....EUR60M B Notes, Downgraded to Ba1 (sf); previously on Jul 2, 2012 A3 (sf) Placed Under Review for Possible Downgrade

RATINGS RATIONALE

Today's rating action reflects deterioration in the quality of the portfolio backing the Class A2 and B notes, as a result of the Spanish sovereign downgrade in June 2012. This downgrade, in turn, led to a worsening of the credit quality of Spanish sub-sovereign entities including the city councils, which are borrowers in this securitised portfolio and directly affected the credit quality of the BCL Municipios 1 transaction. While the insufficient credit enhancement of the Class B notes (33.6% as of April 2013) to offset this deterioration in portfolio quality triggered today's downgrade, the adequacy of credit enhancement for the Class A2 notes (100.6% as of April 2013) primarily drove the rating confirmation.

-- DETERIORATION OF PORTFOLIO CREDIT QUALITY

Moody's has assessed the current credit quality of the portfolio as being equivalent to a B1 rating, which corresponds to a default probability of 12.4% assuming a 3.2 year weighted average life. The rating agency derives this average credit quality from recently updated credit estimates and Q scores, as none of these borrowers are publicly rated by Moody's.

For the credit quality of the top six exposures, which individually represent more than 3% of the portfolio and together account for 24% of the current pool balance, the rating agency downgraded by two notches the credit estimates in the central scenario and performed several stress tests because credit estimates do not carry credit indicators, such as rating reviews and outlooks. For the top obligor (5.5% of the pool), its credit estimate was not available. Moody's assume a Caa2 credit quality and tested the sensitivity of ratings with various scenarios from B1 to Caa1.

For the remaining borrowers representing less than 3% of the pool (together making up 76% of the pool), the creditworthiness was assessed with Q scores. Overall, 66.8% of the pool has a Q score between Ba1 and Ba3. For the 4.5% of the pool where Q scores were not available, Moody's assumed a credit quality of Caa1 for those loans not in arrears (4.2% of the pool). For a loan already in arrears by more than 90 days (0.3% of the pool), Moody's assumed a Ca quality.

Moreover, the sub-sovereign profile for the bulk of debtors, who are all domiciled in Spain, leads to a 100% correlation assumption in Moody's model. The rating agency assumed a 45% fixed recovery rate on defaulted assets, in order to model the possible restructuring of defaulted loans. Moody's also took into consideration the fact that the borrower concentration in the portfolio has increased significantly with an effective number of 61 now, from 80 in January 2012. The top 10 borrowers account for 34% and the top 22 exposures now account for 50% of the pool in March 2013.

-- UNCERTAINTY OF PERFORMANCE

The performance of BCL Municipios 1 has been very good in terms of 90+ day delinquencies and defaults. Since the second half of 2011, Moody's has noted a deterioration in the performance and a quick increase of 90+ day delinquencies. However, the delinquency level went down at the end of 2012. Only one of 442 loans in the portfolio was 90+ days delinquent (0.3%) and the 3-month cumulative delinquency rate remained stable at 0.23% in April 2013. Moody's also took into consideration the potential impact of weakening performance due to high borrower concentration in the portfolio.

-- INCREASED COUNTERPARTY RISK

The conclusion of Moody's rating review also takes into consideration the increased exposure to commingling due to weakened counterparty creditworthiness.

This transaction was originated by Banco de Credito Local de Espana, S.A., which is now Banco Bilbao Vizcaya Argentaria, S.A. (BBVA, Baa3/P-3). BBVA acts as servicer and collections account bank, and transfers collections daily to the treasury accounts in the name of the funds at BBVA. The reserve funds also reside at BBVA. Moody's incorporated into its analysis the potential default of BBVA as servicer and treasury account and considered the strong linkage between the rating of the notes and the rating of BBVA, which could expose the transaction to a commingling loss on the quarterly collections and a loss on the reserve fund.

BBVA acts as swap counterparty in this transaction. As part of its analysis, Moody's assessed the exposure to the swap counterparty, which does not have a negative effect on the rating levels at this time.

METHODOLOGIES

The methodologies used in this rating were "Moody's Global Approach to Rating Collateralized Loan Obligations", published in May 2013 and "The Temporary Use of Cash in Structured Finance Transactions: Eligible Investment and Bank Guidelines", published in March 2013. Please see the Credit Policy page on www.moody.com for a copy of these methodologies.

As the euro area crisis continues, the ratings of structured finance notes remain exposed to the uncertainties of credit conditions in the general economy. The deteriorating creditworthiness of euro area sovereigns as well as the weakening credit profile of the global banking sector could further negatively affect the ratings of the notes.

Moody's describes additional factors that may affect the ratings in the Request for Comment, "Approach to Assessing Linkage to Swap Counterparties in Structured Finance Cashflow Transactions: Request for Comment", published on 02 July 2012.

Moody's used its excel-based cash flow model, Moody's ABSROM™, as part of its quantitative analysis of the transaction. Moody's ABSROM™ model enables users to model various features of a standard European ABS transaction including 1) the specifics of the default distribution of the assets, their portfolio amortisation profile, yield or recoveries; and 2) the specific priority of payments, triggers, swaps and reserve funds on the liability side of the ABS structure. Moody's ABSROM™ User Guide is available on Moody's website and covers the model's functionality as well as providing a comprehensive index of the user inputs and outputs. MOODY'S CDOROM2.8™ was used to estimate the default distribution.

REGULATORY DISCLOSURES

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.

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.moody.com.

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