Santander, 18 de noviembre de 2004

De conformidad con el artículo 82 de la Ley 24/1988, de 28 de julio, del Mercado de Valores, se adjunta Comunicación de Hecho Relevante dirigido a esa Comisión, relativo a la calificación otorgada por MOODY'S INVESTORS SERVICE a CAJA DE AHORROS DE SANTANDER Y CANTABRIA, cuyo informe, de fecha 10 de noviembre de 2004, se adjunta como Anexo I.

CAJA DE AHORROS DE SANTANDER Y CANTABRIA
P.p.

D. Luis Fernando García Andrés

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES
COMUNICACIÓN DE HECHO RELEVANTE

D. Luis Fernando García Andrés, mayor de edad, con D.N.I. número 13.681.907-N y domicilio a efectos de notificaciones en Plaza de Velarde 3, 39001 Santander, actuando en nombre y representación de la sociedad CAJA DE AHORROS DE SANTANDER Y CANTABRIA (la "**Sociedad**"), ante la COMISIÓN NACIONAL DEL MERCADO DE VALORES (la "**CNMV**") comparece y

EXPONE

I. Que la agencia de calificación MOODY'S INVESTORS SERVICE LTD ("**Moody's**") ha emitido informe de calificación del crédito de la Sociedad con fecha 10 de noviembre de 2004.

II. Que Moody's mantiene la calificación crediticia de la Sociedad en A3/P-1/C.

III. Que Moody's califica su perspectiva de la valoración de la Sociedad como ESTABLE.

En virtud de lo anterior

SE SOLICITA
A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

Que teniendo por presentada la presente Comunicación de Hecho Relevante, se sirva admitirla y, previos los trámites oportunos, proceda a su inscripción en el correspondiente Registro de esa Comisión.

En Santander, a 18 de noviembre de 2004

CAJA DE AHORROS DE SANTANDER Y CANTABRIA
P.p.

D. Luis Fernando García Andrés

COMISIÓN NACIONAL DEL MERCADO DE VALORES
Dirección General de Mercados e Inversiones
Paseo de la Castellana 19
28046 Madrid

K-107 102 ENE02

ANEXO I

K-107/1 MAR02

Moody's Investors Service

Global Credit Research
Credit Opinion
10 NOV 2004

Credit Opinion: Caja de Ahorros de Santander y Cantabria

Caja de Ahorros de Santander y Cantabria

Santander, Spain

Ratings

Category	**Moody's Rating**
Outlook	Stable
Bank Deposits	A3/P-1
Bank Financial Strength	C
Preferred Stock -Dom Curr	Baa2
Cantabria Preferentes, S.A.	
Outlook	Stable
Bkd Preference Stock -Dom Curr	Baa2

Contacts

Analyst	**Phone**
Anne Caris/London	44.20.7772.5454
Maria Cabanyes/Madrid	34.91.310.14.54
Samuel S. Theodore/London	

Key Indicators

Caja de Ahorros de Santander y Cantabria (Consolidated)

	[1]2003	2002	2001	2000	1999	[2]Avg/CAGR
Total assets (EUR billion)	4.98	4.02	3.50	3.25	2.99	13.63
Total assets (EUR billion)	4.98	4.02	3.50	3.25	2.99	-
Total capital (EUR billion)	0.44	0.37	0.30	0.24	0.20	21.14
Return on average assets	0.54	0.48	0.86	0.77	0.72	0.67
Recurring earning power [3]	1.16	0.91	1.21	[illegible].73	0.97	1.20
Net interest margin	2.75	3.18	3.34	3.23	3.67	3.23
Cost / income ratio	69.41	75.88	69.70	59.01	73.65	69.53
Problem loans % gross loans	1.14	1.51	1.66	2.22	2.66	1.84
Tier 1 ratio (%)	7.45	7.10	8.74	8.58	9.00	8.17

[1] As of December 31 [2] Compound Annual Growth Rate for total assets and total capital. [3] Preprovision income % average assets.

Opinion

Credit Strengths

The credit strengths of Caja de Ahorros de Santander y Cantabria (Caja Cantabria) are:

- Strong market positioning in the region of Cantabria (Northern Spain)

- Consistent and prudent strategy since mid-2000 under a new management team

- Sound asset quality - the portfolio has been cleaned up from former poor risk management practices, and coverage at 190% compares well with European peers, although it still lags Spanish peers

- Adequate liquidity

Credit Challenges

Credit challenges are:

- High reliance on net interest activities (margins under high pressure and declining)

- In common with its Spanish peers, intense competition in all segments challenging growth and profitability going forward

- Modest operating efficiency

- Some exposure to capital markets through securities portfolio

- Increased leverage of capital base although core economic capital remains adequate

- Successfully managing funding gap created through the rapid loan book expansion

Rating Rationale

The A3/C ratings of Caja Cantabria (last upgraded in April 2002) are based on: (i) its consistent and prudent strategy; (ii) stricter risk management practices; and (iii) improved financial fundamentals, after a change of management mid-2000. The bank also enjoys a strong regional franchise. In April 2003, the short-term rating was upgraded to Prime-1 (from Prime-2), based on the bank's good liquidity and stable funding (mainly retail deposits), and low transition risk.

Caja Cantabria is one of the smaller-sized Spanish savings banks, ranking 31st in size out of 46, but it is the leading player in the Comunidad Autónoma of Cantabria, northern Spain. Its regional market shares in deposits and lending totaled 48% and 36% at December-end 2003, respectively. The bank's traditional clients have been retail and small to medium-sized enterprises.

Management stability in the last three years has allowed the bank to consistently, as well as successfully, follow a prudent strategy focused on profitability and low risk. This led to the implementation of a rationalisation programme, which has started to materialise positively in Caja Cantabria's accounts, although more effort and improvement are expected; cost efficiency remains comparatively low today. The loan portfolio was also actively cleaned up and tighter risk management systems put in place. Caja Cantabria today posts a sound asset quality with a comparatively low level of problem loans, even though it is more exposed to the corporate sector. Finally, the bank continues to benefit from its strong deposit base, which has been a key competitive advantage in terms of funding stability and cost.

Going forward, revenue diversification remains among the main challenges although it is seen as key in terms of the bank's future earning generation capacity due to sustained high pressure on net interest margins. In that respect, Caja Cantabria continues to benefit, however, from its large deposit base and as such, access to competitively priced funding. The securities portfolio is also seen as a source of risk, although the recent downscaling of equity exposures confirms management's lower risk appetite in that respect. We finally note that, despite the increasing leverage of the bank's capital base, core economic capital is adequate in light of its current risk profile and earnings-generation capacity. However, low regulatory capital levels could challenge growth in the future.

Rating Outlook

The outlook is stable for the reasons mentioned above.

What Could Change the Rating - UP

Although we acknowledge recent improvement, an upgrade is unlikely in the near future: Caja Cantabria needs to post recurring earnings and profitability indicators more in line with A2-rated banks. As such, its capacity to enhance cost efficiency, diversify its revenue base and lower revenue volatility going forward are key.

What Could Change the Rating - DOWN

Any material deterioration in the bank's risk profile or/and profitability could hurt the ratings. This is however made unlikely given current management and strategy.

Recent Developments/Results

At the end of September 2004, Caja Cantabria continued to enjoy good growth in its recurring activities. The bank also showed better control on its expenditure. That said, net interest income remained under high pressure (-1.5% y-o-y) given low interest rates and high competition.