

A LA COMISIÓN NACIONAL DEL MERCADO DE VALORES

COMUNICACIÓN DE HECHO RELEVANTE

Con fecha 26 de noviembre de 2008, la agencia de calificación MOODY'S INVESTORS SERVICE LTD ha publicado la revisión de la calificación otorgada a CAJA DE AHORROS DE SANTANDER Y CANTABRIA, situando la calificación de su deuda y depósitos a largo plazo en A3 desde A2, la calificación de su deuda y depósitos a corto plazo en P-2 desde P-1, manteniendo el rating de fortaleza financiera en C-, y perspectiva negativa.

Se adjunta nota de prensa publicada por MOODY'S.

En Santander, a 26 de noviembre de 2008

CAJA DE AHORROS DE SANTANDER Y CANTABRIA
P.p.

D. Luis Fernando García Andrés

Rating Action: [Caja de Ahorros de Santander y Cantabria](#)

Moody's downgrades Caja Cantabria to A3/P-2/C-, negative outlook

Approximately \$665.0 Million of Debt Securities Affected.

Madrid, November 26, 2008 -- Madrid, November 26, 2008—Moody's Investors Service today downgraded the long-term bank deposit and senior debt ratings of Caja de Ahorros de Santander y Cantabria (Caja Cantabria) to A3 from A2. The short-term debt and deposit ratings were also downgraded to Prime-2 from Prime-1. The bank financial strength rating (BFSR) was affirmed at C- but its outlook has been changed to negative. The outlook on the long-term debt and deposit ratings is also now negative.

According to Moody's, the downgrades of Caja Cantabria's ratings were prompted by the combination of the following factors:

- (1) The savings bank's high exposure to the real estate and construction sectors and large top-name concentration, which is now in line with the median for Spanish A3/C- rated peers.
- (2) The significant deterioration in Caja Cantabria's asset quality indicators, namely in the real estate development sector and, in particular, outside the savings bank's home region of Cantabria. The overall non-performing loan ratio increased to 3.15% in September 2008 from 0.9% in December 2007.
- (3) Caja Cantabria's persistently weak capitalisation levels (Tier 1 of 6.55% as of June 2008) compared to similarly rated peers and modest profitability indicators, which will be challenging for the savings bank to improve in light of the rapid increase in provisioning requirements and the very weak prospects for the Spanish economy.

Moody's has assigned a negative outlook to Caja Cantabria's ratings, reflecting the pressures that are likely to arise in the event that the pace of deterioration in asset quality observed in the first three quarters of 2008 continues until year-end and, more significantly, during the first months of 2009. In addition, Caja Cantabria presents a greater vulnerability than other rated banks in Spain to a further downturn in the real estate sector as it boasts a higher credit risk profile based on its high borrower concentration, as well as on its exposure to the higher-risk segment of loans to real estate developers. As a result, the negative outlook reflects the potential for further rating migration in the event of a continued acceleration in problem loans over the coming months.

Moody's will continue to closely monitor Caja Cantabria's risk exposures, the increase in its problem loans and the evolution of its profitability and capitalisation ratios. In this regard, negative rating pressure could arise in the event of a material deterioration in asset quality indicators. According to Moody's stressed financial models, a non-performing loan ratio above 5% at year-end 2008 or in early 2009 would trigger a significant growth in Caja Cantabria's provisioning requirements and thus a considerable weakening of its risk absorption capacity.

The ratings also incorporate Caja Cantabria's strong liquidity position, with a diversified funding profile -- by both tenor and instrument -- that enables it to withstand a prolonged disruption of the capital markets. Moody's also acknowledges the savings bank's efforts to reduce its exposure to the real estate and construction sector and its borrower concentration since 2007.

Caja Cantabria's long-term global local currency deposit rating of A3 is based on Moody's assessment of a high probability of systemic support as well as a moderate probability of support from the Spanish savings banks co-operative group in case of need. As a result, the deposit ratings enjoy a two-notch uplift to A3/Prime-2 from Caja Cantabria's Baa2 baseline credit assessment (the measure of its standalone financial strength mapped from its C- BFSR).

Downgrades:

Issuer: Caja de Ahorros de Santander y Cantabria

LT Bank Deposit, Downgraded to A3 from A2

Senior Unsecured Debt, Downgraded to A3 from A2

Subordinated Debt, Downgraded to Baa1 from A3

Preferred Stock to Baa2 from Baa1

ST Bank Deposit, Downgraded to Prime-2 from Prime-1

Issuer: Cantabria Preferentes, S.A.

Preferred Stock to Baa2 from Baa1

Outlook Actions:

Issuer: Caja de Ahorros de Santander y Cantabria

Bank Financial Strength Changed to Negative from Stable

Debt and deposit ratings outlook changed to Negative from Stable

Issuer: Cantabria Preferentes, S.A.

Outlook, Changed to Negative from Stable

Moody's previous rating action on Caja Cantabria was on 17 April 2007, when the debt and deposit ratings were upgraded to A2 from A3 and the BFSR was downgraded to C- from C following the implementation of the Joint Default Analysis (JDA) and update of the BFSR methodologies.

Caja Cantabria is headquartered in Santander. At the end of September 2008 total assets amounted to EUR10.3 billion.

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