

**Rating Action: [RURALPYME 2 FTPYME, FTA](#)**

**Moody's reviews RURALPYME 2 FTPYME, FTA notes for possible downgrade**

**Approximately EUR 306 million of debt securities affected.**

London, 18 March 2009 -- Moody's Investors Service has today placed the ratings of the notes issued by RURALPYME 2 FTPYME, FTA under review for possible downgrade:

- EUR 487.0 million Series A1 notes, Placed Under Review for Possible Downgrade; previously, on November 27, 2006 Assigned Aaa;
- EUR 29.1 million Series B notes, Placed Under Review for Possible Downgrade; previously, on November 27, 2006 Assigned A2;
- EUR 23.2 million Series C notes, Placed Under Review for Possible Downgrade; previously, on November 27, 2006 Assigned Baa3;
- EUR 24.05 million Series D notes, Placed Under Review for Possible Downgrade; previously, on November 27, 2006 Assigned Ca.

Date of previous rating action: no previous rating action since initial rating assignment in November 2006.

The current rating of the EUR 53.7 million Series A2(G) notes, Aaa, is not placed on review for possible downgrade as it benefits from the guarantee of the Government of Spain (Aaa) for interest and principal payments. However the expected loss associated with Series A2(G) notes without the Spanish Government guarantee -- which was consistent with a Aaa rating at closing of the transaction -- may need to be adjusted during the current rating review.

Moody's has today also taken rating actions on the notes issued by RURALPYME 3 FTPYME, FTA (please see the specific press release for more details).

Today's rating action has been prompted by the worse-than-expected collateral performance. Moody's expects to conclude the rating review after receipt of additional information and a detailed assessment of the effects of the deteriorating performance on the outstanding ratings.

As of January 2009, the cumulative 90+ delinquencies (i.e. delinquencies equal or greater than 90 days) were equal to 4.66% of the original portfolio balance compared to 4.04% as of the previous quarterly reporting date. As part of the review, we consider also the exposure of the transaction to the Spanish real estate sector (either through security in the form of a mortgage or debtors operating in the real estate sector). The deterioration of the Spanish economy has been reflected in the negative sector outlook Moody's published on the Spanish SMEs securitisation transactions. Our economic outlook will also be taken into account in our rating review process.

RURALPYME 2 FTPYME, FTA is a securitisation of loans to small- and medium-sized enterprises (SMEs) carried out by 14 Spanish rural savings banks under the FTPYME programme. At closing, the portfolio consisted of 2,421 loans. The loans were originated between 1993 and 2006, with a weighted average seasoning of 2.61 years and a weighted average remaining term of 10.03 years. The concentration in the "building and real estate" sector according to Moody's industry classification was approximately 22% as of closing.

As of January 2009, the number of loans in the portfolio was equal to 1,947. The concentration in the "building and real estate" sector according to Moody's industry classification was approximately 22% as of January 2009.

Moody's assigned definitive ratings in November 2006. Moody's ratings address the expected loss posed to investors by the legal final maturity of the notes. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

Moody's principal methodology used in assessing and monitoring the ratings is described in the Rating Methodology report for granular SME transactions in EMEA: "Refining the ABS SME Approach: Moody's Probability of Default assumptions in the rating analysis of granular Small and Mid-sized Enterprise portfolios in EMEA", published on March 17, 2009; "FTPYMES: Moody's Analytical Approach to Spanish Securitisation Funds Launched Under Government's FTPYMES Programme", published in October 2003; and "Moody's Approach to Rating Granular SME Transactions in Europe, Middle East and Africa", published in October 2006, which can be found at [www.moody.com](http://www.moody.com) on the "Ratings Methodologies & Performance" page.

Moody's is closely monitoring the transaction. To obtain a copy of Moody's New Issue Report or periodic Performance Overviews, please visit Moody's website at [www.moody.com](http://www.moody.com) or contact our Client Service Desk in London (+44-20-7772 5454).

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