

**Material Event  
concerning**

**MBS BANCAJA 4 Fondo de Titulización de Activos**

Pursuant to section 4.1.4 of the Securities Note Building Block of the Prospectus for **MBS BANCAJA 4 Fondo de Titulización de Activos** (the “Fund”) notice is given to the COMISIÓN NACIONAL DEL MERCADO DE VALORES of the following material event:

- The Rating Agency **Moody’s Investors Service** (“**Moody’s**”) advised on March 25, 2011 of a downgrade of the ratings assigned to the Bond Series issued by **MBS BANCAJA 4 Fondo de Titulización de Activos**:
  - **Series A2:**      **Aa2 (sf)**            (previously **Aaa (sf)**, under review for possible downgrade)
  - **Series A3:**      **Aa2 (sf)**            (previously **Aaa (sf)**, under review for possible downgrade)
  - **Series B:**        **Baa2 (sf)**           (previously **Aa3 (sf)**, under review for possible downgrade)
  - **Series C:**        **Ba2 (sf)**            (previously **A3 (sf)**, under review for possible downgrade)
  - **Series D:**        **B3 (sf)**             (previously **Baa3 (sf)**, under review for possible downgrade)
  - **Series E:**        **C (sf)**              (previously **Caa3 (sf)**, under review for possible downgrade)

Enclosed herewith is the press release by Moody’s.

Madrid, April 6, 2011.

Mario Masiá Vicente  
General Manager

**Rating Action: Moody's Investors Service downgrades all ratings on the notes issued by MBS Bancaja 4 FTA.**

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Global Credit Research - 25 Mar 2011

**Approximately C1,141 Million of Debt Securities Affected.**

Madrid, March 25, 2011 -- Moody's Investors Service announced today that it has downgraded all ratings of all the notes issued by MBS Bancaja 4 FTA. A detailed list of the rating actions is provided at the end of this press release.

The ratings of the notes were placed on review for possible downgrade in November 2009 due to the worse than expected performance of the collateral. All the loans were originated by Caja de Ahorros de Valencia, Castellón y Alicante (Bancaja Baa1/P-2 on review for possible downgrade).

**RATINGS RATIONALE**

Today's rating action concludes the review and takes into consideration the worse-than-expected performance of the collateral. It also reflects Moody's negative sector outlook for Spanish RMBS and the weakening of the macro-economic environment in Spain, including high unemployment rates. The operational risk is also a driver of today's rating action on the senior notes.

The ratings of the notes take into account the credit quality of the underlying mortgage loan pools, from which Moody's determined the MILAN Aaa Credit Enhancement (MILAN Aaa CE) and the lifetime losses (expected loss), as well as the transaction structure and any legal considerations as assessed in Moody's cash flow analysis. The expected loss and the Milan Aaa CE are the two key parameters used by Moody's to calibrate its loss distribution curve, used in the cash flow model to rate European RMBS transactions.

**Portfolio Expected Loss:**

Moody's has reassessed its lifetime loss expectation taking into account the collateral performance to date, as well as the current macroeconomic environment in Spain. In January 2011, cumulative write-offs rose to 1.89% of the original pool balance. The share of 90+ day arrears stood at 1.92% of current pool balance. Moody's expects the portfolio credit performance to be under stress, as Spanish unemployment remains elevated. The rating agency believes that the anticipated tightening of Spanish fiscal policies is likely to weigh on the recovery in the Spanish labour market and constrain future Spanish households finances. Moody's also has concerns over the timing and degree of future recoveries in a weaker Spanish housing market. On the basis of Moody's negative sector outlook for Spanish RMBS, the rating agency has updated the portfolio expected loss assumption to 2.20% of original pool balance up from 0.51%.

**MILAN Aaa CE:**

Moody's has assessed the loan-by-loan information to determine the MILAN Aaa CE. Moody's has increased its MILAN Aaa CE assumptions for 10.0%, up from 4.05% at closing. The increase in the MILAN Aaa CE reflects the exposure to broker origination (16.65%), non Spanish nationals (15.20%) and the concentration in coastal areas. In addition 9.89% of the portfolio correspond to commercial properties. Credit enhancement under the Class A (including subordination and reserve fund) is 7.37%.

**Operational Risk:**

Bancaja (Baa1/P-2 on review for possible downgrade) is the servicer of this transaction. The operational risk is one of the drivers of today's rating action on class A2 notes. Moody's notes that there is not sufficient liquidity in the transaction to allow timely payment on the notes in case of a servicing transfer. The reserve fund is not at target level and there are no other sources of liquidity in the structure. In addition there is no trigger in place to appoint a back-up servicer. A multi notch downgrade of the servicer will impact the senior note ratings if other remedies are not put in place.

**Amortisation of Class A2 and A3 notes:**

The revised portfolio loss assumptions are also a driver in the downgrade of the class A2 notes. The rating action on class A2 reflects the probability that the Class A2 and A3 notes will turn to pro-rata payment in high loss scenarios. The amount retained as principal due will be allocated pro-rata between Classes A2 and A3 if the aggregated outstanding amount of Classes A2 and A3, by reason of principal, is equal to or greater than the outstanding amount of performing loans (including loans up to 90 days in arrears).

The rating addresses the expected loss posed to investors by the legal final maturity of the notes. In Moody's opinion, the structure allows for timely payment of interest and principal with respect of the notes by the legal final maturity. Moody's ratings only address the credit risk associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

**TRANSACTION FEATURES**

MBS Bancaja 4 closed in May 2007. The transactions is backed by portfolios of first-ranking mortgage loans originated by Bancaja secured on residential properties located in Spain, for an overall balance at closing of EUR 1.85 billion. The securitized mortgage portfolio benefit from a relatively low weighted average LTV, currently about 53%. The pool is fairly exposed to the Mediterranean coast. 8.89% of the portfolio correspond to commercial properties.

Reserve fund: The rapidly increasing levels of defaulted loans ultimately resulted in draws to the reserve fund. The reserve fund is currently at 70% of its target.

Commingling: All of the payments under the loans in this pool are collected by the servicer under a direct debit scheme into the collection accounts held at Bancaja (Baa1/P-2 under review for possible downgrade) and are transferred to the treasury account held at Banco

Cooperativo Español S.A (A1 /P-1) every two days. The commingling risk has been taken into account in the review of the transaction.

Swap: According to the swap agreement entered into between the Fondo and BNP Paribas (Aa2 / P-1), on each payment date:

- The swap counterparty will pay the index reference rate of the notes.
- The Fondo will pay a weighted average of the 12-month Euribor over the past months for each of the groups, whereby the weights are fixed for each month on the closing date.

This payment is aimed at replicating the amount of interest corresponding to the index reference rates that the Fondo receives for each of the groups between payment dates. The notional will be the outstanding amount of the loans included in each of the two groups excluding all loans with arrears of more than 18 months.

For details on the deal structure, please refer to the MBS Bancaja 4 FTA, new issue reports. The report is available on [www.moody.com](http://www.moody.com).

The principal methodologies used in this rating were Moody's Updated Methodology for Rating Spanish RMBS published in July 2008, Cash Flow Analysis in EMEARMBS: Testing Features with the MARCO Model (Moody's Analyser of Residential Cash Flows) published in January 2006, Moody's Approach to Automated Valuation Models in Rating UK RMBS published in August 2008, A Framework for Stressing House Prices in RMBS Transactions in EMEA published in July 2008 and Global Structured Finance Operational Risk Guidelines: Moody's Approach to Analyzing Performance Disruption Risk published in March 2011.

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

#### LIST OF RATINGS ACTIONS

Issuer: MBS BANCAJA 4 Fondo de Titulización de Activos

...EUR1,182.1MA2 Certificate, Downgraded to Aa2 (sf); previously on Nov 30, 2009 Aaa (sf) Placed Under Review for Possible Downgrade

...EUR300MA3 Certificate, Downgraded to Aa2 (sf); previously on Nov 30, 2009 Aaa (sf) Placed Under Review for Possible Downgrade

...EUR30.5M B Certificate, Downgraded to Baa2 (sf); previously on Nov 30, 2009 Aa3 (sf) Placed Under Review for Possible Downgrade

...EUR18.9M C Certificate, Downgraded to Ba2 (sf); previously on Nov 30, 2009 A3 (sf) Placed Under Review for Possible Downgrade

...EUR18.5M D Certificate, Downgraded to B3 (sf); previously on Nov 30, 2009 Baa3 (sf) Placed Under Review for Possible Downgrade

...EUR23.1M E Certificate, Downgraded to C (sf); previously on Nov 30, 2009 Caa3 (sf) Placed Under Review for Possible Downgrade

#### REGULATORY DISCLOSURES

The ratings have been disclosed to the rated entity or its designated agents and issued with no amendment resulting from that disclosure.

Information sources used to prepare the credit ratings are the following: parties involved in the ratings, parties not involved in the ratings, public information, and confidential and proprietary Moody's Investors Service information.

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Please see ratings tab on the issuer/entity page on [Moody.com](http://Moody.com) for the last rating action and the rating history.

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Please see the Credit Policy page on [Moody.com](http://Moody.com) for the methodologies used in determining ratings, further information on the meaning of each rating category and the definition of default and recovery.

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