

Rating Action: Geysir 2008-I Institutional Investors Fund

Moody's downgrades the Class A Notes issued by Geysir 2008-1 Institutional Investor Fund

EUR 124.8 Million of Debt Securities Affected.

London, 10 October 2008 -- Moody's Investors Service has today downgraded the Class A Notes issued by Geysir 2008-1 Institutional Investor Fund, from Aaa to Aa1, the Notes remain on review for possible downgrade.

The downgrade results primarily from the rating downgrade of the foreign currency bond ceiling of Iceland from Aaa to Aa1 as the Class A Notes are euro denominated.

Moreover, Moody's Investors Service decided to leave the Class A Notes on review for possible downgrade due to: (i) the fact that the foreign currency bond ceiling remains on review for further downgrade; (ii) the downgrade from Baa3/P-3 to Caa1/NP of the Bank Deposit Rating of Kaupthing bank hf ("Kaupthing"), which is the back up servicer as well as the GIC account provider in this transaction, as part of the documentation, the Issuer has 30 days to find a replacement account bank; and (iii) the downgrade on 30 September 2008 of Fortis Bank N.V./S.A., the swap guarantor, from Aa3 to A1. As part of the transaction documentation, at loss of Aa3, Sparisjóður Reykjavíkur og nágrennis hf. ('SPRON') has 30 days to post collateral, or Fortis Bank N.V./S.A., should SPRON fail to do that, will have to post collateral find a guarantor or another swap counterparty.

Moody's will closely monitor the transaction in the coming days, and in particular the evolution of Kaupthing's credit as an account bank, including the impact on the collections deposited to date on the GIC account, as well as the ability of the Icelandic banking system to clear foreign currency trades in the short term.

Geysir 2008-1 Institutional Investor Fund closed on the 29th July 2008. It was the first RMBS transaction launched in the Icelandic market with three classes of notes to fund the purchase of receivables originated by SPRON, Frjálsi fjárfestingarbankinn hf. and Netbankinn as well as the cash reserve. The transfer of receivables and collateral is governed by Icelandic law, while the swap documents are governed by English law. The pool consists of an aggregated amount of ISK 20,822,116,708 of receivables arising from 1,649 loans granted to individual borrowers and secured by mortgages on residential properties located in Iceland with a large concentration in Reykjavik. All loans bear a fixed rate and are indexed to inflation.

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 initially analysed and monitors these transactions using the rating methodology for EMEA RMBS as described in the Special Report: e.g. "Cash Flow Analysis in EMEA RMBS: Testing Structure Features with the MARCO Model (Moody's Analyser of Residential Cash Flows)" published in January 2006 and in the New Issue Report published in August 2008.

Date of previous rating action: no previous rating action since initial rating assignment

For further information on the respective transactions, please refer to www.moodys.com or contact Moody's Client Service Desk on +44-20 7772 5454.

London
Neal Shah
Managing Director
Structured Finance Group
Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

London
Pier Paolo Vaschetti
Asst Vice President - Analyst
Structured Finance Group

Moody's Investors Service Ltd.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

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