

FITCH UPGRADES 7 DUTCH RMBS TRANCHES; OUTLOOKS REVISED

Fitch Ratings-London-16 May 2008: Fitch Ratings has today upgraded seven and affirmed 50 tranches of Holland Euro-Denominated Mortgage Backed Series (Hermes) Dutch RMBS transactions, as detailed below.

The upgrades and the Outlook revisions to Positive from Stable were due to continued strong performance of the transactions. The sequential pay down of the notes, coupled with high prepayment rates has greatly improved the credit enhancement levels of the upgraded tranches. Moreover, the guaranteed excess spread provided by the swap agreements support losses, as well as liquidity.

Fitch expects the strong performance of the higher seasoned deals to continue, which has led to the revision of Outlooks to Positive from Stable for some transactions. The most recent transactions have yet to see significant credit enhancement growth and presently retain Stable Outlooks.

Hermes transactions historically have had higher arrears levels than the rest of the Dutch RMBS Index, based on Fitch-rated transactions. This is due to SNS Bank N.V.'s definition of delinquencies, where they calculate delinquent loans on the basis of oldest monthly payment missed. Therefore, if a borrower were to miss a payment in June but made payments the following two months, the borrower would still be considered three months in arrears.

Based on the latest investor reports, the highest level of three months plus in arrears have been reported in the Hermes VIII transaction at 1.31% of the outstanding portfolio. Even though this is slightly higher than the Dutch RMBS Index, they do not represent a concern in relation to the current ratings of these transactions.

The rating actions are as follows:

Holland Euro-Denominated Mortgage-Backed Series (Hermes) I B.V.:

Class B (ISIN XS0103963798): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0103964093): upgraded to 'AAA' from 'AA-' (AA minus), Outlook revised to Stable from Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) II B.V.:

Class A (ISIN XS0119563350): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0119563608): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0119564085): upgraded to 'AA+' from 'AA-' (AA minus), Outlook revised to Stable from Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) III B.V.:

Class A (ISIN XS0131514746): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0131515040): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0131515719): upgraded to 'A+' from 'A', Outlook Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) IV B.V.:

Class A (ISIN XS0138211783): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0138211270): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0138210389): upgraded to 'A+' from 'A', Outlook Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) V B.V.:

Class A (ISIN XS0157783936): affirmed at 'AAA', Outlook Stable

Class B (ISIN XS0157784074): affirmed at 'AAA', Outlook Stable

Class C (ISIN XS0157784660): upgraded to 'A+' from 'A', Outlook Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) VI B.V.:
Class A2 (ISIN XS0168101425): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0168102662): affirmed at 'AAA', Outlook Stable
Class C (ISIN XS0168103041): upgraded to 'A' from 'A-' (A minus), Outlook Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) VII B.V.:
Class A1 (ISIN XS0177871950): affirmed at 'AAA', Outlook Stable
Class A2 (ISIN XS0177872172): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0177872412): upgraded to 'AA-' (AA minus) from 'A+', Outlook Positive
Class C (ISIN XS0177872503): affirmed at 'BBB', Outlook Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) VIII B.V.:
Class A (ISIN XS0192997756): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0192997830): affirmed at 'A', Outlook Positive
Class C (ISIN XS0192997913): affirmed at 'BBB', Outlook Positive

Holland Euro-Denominated Mortgage-Backed Series (Hermes) IX B.V.:
Class A (ISIN XS0212183833): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0212184567): affirmed at 'AA', Outlook Stable
Class C (ISIN XS0212185291): affirmed at 'A', Outlook Stable
Class D (ISIN XS0212185531): affirmed at 'BBB', Outlook Stable
Class E (ISIN XS0212186000): affirmed at 'BBB-' (BBB minus), Outlook Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) X B.V.:
Class A (ISIN XS0228806245): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0228806674): affirmed at 'AA', Outlook Stable
Class C (ISIN XS0228806831): affirmed at 'A', Outlook Stable
Class D (ISIN XS0228806914): affirmed at 'A-' (A minus), Outlook Stable
Class E (ISIN XS0228807300): affirmed at 'BBB', Outlook Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) XI B.V.:
Class A (ISIN XS0242423589): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0242426251): affirmed at 'AA', Outlook Stable
Class C (ISIN XS0242429602): affirmed at 'A', Outlook Stable
Class D (ISIN XS0242430790): affirmed at 'A-' (A minus), Outlook Stable
Class E (ISIN XS0242432499): affirmed at 'BBB-' (BBB minus), Outlook Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) XII B.V.:
Class A (ISIN XS0271028838): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0271029059): affirmed at 'AA', Outlook Stable
Class C (ISIN XS0271029133): affirmed at 'A', Outlook Stable
Class D (ISIN XS0271029489): affirmed at 'A-' (A minus), Outlook Stable
Class E (ISIN XS0271029562): affirmed at 'BBB-' (BBB minus), Outlook Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) XIII B.V.:
Class A1 (ISIN XS0291656295): affirmed at 'AAA', Outlook Stable
Class A2 (ISIN XS0291663820): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0291666419): affirmed at 'AA', Outlook Stable
Class C (ISIN XS0291666500): affirmed at 'A', Outlook Stable
Class D (ISIN XS0291667573): affirmed at 'BBB+', Outlook Stable
Class E (ISIN XS0291669272): affirmed at 'BB', Outlook Stable

Holland Euro-Denominated Mortgage-Backed Series (Hermes) XIV B.V.:
Class A1 (ISIN XS0320774473): affirmed at 'AAA', Outlook Stable
Class A2 (ISIN XS0320774556): affirmed at 'AAA', Outlook Stable
Class B (ISIN XS0320774630): affirmed at 'AA+', Outlook Stable
Class C (ISIN XS0320774713): affirmed at 'A', Outlook Stable
Class D (ISIN XS0320774804): affirmed at 'BBB+', Outlook Stable

Class E (ISIN XS0320774986): affirmed at 'BB', Outlook Stable

Rating Outlooks for European Structured Finance tranches provide forward-looking information to the market. An Outlook indicates the likely direction of any rating change over a one- to two-year period. For further information on Rating Outlooks, refer to "Scanning the Horizon - Rating Outlooks in European Structured Finance", dated 1 June 2007 and available on www.fitchratings.com.

Further commentary and performance data on these transactions are available on the agency's subscription website, www.fitchresearch.com.

For topical commentary on the European structured finance market, along with global capital markets coverage, please see [www.fitchratings.com/capital markets](http://www.fitchratings.com/capital%20markets).

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