

September 26, 2008

Ratings Lowered On MADRID RMBS II's D And E Notes And MADRID RMBS III's C, D, And E Notes

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MADRID (Standard & Poor's) Sept. 26, 2008—Standard & Poor's Ratings Services said today that it has lowered and removed from CreditWatch with negative implications its credit ratings on the class D and E notes issued by MADRID RMBS II, Fondo de Titulizacion de Activos and on the class C to E notes issued by MADRID RMBS III, Fondo de Titulizacion de Activos.

At the same time, we placed on CreditWatch negative our credit ratings on MADRID RMBS II's class B and C notes and MADRID RMBS III's class B notes. We have also affirmed our ratings on the class A notes (A1, A2, and A3) in both transactions (see list below).

Today's rating actions follow a full credit and cash flow analysis of the most recent transaction information that we have received. The results of our analysis showed that the credit enhancement available for MADRID RMBS II's class D and E notes and MADRID RMBS III's class C to E notes was insufficient to maintain the current ratings.

Defaults in these transactions, defined as arrears greater than six months, are rising faster than we have historically seen for the originator, Caja de Ahorros y Monte de Piedad de Madrid (Caja Madrid). This has resulted in an increase in the assessed weighted-average foreclosure frequency for both transactions. Arrears in MADRID RMBS II are driven by loans originated in 2005

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with current loan-to-value (LTV) ratios greater than 90%. In MADRID RMBS III, delinquencies were driven by loans originated in 2007 with LTV ratios greater than 90%.

The class E notes' deferral of interest trigger for MADRID RMBS II is 8.0% and 8.9% for MADRID RMBS III. This means that when gross cumulative defaults, defined as arrears greater than six months, reach that level, the interest on this class will be paid after amortization of the senior classes. Currently, the cumulative defaults as a percentage of the initial balance of the pool are 3.27% in MADRID RMBS II and 1.94% in MADRID RMBS III.

The ratings on class C to E notes issued by MADRID RMBS IV, Fondo de Titulizacion de Activos were placed on CreditWatch negative on Sept. 12, 2008 based on the deterioration in the collateral performance. This transaction did not form part of the current analysis and the CreditWatch placement will be resolved in due course.

The MADRID RMBS deals are Spanish residential mortgage-backed securities (RMBS) transactions backed by pools of residential mortgage-backed loans secured over residential properties in Spain. The originator and servicer, Caja Madrid, is the second-largest savings bank and the fourth-largest financial entity in Spain.

Further information on these transactions is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. Alternatively, call one of the following Standard & Poor's numbers: Client Support Europe (44) 20-7176-7176; London Press Office (44) 20-7176-3605; Paris (33) 1-4420-6708; Frankfurt (49) 69-33-999-225; Stockholm (46) 8-440-5914; or Moscow (7) 495-783-4017.

RATINGS LIST

Class	To	Rating	From
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RATINGS LOWERED AND REMOVED FROM CREDITWATCH NEGATIVE

MADRID RMBS II, Fondo de Titulizacion de Activos
€1.8 Billion Residential Mortgage-Backed Floating-Rate Notes

D	BB		BBB/Watch Neg
E	B		BB/Watch Neg

MADRID RMBS III, Fondo de Titulizacion de Activos
€3 Billion Residential Mortgage-Backed Floating-Rate Notes

C	A-		A/Watch Neg
D	BB		BBB/Watch Neg
E	B		BB/Watch Neg

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RATINGS PLACED ON CREDITWATCH NEGATIVE

MADRID RMBS II, Fondo de Titulizacion de Activos
€1.8 Billion Residential Mortgage-Backed Floating-Rate Notes

B	AA/Watch Neg	AA
C	A/Watch Neg	A

MADRID RMBS III, Fondo de Titulizacion de Activos
€3 Billion Residential Mortgage-Backed Floating-Rate Notes

B	AA/Watch Neg	AA
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RATINGS AFFIRMED

MADRID RMBS II, Fondo de Titulizacion de Activos
€1.8 Billion Residential Mortgage-Backed Floating-Rate Notes

A1	AAA
A2	AAA
A3	AAA

MADRID RMBS III, Fondo de Titulizacion de Activos
€3 Billion Residential Mortgage-Backed Floating-Rate Notes

A1	AAA
A2	AAA
A3	AAA

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