Rating Action: MADRID RMBS I FONDO DE TITULIZACIÓN DE ACTIVOS

Moody's takes action on Madrid RMBS I, FTA

Approximately EUR 1.67 billion of debt securities affected.

Madrid, November 12, 2008 -- Moody's Investors Service announced today that it has taken the following rating action on the Notes issued by Madrid RMBS I, FTA:

- Class A1, Current rating: Aaa, rating confirmed;

- Class A2, Current rating: Aaa, downgraded to Aa1;

- Class B , Current rating: Aa2: downgraded to A1;

- Class C, Current rating: A2: downgraded to Baa2.

- Class D, Current Rating: Baa2, downgraded to Ba2; and

- Class E, Current Rating: Ba2, downgraded to B1.

- Last rating action date for Madrid RMBS I, FTA: 23 July 2008.

For this rating review, "Moody's Updated Methodology for Rating Spanish RMBS" was used. As explained in the press release issued in July 2008 in relation to the methodology update, the refinements to Moody's Spanish MILAN model result in higher credit enhancement levels for Spanish RMBS pools, especially those with riskier features, such as higher loan-to-value ratios and higher-risk products. Madrid RMBS I, FTA was one of the transactions flagged by Moody's as having such features. All Classes of Notes were placed on review for possible downgrade on 23 July 2008. Today's rating action conclude a detailed review of the transaction.

Madrid RMSB I, FTA closed in November 2006. In this transaction, the Originator (Caja Madrid, Aa3/P-1) securitised a portfolio of 11,090 first-ranking mortgage loans secured on residential properties located in Spain, for an overall amount of EUR 2.0 billion. The collateral consisted exclusively of loans with a loan-to-value ratios (LTV) over 80 percent. These high LTV loans represent 98.57 percent of the outstanding pool balance as of October 2008.

This transaction includes partial hedging of interest rate risk, which was taken into account in the initial as well as ongoing analysis. Class A1 and A2 Notes amortise sequentially. Sequential amortisation turns to pro-rata if the outstanding amount of loans more than six months in arrears exceeds 25 percent of the original portfolio balance.

The portfolio is showing worse-than-expected collateral performance leading to above market average delinquencies. 22 months after closing, the cumulative defaults are equal to 3.19% of the original portfolio balance, and the 90+ delinquencies (excluding outstanding defaults) correspond to approximately 4.18% of the current portfolio balance.

The reserve fund has not been at target level for the last three interest payment periods following the insufficient excess spread to cover artificially written-off of loans more than 6 months delinquent. This typical Spanish RMBS mechanism speeds up the off-balance sheet of a non-performing loan compared to waiting for the "natural write-off"; thus, the amount of notes collateralised by non-performing loans is minimised, and, consequently, the negative carry.

During the last three quarters excess spread has not been sufficient to provision for artificial write-offs resulting in drawings of the reserve fund (currently at 64.38% of target level). Moody's expects that available funds will increase as recoveries from written-off loans are collected. Following an updated loan-by-loan analysis, and on the basis of the performance experienced by the portfolio so far, Moody's has updated the portfolio's expected loss assumption modeled from a range of 1.18%-1.38% to 2.40%-2.60%, both as a percentage of original pool balance. Moody's further raised its credit support expectations for the rating levels assigned.

Moody's notes that the Spanish Government announced on 4 November 2008 a support programme to assist unemployed, self-employed and pensioner borrowers. At this stage, we are awaiting further clarifications on the programme to determine any potential liquidity and/or credit implications possible for this transaction.

Moody's ratings address the expected loss posed to investors by the legal final maturity of the notes (July 2049). 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 monitors Madrid RMBS I, FTA as described in the reports: "Moody's Approach to Rating Spanish RMBS: The "Milan" Model", March 2005, and "Moody's Updated Methodology for Rating Spanish RMBS", July 2008. Moody's will continue to closely monitor the performance of the transaction. For more information on this transaction, please visit Moody's website at www.moodys.com or contact our Client Service Desk in London (+44-20-7772 5454).

Frankfurt
Marie-Jeanne Kerschkamp
Managing Director
Structured Finance Group
Moody's Deutschland GmbH
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454

Madrid
Maria Turbica Manrique
Analyst
Structured Finance Group
Moody's Investors Service Espana, S.A.
JOURNALISTS: 44 20 7772 5456
SUBSCRIBERS: 44 20 7772 5454