

Rating Action: MADRID RMBS III FONDO DE TITULIZACION DE ACTIVOS

Moody's takes action on 13 Spanish RMBS transactions

Madrid, July 23, 2008 -- In a new Rating Methodology report, published 22 July 2008, Moody's Investors Service explains recent updates to its modelling approach to rating Spanish residential mortgage-backed securities (RMBS). The amendments outlined in the new report relate to updates of certain parameters within the Spanish MILAN model implemented by Moody's during 2007 and 2008 to date. In particular, Moody's has updated its analysis of Spanish borrowers' stressed default frequency and Spanish house price stress rates. Moody's has also refined the adjustments it makes in relation to loan products, borrower characteristics and origination channels.

Overall, the refinements to Moody's MILAN tool for Spain 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. Within the universe of transactions rated by Moody's that are backed by pools with such riskier features, Moody's has flagged 13 deals, most of which are currently performing outside of our initial expectations. For these deals we expect the methodology update to typically have a one notch impact, although some tranches may be affected by up to two notches, on the current ratings, in addition to any further rating impact that may be driven by the performance review. Moody's will in the coming days put under review for downgrade all affected tranches. Moody's does not expect that at this stage any other ratings to be affected only as a result of these updates.

Moody's has today put under review for downgrade the following tranches:

Issuer: Bancaja 11 Fondo de Titulización de Activos

- Class B, EUR 63.0 Million, Current Rating A1, on review for possible downgrade
- Class C EUR 24.0 Million, Current Rating Baa3, on review for possible downgrade
- Class D EUR 20.0 Million, Current Rating Ba3, on review for possible downgrade

Issuer: BBVA RMBS 1 Fondo de Titulización de Activos

- Class B, EUR 120.0 Million, Current Rating Aa3, on review for possible downgrade
- Class C, EUR 85.0 Million, Current Rating Baa2, on review for possible downgrade

Issuer: Fondo de Titulización de Activos SANTANDER HIPOTECARIO 2

- Class A, EUR 1,368.8 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 51.8 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 32.3 Million, Current Rating A2, on review for possible downgrade
- Class D, EUR 49.8 Million, Current Rating Baa2, on review for possible downgrade
- Class E, EUR 19.6 Million, Current Rating Ba3, on review for possible downgrade
- Class F, EUR 17.6 Million, Current Rating Caa2, on review for possible downgrade

Issuer: Fondo de Titulización de Activos SANTANDER HIPOTECARIO 3

- Series A1, EUR 413.2 Million, Current Rating Aaa, on review for possible downgrade
- Series A2, EUR 1,540.0 Million, Current Rating Aaa, on review for possible downgrade

- Series A3, EUR 411.4 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 79.2 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 47.5 Million, Current Rating A1, on review for possible downgrade
- Class F, EUR 22.4 Million, Current Rating Ca, on review for possible downgrade

Issuer: Fondo de Titulización de Activos SANTANDER HIPOTECARIO 4

- Series A1, EUR 149.5 Million, Current Rating Aaa, on review for possible downgrade
- Series A2, EUR 661.9 Million, Current Rating Aaa, on review for possible downgrade
- Series A3, EUR 278.0 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 20.9 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 30.7 Million, Current Rating A1, on review for possible downgrade
- Class D, EUR 27.1 Million, Current Rating Baa1, on review for possible downgrade
- Class E, EUR 27.1 Million, Current Rating Ba2, on review for possible downgrade
- Class F, EUR 14.8 Million, Current Rating Ca, on review for possible downgrade

Issuer: HIPOCAT 10 Fondo de Titulización de Activos

- Class B, EUR 54.8 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 51.8 Million, Current Rating Baa2, on review for possible downgrade
- Class D, EUR 25.5 Million, Current Rating Caa3, on review for possible downgrade

Issuer: HIPOCAT 11 Fondo de Titulización de Activos

- Series A1, EUR 82.8 Million, Current Rating Aaa, on review for possible downgrade
- Series A2, EUR 1,083.2 Million, Current Rating Aaa, on review for possible downgrade
- Series A3, EUR 200.0 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 52.8 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 64.0 Million, Current Rating Baa2, on review for possible downgrade
- Class D, EUR 28.0 Million, Current Rating Caa3, on review for possible downgrade

Issuer: HIPOCAT 12 Fondo de Titulización de Activos

- Class A, EUR 1,425.1 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 70.4 Million, Current Rating Aa3, on review for possible downgrade
- Class C, EUR 83.2 Million, Current Rating Baa3, on review for possible downgrade
- Class D, EUR 28.0 Million, Current Rating Ca, on review for possible downgrade

Issuer: MADRID RMBS I Fondo de Titulización de Activos

- Series A1, EUR 185.4 Million, Current Rating Aaa, on review for possible downgrade

- Series A2, EUR 1,340.0 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 70.0 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 75.0 Million, Current Rating A2, on review for possible downgrade
- Class D, EUR 34.0 Million, Current Rating Baa2, on review for possible downgrade
- Class E, EUR 21.0 Million, Current Rating Ba2, on review for possible downgrade

Issuer: MADRID RMBS II Fondo de Titulización de Activos

- Series A1, EUR 167.9 Million, Current Rating Aaa, on review for possible downgrade
- Series A2, EUR 936.0 Million, Current Rating Aaa, on review for possible downgrade
- Series A3, EUR 270.0 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 63.0 Million, Current Rating Aa1, on review for possible downgrade
- Class C, EUR 67.5 Million, Current Rating A2, on review for possible downgrade
- Class D, EUR 30.6 Million, Current Rating Baa3, on review for possible downgrade
- Class E, EUR 18.9 Million, Current Rating Ba3, on review for possible downgrade

Issuer: MADRID RMBS III Fondo de Titulización de Activos

- Series A1, EUR 510.1 Million, Current Rating Aaa, on review for possible downgrade
- Series A2, EUR 1,575.0 Million, Current Rating Aaa, on review for possible downgrade
- Series A3, EUR 497.0 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 55.5 Million, Current Rating Aa2, on review for possible downgrade
- Class C, EUR 90.0 Million, Current Rating A2, on review for possible downgrade
- Class D, EUR 72.0 Million, Current Rating Baa2, on review for possible downgrade
- Class E, EUR 52.5 Million, Current Rating Ba3, on review for possible downgrade

Issuer: Serie AyT Colaterales Global Hipotecario Caja España I

- Class A, EUR 423.4 Million, Current Rating Aaa, on review for possible downgrade
- Class B, EUR 45.0 Million, Current Rating A2, on review for possible downgrade
- Class C, EUR 11.0 Million, Current Rating Baa3, on review for possible downgrade
- Class D, EUR 6.5 Million, Current Rating Ba2, on review for possible downgrade

Issuer: TDA CAM 10 Fondo de Titulización de Activos

- Series A1, EUR 148.9 Million, Current Rating Aaa, on review for possible downgrade
- Series A2, EUR 802.2 Million, Current Rating Aaa, on review for possible downgrade
- Series A3, EUR 147.8 Million, Current Rating Aaa, on review for possible downgrade
- Series A4, EUR 175.0 Million, Current Rating Aaa, on review for possible downgrade

- Class B, EUR 46.4 Million, Current Rating A3, on review for possible downgrade

- Class C, EUR 42.0 Million, Current Rating Baa3, on review for possible downgrade

The rating reviews will be concluded over course of the next three to six months following a detailed review and remodeling with updated performance data of each transaction. In the meantime, Moody's will continue to closely monitor the performance of the portfolios in the next quarterly periods.

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