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All Ratings Affirmed In U.K. RMBS Transaction First Flexible No. 6 Following Review

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OVERVIEW

- We have reviewed First Flexible No. 6's performance using the most recent collateral pool composition and investor report available to us, and conducted a credit and cash flow analysis of the transaction.
- Following our review, we have affirmed our ratings on all classes of notes in this transaction.
- First Flexible No. 6 is a U.K. RMBS buy-to-let transaction that securitizes mortgages that Mortgage Trust originated.

MILAN (Standard & Poor's June 4, 2015--Standard & Poor's Ratings Services today affirmed all of its credit ratings on First Flexible No. 6 PLC's class A1, A2, A3, M1, and M2 notes (see list below).

We have reviewed First Flexible No. 6's performance using the most recent collateral pool composition and investor report available to us, and conducted an updated credit and cash flow analysis of the transaction.

Since our previous review, the collateral pool has exhibited improving performance and delinquencies have decreased--with 90+ days arrears declining to 0% as of the most recent investor report for May 2015 (see "First Flexible No. 6 Class M Notes Rating Lowered And Class A Notes Rating Affirmed Following U.K. RMBS Criteria Update," published on June 6, 2012). Receivers of rents in place represent 0.60% of the loans in the pool, while cumulative losses are also low and currently stand at 0.15%.

Available credit enhancement has remained stable at 46.03% for the class A notes and at 5.8% for class M notes. This is because the issuer has been

paying the notes pro rata. The credit enhancement figures above include 5.8% from the reserve fund. However, the reserve fund is amortizing to a specified floor and is not available to cure principal losses throughout the life of the transaction, but can only do so on the final interest payment date. The reserve fund is currently at its documented target level.

After applying our U.K. residential mortgage-backed securities (RMBS) criteria to this transaction, our credit analysis results show a decrease in the weighted-average foreclosure frequency (WAFF) and an increase in the weighted-average loss severity (WALS) (see "U.K. RMBS Methodology And Assumptions," published on Dec. 9, 2011).

Rating level	WAFF (%)	WALS (%)	Loss coverage (%)
AAA	26.23	35.04	9.19
AA	18.17	26.23	4.77
A	14.14	13.28	1.88
BBB	10.11	7.05	0.71
BB	6.08	4.52	0.27
B	5.07	3.04	0.15

The decrease in the WAFF is mainly due to the higher seasoning of the portfolio, which is now 136 months, and the zero arrears in the pool. The increase in the WALS is mainly due to the application of higher market value decline assumptions, especially in the South East area where the pool is more concentrated. The overall effect is a decrease in the required credit coverage for each rating level.

Our updated analysis shows that the current available credit enhancement for all classes of notes continues to be commensurate with the currently assigned ratings. We have therefore affirmed our 'AA- (sf)' ratings on the class A1, A2, and A3 notes, and our 'BB- (sf)' ratings on the class M1 and M2 notes.

The class A notes were able to pass our updated cash flow stresses at higher ratings. However, as we do not view the currency swap documentation to be in line with our current counterparty criteria, the ratings on the transaction are capped at the long-term issuer credit rating on J.P. Morgan Chase Bank N.A. (A+/Stable/A-1), plus one notch (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013). After having breached its documented trigger of 'A-1+', following our downgrade of J.P. Morgan in November 2011, we have received confirmation from Paragon Finance PLC that collateral is being posted on this swap.

Our credit stability analysis indicates that the maximum projected deterioration that we would expect at each rating level for time horizons of one year and three years under moderate stress conditions, are in line with our credit stability criteria see (see "Methodology: Credit Stability Criteria," published on May 3, 2010).

First Flexible No. 6 is a U.K. RMBS transaction with collateral comprising a

pool of first-ranking mortgages mostly over freehold and leasehold buy-to-let (99.26%) properties in the U.K. Mortgages Trust Ltd. originated the mortgages in the pool.

STANDARD & POOR'S 17G-7 DISCLOSURE REPORT

SEC Rule 17g-7 requires an NRSRO, for any report accompanying a credit rating relating to an asset-backed security as defined in the Rule, to include a description of the representations, warranties, and enforcement mechanisms available to investors and a description of how they differ from the representations, warranties, and enforcement mechanisms in issuances of similar securities. The Rule applies to in-scope securities initially rated (including preliminary ratings) on or after Sept. 26, 2011.

If applicable, the Standard & Poor's 17g-7 Disclosure Report included in this credit rating report is available at <http://standardandpoorsdisclosure-17g7.com>

RELATED CRITERIA AND RESEARCH

Related Criteria

- Methodology And Assumptions For Ratings Above The Sovereign--Single-Jurisdiction Structured Finance, May 29, 2015
- Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Europe Asset Isolation And Special-Purpose Entity Criteria, Sept. 13, 2013
- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013
- Updated Outlook Assumptions for the U.K. Residential Mortgage Market, Aug. 17, 2012
- Global Investment Criteria For Temporary Investments In Transaction Accounts, May 31, 2012
- U.K. RMBS Methodology And Assumptions, Dec. 9, 2011
- Methodology: Credit Stability Criteria, May 3, 2010
- Understanding Standard & Poor's Rating Definitions, June 3, 2009

Related Research

- U.K. RMBS Index Report Q4 2014/Q1 2015: Collateral Performance Remains Stable As Economic Growth Slows, May 29, 2015
- Cheap Oil And An Expansive QE Program Underpin The Eurozone Recovery, April 2, 2015
- Low Interest Rates Are Only Slowly Reviving Europe's Housing Markets, Feb. 5, 2015
- European Structured Finance Scenario And Sensitivity Analysis 2014: The Effects Of The Top Five Macroeconomic Factors, July 8, 2014
- Global Structured Finance Scenario And Sensitivity Analysis: Understanding The Effects Of Macroeconomic Factors On Credit Quality, July 2, 2014

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- First Flexible No. 6 Class M Notes Rating Lowered And Class A Notes Rating Affirmed Following U.K. RMBS Criteria Update, June 6, 2012

RATINGS LIST

First Flexible No. 6 PLC

€215 Million, £310 Million, \$75 Million Mortgage-Backed Floating-Rate Notes

Ratings Affirmed

Class	Rating
A1	AA- (sf)
A2	AA- (sf)
A3	AA- (sf)
M1	BB- (sf)
M2	BB- (sf)

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