



Rating Action: Moody's upgrades the ratings of 64 notes from 28 UK RMBS transactions

28 Jul 2023

Approximately 1.3 billion of securities affected

London, July 28, 2023 – Moody's Investors Service ("Moody's") announced today that it has upgraded its ratings on 64 notes ("RMBS Notes") issued by 28 UK RMBS Issuers and backed by mortgages on properties located in the UK ("UK RMBS"). The RMBS Notes upgraded include 9 notes issued by UK Prime RMBS transactions, 26 notes issued by UK Buy-To-Let transactions, and 29 notes issued by UK Non-Conforming RMBS transactions.

Please click on this link https://www.moody's.com/viewresearchdoc.aspx?docid=PBS_ARFTL478601 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and identifies each affected issuer. This link also contains the information on new MILAN Stressed Loss and Expected Loss (%CB).

Moody's actions stem from the publication of "Residential Mortgage-Backed Securitizations" Rating Methodology together with "United Kingdom: Residential Mortgage-Backed Securitizations" Methodology Supplement, the credit rating methodology used in rating these securities and also incorporate deleveraging and performance considerations

Please see the press release associated with the methodology publication and the reports titled "Residential Mortgage-Backed Securitizations" and "United Kingdom: Residential Mortgage-Backed Securitizations", now available on ratings.moody's.com and accessible at: <https://ratings.moody's.com/rmc-documents/405819> and <https://ratings.moody's.com/rmc-documents/405814> for further details on the new methodology.

Although the updated methodology results in a change in Moody's overall assessment of MILAN Stressed Loss and cash flow modelling, only certain deals' ratings are impacted. For instance, structural elements of the transactions as well as collateral performance may limit or mitigate the potential for the rating action resulting from the methodology change. Today's ratings actions also incorporate deleveraging and performance considerations, which may result in more significant rating actions than purely stemming from the methodology change.

RATINGS RATIONALE

Please click on this link https://www.moody's.com/viewresearchdoc.aspx?docid=PBS_ARFTL478601 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rationale for rating action
- Expected Loss (%CB)
- MILAN Stressed Loss
- Constraining factors on the ratings

The rating actions result from the update to Moody's methodology for rating UK RMBS, the associated updates to the MILAN Stressed Loss assumption for these transactions as well as updates to assumptions and the cash flow modelling.

For the RMBS Notes upgraded today Moody's completed full analysis considering the analysis of the collateral portfolio, performance, as well as the full set of structural features of each RMBS transaction.

Today's rating actions also took into consideration the notes' exposure to relevant counterparties, such as servicer, liquidity provider, account banks and swap counterparties.

Details of the MILAN Stressed Loss and Expected Loss as % of current pool balance assumptions related to today's actions can be found in the List of Affected Credit Ratings associated with this press release.

The principal methodology used in these ratings was "Residential Mortgage-Backed Securitizations" published in July 2023 and available at <https://ratings.moodys.com/rmc-documents/405819>. Alternatively, please see the Rating Methodologies page on <https://ratings.moodys.com> for a copy of this methodology.

The analysis undertaken by Moody's at the initial assignment of ratings for RMBS securities may focus on aspects that become less relevant or typically remain unchanged during the surveillance stage. Please see Residential Mortgage-Backed Securitizations for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

Factors that would lead to an upgrade or downgrade of the ratings:

Factors or circumstances that could lead to an upgrade of the ratings include (1) performance of the underlying collateral that is better than Moody's expected, (2) an increase in available credit enhancement and (3) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings include (1) an increase in sovereign risk, (2) performance of the underlying collateral that is worse than Moody's expected, (3) deterioration in the notes' available credit enhancement and (4) deterioration in the credit quality of the transaction counterparties.

REGULATORY DISCLOSURES

The List of Affected Credit Ratings announced here are all solicited credit ratings. For additional information, please refer to Moody's Policy for Designating and Assigning Unsolicited Credit Ratings available on its website <https://ratings.moodys.com>. Additionally, the List of Affected Credit Ratings includes additional disclosures that vary with regard to some of the ratings. Please click on this link https://www.moodys.com/viewresearchdoc.aspx?docid=PBS_ARFTL478601 for the List of Affected Credit Ratings. This list is an integral part of this Press Release and provides, for each of the credit ratings covered, Moody's disclosures on the following items:

- Rating Solicitation
- Issuer Participation
- Participation: Access to Management
- Participation: Access to Internal Documents
- Endorsement
- Lead Analyst
- Releasing Office
- Person Approving the Credit Rating
- Expected Loss (%CB)

- MILAN Stressed Loss
- Key rationale for action
- Constraining factors on the ratings

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found on <https://ratings.moodys.com/rating-definitions>.

The analysis relies on an assessment of collateral characteristics to determine the collateral loss distribution, that is, the function that correlates to an assumption about the likelihood of occurrence to each level of possible losses in the collateral. As a second step, Moody's evaluates each possible collateral loss scenario using a model that replicates the relevant structural features to derive payments and therefore the ultimate potential losses for each rated instrument. The loss a rated instrument incurs in each collateral loss scenario, weighted by assumptions about the likelihood of events in that scenario occurring, results in the expected loss of the rated instrument.

Moody's quantitative analysis entails an evaluation of scenarios that stress factors contributing to sensitivity of ratings and take into account the likelihood of severe collateral losses or impaired cash flows. Moody's weights the impact on the rated instruments based on its assumptions of the likelihood of the events in such scenarios occurring.

For ratings issued on a program, series, category/class of debt or security this announcement provides certain regulatory disclosures in relation to each rating of a subsequently issued bond or note of the same series, category/class of debt, security or pursuant to a program for which the ratings are derived exclusively from existing ratings in accordance with Moody's rating practices. For ratings issued on a support provider, this announcement provides certain regulatory disclosures in relation to the credit rating action on the support provider and in relation to each particular credit rating action for securities that derive their credit ratings from the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the issuer/deal page for the respective issuer on <https://ratings.moodys.com>.

For any affected securities or rated entities receiving direct credit support from the primary entity(ies) of this credit rating action, and whose ratings may change as a result of this credit rating action, the associated regulatory disclosures will be those of the guarantor entity. Exceptions to this approach exist for the following disclosures, if applicable to jurisdiction: Ancillary Services, Disclosure to rated entity, Disclosure from rated entity.

The ratings have been disclosed to the rated entity or its designated agent(s) and issued with no amendment resulting from that disclosure.

Regulatory disclosures contained in this press release apply to the credit rating and, if applicable, the related rating outlook or rating review.

Moody's general principles for assessing environmental, social and governance (ESG) risks in our credit analysis can be found at https://ratings.moodys.com/documents/PBC_1288235.

The below contact information is provided for information purposes only. For disclosures on the lead rating analyst and the Moody's legal entity that issued the rating, please see the issuer/deal page on <https://ratings.moodys.com> for each of the ratings covered.

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