MOODY'S
INVESTORS SERVICE

Rating Action: Moody's assigns provisional ratings to RMBS notes to be issued by Residential Mortgage Securities 30 (RMS 30)

Global Credit Research - 30 Jun 2017

Frankfurt am Main, June 30, 2017 -- Moody's Investors Service has assigned provisional credit ratings to the following notes to be issued by Residential Mortgage Securities 30 plc ("RMS 30"):

.... GBP [•] Class A Notes due March 2050, Assigned (P)Aaa (sf)

....GBP [•] Class B Notes due March 2050, Assigned (P)Aa3 (sf)

....GBP [•] Class C Notes due March 2050, Assigned (P)A2 (sf)

....GBP [•] Class D Notes due March 2050, Assigned (P)Baa2 (sf)

....GBP [•] Class E Notes due March 2050, Assigned (P)Ba2 (sf)

....GBP [•] Class F1 Notes due March 2050, Assigned (P)Caa3 (sf)

....GBP [•] Class X1 Notes due March 2050, Assigned (P)Ca (sf)

The GBP [•] Class F2 Notes due March 2050, the GBP [•] Class F3 Notes due March 2050, the GBP [•] Class X2 Notes due March 2050, the GBP [•] Class Z Notes due March 2050 and Certificates have not been rated by Moody's.

The portfolio backing this transaction consists of UK non-conforming residential loans originated by Money Partners Loans Limited and Kensington Mortgage Company Limited, which were part of the Kensington group. The portfolio comprises of loans that have been previously securitised in transactions rated by Moody's including Residential Mortgage Securities 21 plc ("RMS 21"), Residential Mortgage Securities 22 plc ("RMS 22") and Money Partners Securities 4 Plc ("MPS 4"): [29.8]% of the portfolio are loans previously securitized in RMS 21 transaction, [37.8]% of the portfolio are loans previously securitized in RMS 22 transaction and [32.4]% of the portfolio are loans previously securitized in MPS 4 deal. The portfolio will initially be serviced by Homeloan Management Limited ("HML") at closing, with servicing of the portfolio expected to move to Acenden Limited shortly after closing.

At closing Kensington Mortgage Company Limited will sell the portfolio to [Kayl PL S.à.r.l.] (the "Seller", not rated). In turn the Seller will sell the portfolio to RMS 30.

RATINGS RATIONALE

The ratings of the notes take into account, among other factors: (1) the historical performance of the collateral; (2) the credit quality of the underlying mortgage loan pool, (3) the level of arrears in the pool, (4) the seasoning of the loan pool, and (5) the initial credit enhancement provided to the senior notes by the junior notes and the reserve fund.

--Expected Loss and MILAN CE Analysis

Moody's determined the MILAN credit enhancement (MILAN CE) and the portfolio's expected loss (EL) based on the pool's credit quality. The expected portfolio loss (EL) of [10]% and the MILAN CE of [30]% serve as input parameters for Moody's cash flow and tranching model, which is based on a probabilistic lognormal distribution. The MILAN CE reflects the loss Moody's expects the portfolio to suffer in the event of a severe recession scenario.

The key drivers for the MILAN CE of [30]%, which is higher than the UK non-conforming sector average (25%) and is based on Moody's assessment of the loan-by-loan information, are: (i) the high WA current unindexed LTV of [73.4]%, (ii) the presence of [72.5]% loans where the borrowers self-certified their income, (iii) borrowers with adverse credit history with [18.2]% of the pool containing borrowers with CCJ's, (iv) the weighted average seasoning of the pool of [11.25] years, (vi) the level of arrears of around [43.5]% (including all technical arrears) at the end of April 2017, of which [15.7]% are 90+ days in arrears, and (v) presence of [3.7]% of second lien loans and [38.3]% of restructured loans in the portfolio, although these are largely legacy restructurings as only [0.5]% of the portfolio contains loans which have been restructured after 2012.

The key drivers for the portfolio's expected loss of [10]%, which is higher than the UK non-conforming sector average (4.8%) and is based on Moody's assessment of the lifetime loss expectation, are: (1) the observed performance of mortgages, which have been previously securitised in transactions rated by Moody's, (2) the performance of other previous Kensington originations; (3) benchmarking with comparable transactions in the UK non-conforming market; (4) the levels of delinquencies in the pool together with roll rate analysis; and (5) the current economic conditions in the UK and the potential impact of future interest rate rises and inflation on the performance of the mortgage loans.

--Operational Risk Analysis

Kensington Mortgage Company Limited ("KMC", not rated) will be acting as servicer. KMC will sub-delegate certain primary servicing obligations to HML. HML's sub-delegation responsibilities are expected to move to Acenden later this year. In order to mitigate the operational risk, Capita Trust Corporate Limited (not rated) will act as back-up servicer facilitator, and Wells Fargo Bank International Unlimited Company (not rated), which is a wholly-owned subsidiary of Wells Fargo & Company (A2/P-1), will be acting as a back-up cash manager from close. To ensure payment continuity over the transaction's lifetime the transaction documents incorporate estimation language whereby the cash manager can use the three most recent servicer reports to determine the cash allocation in case no servicer report is available.

--Transaction structure

At close, a General Reserve Fund will be established, which will be equal to [2]% of the initial portfolio size (around GBP[•] million). Post-closing, the reserve fund required amount will be [3]% of the initial portfolio size (around GBP[•] million) until the Class A through F2 have been redeemed in full and thereafter the reserve fund required amount will fall to GBP 0. Following redemption in full of the F2 Notes, any remaining balance in the General Reserve Fund will form part of Available Revenue Funds.

In addition the transaction will benefit from a Liquidity Reserve Fund, which will not be funded at closing, but only if the General Reserve Fund falls to below [1.5]% of the Class A to F3 outstanding balance. In that case, the Liquidity Reserve Fund Required Amount will increase to [2]% of the Class A aggregate outstanding balance for the life of the transaction, which will be funded through the principal waterfall. Drawings on the Liquidity Reserve Fund to pay interest will create a PDL. The topping up of the Liquidity Reserve up to the Required Amount will not create a PDL. In addition, Moody's notes that unpaid interest on the class B, C, D, E, F1, F2, X1 and X2 is deferrable. Non-payment of interest on the class A notes constitutes an event of default.

Principal to pay interest mechanism is always available to pay interest on the Class A notes. After the Class A notes are paid in full, principal can be used to pay interest on the most senior note outstanding. The reserve fund is a source of liquidity to all rated notes (although it may only be used for the F1 and F2 notes after the Class E notes are paid in full). In addition the Class A notes benefit from a Liquidity Reserve Fund.

--Interest Rate Risk Analysis

There are two main forms of SVR linked-loans, KVR and MVR. Under the servicing agreement, the servicer must set SVR at least equal to LIBOR plus a fixed margin of [2.5]% and [1.5]% for the KVR and MVR respectively. There are no swaps in the transaction to hedge these rates to LIBOR. Moody's has modelled the spread taking into account the minimum margin covenants. However, due to uncertainty on enforceability of this covenant, Moody's has performed stressed analysis for the interest rate reset scenario.

--Stress Scenarios

Moody's Parameter Sensitivities: At the time the ratings were assigned, the model output indicates that the Class A Notes would still have achieved Aaa(sf), even if the portfolio expected loss was increased to [12.5]% from [10]% and the MILAN CE was remained unchanged at [30]%, assuming that all other factors remained the same. Class B notes would have achieved Aa3 (sf), even if the expected loss was increased to [12.5]% from [10]% and the MILAN CE was remained unchanged at [30]% and all other factors remained the same. Class C would have achieved A3 (sf) if the expected loss was as high as [10]% assuming MILAN CE increased to [36]% and all other factors remained the same. Class D would have achieved Baa3 (sf) if the expected loss was as high as [10]% assuming MILAN CE increased to [36]% and all other factors remained the same. Class E would have achieved Ba3 (sf) if the expected loss was as high as [10]% assuming MILAN CE increased to [36]% and all other factors remained the same. Class F1 would have achieved Caa3 (sf) if the expected loss was as high as [10]% assuming MILAN CE increased to [48]% and all other factors remained the same.

Moody's Parameter Sensitivities provide a quantitative/model-indicated calculation of the number of rating notches that a Moody's structured finance security may vary if certain input parameters used in the initial rating process differed. The analysis assumes that the deal has not aged and is not intended to measure how the rating of the security might migrate over time, but rather how the initial rating of the security might have differed if key rating input parameters were varied. Parameter Sensitivities for the typical EMEA RMBS transaction are calculated by stressing key variable inputs in Moody's primary rating model.

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

Factors that would lead to a downgrade of the ratings include economic conditions being worse than forecast resulting in worse-than-expected performance of the underlying collateral, deterioration in the credit quality of the counterparties and unforeseen legal or regulatory changes.

Factors that would lead to an upgrade of the ratings include economic conditions being better than forecast resulting in better-than-expected performance of the underlying collateral.

The ratings address the expected loss posed to investors by the legal final maturity of the notes. In Moody's opinion the structure allows for timely payment of interest and ultimate payment of principal at par on or before the rated final legal maturity date for all rated notes. Moody's ratings only address the credit risk associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

The principal methodology used in these ratings was "Moody's Approach to Rating RMBS Using the MILAN Framework" published in September 2016. Please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

Please note that on 21 March 2017, Moody's released a Request for Comment, in which it has requested market feedback on potential revisions to its Approach to Assessing Counterparty Risks in Structured Finance. If the revised Methodology is implemented as proposed, the Credit Ratings on Residential Mortgage Securities 30 plc will not be affected. Please refer to Moody's Request for Comment, titled "Moody's Proposes Revisions to Its Approach to Assessing Counterparty Risks in Structured Finance" for further details regarding the implications of the proposed Methodology revisions on certain Credit Ratings.

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 Moody's Approach to Rating RMBS Using the MILAN Framework for further information on Moody's analysis at the initial rating assignment and the on-going surveillance in RMBS.

Moody's issues provisional ratings in advance of the final sale of securities, but these ratings only represent Moody's preliminary credit opinion. Upon a conclusive review of the transaction and associated documentation, Moody's will endeavour to assign definitive ratings to the Notes. A definitive rating may differ from a provisional rating. Moody's will disseminate the assignment of any definitive ratings through its Client Service Desk. Moody's will monitor this transaction on an ongoing basis. For updated monitoring information, please contact monitor.rmbs@moodys.com.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions of the disclosure form.

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.

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Stanislav Nastassine
Vice President - Senior Analyst
Structured Finance Group
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Olga Gekht
Senior Vice President/Manager
Structured Finance Group
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

Releasing Office:
Moody's Deutschland GmbH
An der Welle 5
Frankfurt am Main 60322
Germany
JOURNALISTS: 44 20 7772 5456
Client Service: 44 20 7772 5454

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