



RMBS Country Addendum

United Kingdom

[To be read in conjunction with the RMBS Rating Methodology](#)

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Distressed Default Rate		Source / Reference Value	Comment	Section 3.2.2
Country Distressed Default Rate			16,00% This corresponds to the default rate that could be experienced by a pool of mortgage exhibiting market characteristics.	
Benchmark Country Original LTV			75,00% This is the benchmark country original default rate assumed to compute the LTV loan modifier.	
Benchmark Country Floating Interest rate proportion			100,00% This is the benchmark proportion of floating rate loan assumed to compute the Interest Rate modifier.	
Region overconcentration			30,00% Increase of the Country-distressed default rate for regional over-concentration	
Loan Modifiers	Sensitivity			
Original LTV			0,94 The loan modifier dedicated to the original LTV is defined as $exp(Sensitivity * (Loan LTV - Country LTV))$	
Seasoning		Haircut of 40% at year 10	The loan modifier dedicated to the seasoning is defined as a piecewise linear function of seasoning increasing to a defined level and subsequently constant.	
Property Usage			80% The loan modifier for property usage which is increasing the default rate.	
Floating interest rate			60% The loan modifier for interest rate is multiplied by the excess proportion of floating interest rate versus the country average.	

Recoveries		Reference Value	Comment	Section 3.3
Standard Approach		Statistical analysis of historical data		
Distressed Recovery Rate haircut			40%	
Recovery Timing				
Year 1			60%	
Year 2			15%	The recovery timing specified here defines our standard assumption in the absence of historical performance data.
Year 3			15%	
Year 4			10%	

Default timing		Marginal Default Rate	Section 3.2.3
Front-loaded Default Timing assumption		Higher between Y0-Y5	Default timing is derived from the assumption of a higher monthly marginal default rate during an early period.
Constant Default Timing assumption		Constant	Default timing is derived from the assumption of a constant monthly marginal default rate.
Back-loaded Default Timing assumption		Higher between Y10-Y15	Default timing is derived from the assumption of a higher monthly marginal default rate during a late period.

Prepayment		CPR	Section 3.4
Low Prepayment assumption			3% Lower boundary for prepayments if scenario testing is explicitly deemed to be relevant.
Mid Prepayment assumption			15% Base scenario for prepayment.
High Prepayment assumption			25% Higher boundary for prepayments if scenario testing is explicitly deemed to be relevant, knowing that a scenario of joint prepayment and default is assumed to be unlikely.

Structural assumptions		Section 4.1
Senior Fees assumption		0,30%
	minimum	100k

Benchmark Regional Distribution		Section 3.2.2
North East		4,00%
North West		11,00%
Yorkshire and The Humber		8,00%
East Midlands		7,00%
West Midlands		7,50%
East of England		9,50%
London		10,00%
South East		14,00%
South West		9,00%
Wales		4,50%
Scotland		12,00%
Northern Ireland		3,50%