

S&P Assigns Rating To Noble Sovereign Funding I's Series 1

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Press Release: S&P Assigns Rating To Noble Sovereign Funding I's Series 1

The following is a press release from Standard & Poor's:

OVERVIEW

-- We have assigned our preliminary 'B+' rating to Noble Sovereign Funding I's series 1 floating-rate notes.

-- Noble Sovereign Funding I's series 1 is a pass-through repackaging of a loan guaranteed by the Republic of Ecuador.

LONDON (Standard & Poor's) Sept. 15, 2014--Standard & Poor's Ratings Services today assigned its preliminary 'B+' credit rating to Noble Sovereign Funding I Ltd.'s series 1 \$1.0 billion floating-rate notes.

At closing, Noble Sovereign Funding I will issue the series 1 notes and use the proceeds to fund the purchase of a loan to Empresa Publica de Hidrocarburos del Ecuador, EP Petroecuador. The loan benefits from a guarantee provided by the Republic of Ecuador. The issuer--a special-purpose entity (SPE) established in the Cayman Islands--will pass through to its noteholders any interest and redemption payments that it receives from the underlying loan.

The key risk for the repack notes is the credit risk of the Republic of Ecuador as the guarantor of the underlying loan. We have therefore weak-linked our 'B+' long-term rating on the Republic of Ecuador to our preliminary 'B+' rating on Noble Sovereign Funding I's series 1 notes, which is in line with our global criteria for rating repackaged securities (see "Global Methodology For Rating Repackaged Securities," published on Oct. 16, 2012).

The preliminary rating assigned to Noble Sovereign Funding I's series 1 notes also reflects our assessment of:

-- The transaction's legal structure, which is bankruptcy remote in accordance with our legal criteria (see "Europe Asset Isolation And

Special-Purpose Entity Criteria--Structured Finance," published on Sept. 13, 2013).

-- The transaction's compliance with our multiple-use SPE criteria (see "Multiple-Use Special-Purpose Entity Criteria--Structured Finance," published on Sept. 13, 2013).

-- The transaction's reliance on cash flows from the Republic of Ecuador, as guarantor on the underlying loan, to pay interest and principal on the notes.

-- The guarantee's compliance with our guarantee criteria (see "Guarantee Criteria--Structured Finance," published on May 7, 2013).

-- The maximum achievable rating that can be supported by The Bank of New York Mellon S.A./N.V. (London Branch), as custodian, is 'AA-' as the documented replacement language does not fully comply with our current counterparty criteria (see "Counterparty Risk Framework Methodology And Assumptions," published on June 25, 2013).

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.

There is no Standard & Poor's 17g-7 Disclosure Report included in this credit rating report because, in our view, there are no representations, warranties and enforcement mechanisms available to investors.

RELATED CRITERIA AND RESEARCH

Related Criteria

-- Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings, Oct. 24, 2013

-- Europe Asset Isolation And Special-Purpose Entity Criteria--Structured Finance, Sept. 13, 2013

-- Counterparty Risk Framework Methodology And Assumptions, June 25, 2013

-- Multiple-Use Special-Purpose Entity Criteria--Structured Finance, May 7, 2013

-- Guarantee Criteria--Structured Finance, May 7, 2013

-- Global Methodology For Rating Repackaged Securities, Oct. 16, 2012

Related Research

-- Republic of Ecuador Long-Term Ratings Raised To 'B+'; Outlook Stable,
Aug. 20, 2014

-- 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

-- Assessing Credit Quality by The Weakest Link, Feb. 13, 2012

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