

**Rating Action: Moody's Confirms Paragon Mortgages (No. 9) PLC Class Cb Cross Currency Swap CIR Rating**

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Global Credit Research - 29 Nov 2013

London, 29 November 2013 -- Moody's Investors Service today confirms the rating of the Counterparty Instrument Rating (CIR) relating to Paragon Mortgages (No. 9) PLC at A2 (sf) following the confirmation of the long term rating of Royal Bank of Scotland Plc (RBS plc) at A3 on 5 November 2013.

Today's rating confirmation concludes the review of the Class Cb cross currency swap CIR placed on review for possible downgrade on 17 Jul 2013.

Issuer: Paragon Mortgages (No. 9) PLC

....Cross Currency Swap for Class Cb Notes, Confirmed at A2 (sf); previously on Jul 17, 2013 A2 (sf) Placed Under Review for Possible Downgrade

**RATINGS RATIONALE**

Today's rating action reflects the long-term rating confirmation of RBS plc (A3/P2) at A3 on 5 November 2013. RBS plc acts as the swap counterparty in the Paragon Mortgages (No.9) Plc transaction.

Counterparty instrument ratings measure the risk posed to a counterparty arising from a special purpose vehicle's (SPV) inability to honor its obligations under the referenced financial contract. The ratings do not address potential losses in relation to any market risk associated with the transaction. For this transaction, Paragon Mortgages (No. 9) PLC is the SPV, RBS Plc (A3/P-2) is the swap counterparty, and the referenced financial contract is the cross currency swap agreement between SPV and RBS Plc.

Moody's has assessed the linkage of the swap CIR to the swap counterparty as being high. Therefore the maximum rating is capped at one notch above the rating of RBS plc as the swap counterparty. RBS plc long term rating was confirmed at A3 on 5 November 2013. Consequently, Moody's now confirms Class Cb cross currency swap CIR at A2(sf).

The methodologies used in this rating were Moody's Approach to Rating RMBS Using the MILAN Framework, published in November 2013, and Moody's Approach to Counterparty Instrument Ratings, published in February 2012.

Please see the Credit Policy page on [www.moodys.com](http://www.moodys.com) for a copy of these methodologies.

No cash flow analysis nor stress scenarios were conducted in this review, which was directly derived from the ratings of the counterparty.

**REGULATORY DISCLOSURES**

Moody's did not receive or take into account a third-party assessment on the due diligence performed regarding the underlying assets or financial instruments related to the monitoring of this transaction in the past six months.

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

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