

Rating Action: Moody's upgrades mezzanine notes of two Consumer Loans ABS deals

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London, 22 May 2015 -- Moody's Investors Service has today upgraded to Aaa (sf) from Aa1 (sf) the rating on the class B notes of FCT Ginkgo Sales Finance 2012-1; to Aa1 (sf) from Aa2 (sf) the ratings on the class C1 and C2 notes of Paragon Personal and Auto Finance (No. 3) PLC and to Aa2 (sf) from A3 (sf) the ratings on the class D1 and D2 notes of Paragon Personal and Auto Finance (No. 3) PLC. Moody's also placed on review for upgrade the Aa2(sf) rating of the Class D1/D2 notes in today's rating action.

At the same time, Moody's has affirmed at Aaa (sf) the rating on the class A notes of FCT Ginkgo Sales Finance 2012-1 and at Aa1 (sf) the ratings on the classes A1/A2 and B1/B2 notes of Paragon Personal and Auto Finance (No. 3) PLC.

Today's rating action reflects (1) the deleveraging of the transactions and the build-up of credit enhancement for both transactions and (2) the better-than-expected collateral performance for FCT Ginkgo Sales Finance 2012-1.

Both transactions are static cash securitisations of consumer loans extended to obligors (1) in France by Credit Agricole Consumer Finance S.A. for FCT Ginkgo Sales Finance 2012-1, and (2) in the United Kingdom by several wholly owned subsidiaries of the Paragon Group of Companies for Paragon Personal and Auto Finance (No. 3) PLC.

Please refer to the end of the Ratings Rationale section for a list of affected ratings.

RATINGS RATIONALE

-- INCREASED CREDIT ENHANCEMENT LEVELS

In FCT Ginkgo Sales Finance 2012-1, credit enhancement available to class B notes has increased substantially since closing, from 19% to 65.7%. This credit enhancement takes the form of subordination (EUR 140 million of class C notes) and a fully funded reserve fund of EUR 12 million.

Paragon Personal and Auto Finance (No. 3) PLC benefits from high credit enhancement in the form of subordination as well as a reserve fund amounting to GBP 40.5 million. Credit enhancement is 41% below the Class D1/D2 notes, 61% below the Class C1/C2 notes, 79% below the Class B1/B2 notes and 97% below the Class A1/A2 notes. The reserve fund is currently funded at its target level and is a cash reserve held with the issuer account bank at Barclays Bank Plc (A2/P-1).

-- REASSESSMENT OF LIFETIME DEFAULT EXPECTATION

In FCT Ginkgo Sales Finance 2012-1, collateral performance has been better than expected: the 60+ delinquencies are at 1.22% of current balance and cumulative defaults at 3.01% of original balance as of April 2015. Pool factor is 29%.

Moody's assumed an expected default rate (DP) of 6.75% of the current portfolio balance, translating into a lower DP assumption of 4.96% as of original balance vs 6.75% at closing. Moody's left the recovery rate assumption unchanged at 30% and lowered the coefficient of variation to 35.71% from 40%, corresponding to a portfolio credit enhancement of 18%.

In Paragon Personal and Auto Finance (No. 3) PLC, collateral performance are in line Moody's current assumptions revised in November 2013: the 60+ delinquencies are at 10.21% of current balance and cumulative defaults at 9.7% of the total securitized pool as of the end of March 2015. Pool factor is 8.3%.

Moody's assumed a default probability (DP) of 13% of the current portfolio balance, translating into a DP assumption of 10.78% as of original balance vs 10.52%, the assumption revised in November 2013. Moody's left the recovery rate assumption unchanged at 20% and lowered slightly the coefficient of variation to 37.81% from 38.06%, corresponding to an unchanged portfolio credit enhancement of 45%.

-- EXPOSURE TO COUNTERPARTY RISK

Moody's considered the exposure of both transactions to counterparty risk and concluded that it does not constrain the ratings on FCT Ginkgo Sales Finance 2012-1 while the rating of Paragon Personal and Auto Finance (No. 3) PLC continue to be constrained by operational risk on all tranches. In addition, the exposure to HSBC Bank plc (Aa3, on review for upgrade/P-1) acting as cross currency swap counterparty has further constrained the upgrade of the class D1/D2 notes to Aa2(sf).

Moody's is placing Class D1/D2 notes Aa2(sf) rating on review for upgrade as HSBC Bank plc rating is currently on review for upgrade. Should HSBC Bank plc rating be upgraded, class D1/D2 rating of Paragon Personal and Auto Finance (No. 3) PLC could also be upgraded.

METHODOLOGY

The principal methodology used in these ratings was "Moody's Approach to Rating Consumer Loan-Backed ABS" published in January 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

FACTORS THAT WOULD LEAD TO AN UPGRADE OR A DOWNGRADE OF THE RATINGS:

Factors or circumstances that could lead to an upgrade of the ratings are (1) performance of the underlying collateral that exceeds Moody's expectations; (2) deleveraging of the capital structure; and (3) improvements in the credit quality of the transaction counterparties.

Factors or circumstances that could lead to a downgrade of the ratings are (1) an increased probability of high-loss scenarios owing to a downgrade of the country ceiling; (2) performance of the underlying collateral that does not meet Moody's expectations; (3) deterioration in the notes' available CE; and (4) deterioration in the credit quality of the transaction counterparties.

LIST OF AFFECTED RATINGS:

Issuer: FCT Ginkgo Sales Finance, Compartment 2012-1

...EUR613.6M A Notes, Affirmed Aaa (sf); previously on Jul 10, 2012 Definitive Rating Assigned Aaa (sf)

...EUR46.4M B Notes, Upgraded to Aaa (sf); previously on Jul 10, 2012 Definitive Rating Assigned Aa1 (sf)

Issuer: Paragon Personal and Auto Finance (No. 3) PLC

...GBP146M A1 Notes, Affirmed Aa1 (sf); previously on Nov 21, 2013 Affirmed Aa1 (sf)

...EUR259.5M A2 Notes, Affirmed Aa1 (sf); previously on Nov 21, 2013 Affirmed Aa1 (sf)

...GBP16M B1 Notes, Affirmed Aa1 (sf); previously on Nov 21, 2013 Upgraded to Aa1 (sf)

...EUR35.5M B2 Notes, Affirmed Aa1 (sf); previously on Nov 21, 2013 Upgraded to Aa1 (sf)

...GBP18M C1 Notes, Upgraded to Aa1 (sf); previously on Nov 21, 2013 Upgraded to Aa2 (sf)

...EUR33M C2 Notes, Upgraded to Aa1 (sf); previously on Nov 21, 2013 Upgraded to Aa2 (sf)

...GBP24.5M D1 Notes, Upgraded to Aa2 (sf) and Placed Under Review for Possible Upgrade; previously on Nov 21, 2013 Upgraded to A3 (sf)

...EUR30M D2 Notes, Upgraded to Aa2 (sf) and Placed Under Review for Possible Upgrade; previously on Nov 21, 2013 Upgraded to A3 (sf)

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.

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 these transactions in the past six

months.

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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