

MOODY'S

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Announcement: Moodys: No long-term rating impact on notes issued by Paragon Mortgages (No. 10) PLC following the purchase of the A1 notes by the conditional purchaser

Global Credit Research - 20 Oct 2016

London, 20 October 2016 -- Moody's Investors Service announced today that the long-term ratings of the notes issued by Paragon Mortgages (No. 10) PLC remain unaffected by the purchase of the Class A1 notes by the A1 Note Conditional Purchaser.

On 15 September 2016, the A1 Note Conditional Purchaser (Sheffield Receivables Company LLC, P-1 (sf)) purchased the Class A1 notes. As a result of the purchase, the Class A1 notes reverted to 3-month GBP LIBOR plus the "Maximum Reset Margin" agreed at issuance (0.09% p.a.) and will pay interest on a quarterly basis. In addition, the currency swap for the Class A1 notes terminated and all outstanding principal monies and interest due in respect of the Class A1 Notes are made in GBP. Also see Moody's New Issue Report (https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBS_SF65870) for a description of the conditional notes purchase. The above described changes to the notes were based on the documents as of deal closing.

Moody's believes that the changes following the purchase of the Class A1 notes are neutral to the long-term ratings of the notes issued by Paragon Mortgages (No. 10) PLC.

The short-term rating of the Class A1 notes (P-1 (sf)) addressed the promise of receiving the principal amount and all the accrued interests at the "A1 Note Mandatory Transfer Date" which occurred on 15 September 2016. Moody's has been informed that this promise has been fulfilled. Therefore the short-term rating was withdrawn.

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 <http://www.moodys.com> for a copy of this methodology.

Moody's will continue monitoring the ratings. Any change in the ratings will be publicly disseminated by Moody's through appropriate media.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the ratings tab on the issuer/entity page on www.moodys.com for the most updated credit rating action information and rating history.

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