

Rating Action: CEB Consumer Finance S.A., SIC Institutionnelle de droit belge

Moody's assigns definitive ratings to ABS issued by CEB Consumer Finance

Approximately EUR 132.5 million of debt securities rated

London, 30 December 2008 -- Moody's Investors Service has assigned the following definitive ratings to the Class A notes issued by CEB Consumer Finance S.A. SIC Institutionnelle de droit belge ("CEB Consumer"):

- A2 to the EUR 132.5 million Class A Fixed-Rate Asset-Backed Notes due 2020

CEB Consumer is the first securitisation transaction sponsored by Credit Europe Bank N.V. ("CEB"; Baa3/P-3 with stable outlook). The transaction involves the sale of consumer loans originated by CEB through its Belgium and German branches to obligors based in the respective countries. A portfolio of approximately EUR 208 million receivables and associated credit insurance contracts was sold to the Issuer at closing. The proceeds from the issuance of the notes were used to fund the reserves and the remaining funds were passed on to CEB as consideration for the receivables. The transaction has a two-year revolving period during which the principal proceeds from existing receivables will be invested in new receivables. The revolving period will end earlier if certain early amortisation triggers are breached. The main sources of credit enhancement are the subordination of Class B, reserve funds and excess spread.

Moody's has analysed this transaction with the "lognormal" rating methodology applied to granular ABS portfolios. Moody's quantitative analysis takes into account the uncertainties in future portfolio performance due to limited availability of historical data, rapid portfolio growth and changes to underwriting standards in the past couple of years. Moody's has also factored the benefit of credit insurance policies associated with all Belgium receivables insuring against the payment defaults of the underlying obligors provided either by Euler Hermes Credit Insurance Belgium S.A or Atradius Credit Insurance N.V. (A2/Outlook Stable) when assigning the rating to the Notes.

This feature means that there is linkage between the rating assigned to the Notes and the ratings of the insurance companies. This is partially mitigated by the transaction entering early amortisation if the insurance companies are downgraded below Baa1 or BBB+ (as applicable). Additionally, CEB as servicer has to comply with clearly defined claims procedures to ensure a successful reimbursement of defaulted loans. The following features mitigate this risk: (i) a threshold of 5% rejected claims has been applied, which when breached will result in an early amortisation of the transaction; (ii) CEB has an obligation to repurchase the receivable at its principal outstanding for any claim that has been rejected due to non-adherence to the documented policies of the credit insurance companies; and (iii) the back-up servicer is expected to familiarise itself with the insurance claim process if CEB is downgraded below Ba2. In addition, Moody's has applied appropriate haircuts to the recoveries from insurance proceeds in its quantitative analysis.

In addition, a back up servicer will be appointed if CEB is downgraded below Baa3 and a failure to do so within the stipulated 90 days will trigger an amortisation of the transaction. CEB will also fund additional reserves if it is downgraded below Baa3 to mitigate losses stemming from commingling risk and potential VAT burden that CEB consumer will be subject to if CEB is replaced as a servicer. Set-off risk is minimised with eligibility criteria applied at the time of assignment which excludes all receivables with associated deposits and an obligation of CEB to repurchase any receivable that can become subject to set off risk subsequent to the assignment to CEB consumer.

The ratings address the expected loss posed to investors by the legal final maturity of the notes. In Moody's opinion, the structure allows for timely payment of interest and ultimate payment of principal with respect to the Class A notes by the legal final maturity. Moody's ratings address only the credit risks associated with the transaction. Other non-credit risks have not been addressed, but may have a significant effect on yield to investors.

Moody's rating methodology: "The Lognormal Method Applied to ABS Analysis"

Moody's has not assigned provisional ratings to this transaction.

Moody's will monitor this transaction on an ongoing basis. For updated monitoring information, please contact monitor.abs@moodys.com.

To obtain a copy of Moody's New Issue Report on this transaction, please visit Moody's website at www.moodys.com or contact our Client Service Desk in London (+44-20-7772 5454).

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