S&P Global
Ratings

Research

New Issue: FCT LCL Personal Loans 2025

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New Issue: FCT LCL Personal Loans 2025

Ratings Detail

Ratings						
Class	**Rating***	**Amount (mil. €)**	**Class size (%)**	**Available credit enhancement (%) §**	**Interest (%)**	**Legal final maturity**
A	AAA (sf)	2,223.8	88.60	11.40	One-month EURIBOR plus 0.80 per annum, floored at 0	Sept. 23, 2043
B-Dfrd	AA+ (sf)	90.4	3.60	7.80	One-month EURIBOR plus 1.20 per annum, floored at 0	Sept. 23, 2043
C-Dfrd	AA (sf)	55.2	2.20	5.60	One-month EURIBOR plus 1.50 per annum, floored at 0	Sept. 23, 2043
D-Dfrd	NR	140.6	5.60	N/A	6.00	Sept. 23, 2043

*Our ratings address timely receipt of interest and ultimate repayment of principal for the class A notes, and the ultimate payment of interest and principal on the class B-Dfrd and C-Dfrd notes, which must pay timely interest once they become the most senior notes outstanding (including previously deferred interest). §The available credit enhancement percentage reflects only subordination and is expressed as a percentage of the pool balance, while in our cash flow model, we undercollateralized the pool to reflect the 2.00% class D-Dfrd PDL trigger. In addition, the notes benefit from excess spread, and from the excess of reserves above their required amounts that is released to the interest priority of payments. NR--Not rated. N/A--Not applicable. EURIBOR--Euro Interbank Offered Rate. PDL--Principal deficiency ledger.

Transaction Summary

- S&P Global Ratings assigned its credit ratings to FCT LCL Personal Loans 2025's class A, B-Dfrd, and C-Dfrd floating-rate notes. At closing, the issuer also issued unrated asset-backed fixed-rate class D-Dfrd notes.
- At closing, FCT LCL Personal Loans 2025 purchased a portfolio of French personal loan receivables originated by Le Crédit Lyonnais (LCL).
- LCL (A+/Stable/A-1) is a major French bank fully owned by the Crédit Agricole Group which originates personal loans to prime clients within its network.
- The transaction has a three-year revolving period, subject to early amortization if certain events occur. The issuer uses collections to purchase additional assets during the revolving period.
- A balance guaranteed swap is in place to mitigate interest rate risk on the class A, B-Dfrd, and C-Dfrd notes.
- A dedicated reserve fund for each class provides liquidity, and principal can be used to pay senior fees, swap payments, and interest on the notes subject to various conditions. The excess of reserves above their required amounts following reserve amortization, are released in the interest priority of payment and may be used to cure the principal deficiency ledgers (PDLs).
- Credit enhancement for the rated notes will comprise note subordination, excess spread, and the excess of reserves above their required amounts that is released in the interest priority of payments.
- Our counterparty, operational risk, and structured finance sovereign risk criteria do not constrain the ratings.
- The issuer is a French "fonds commun de titrisation" (FCT), which we consider to be bankruptcy remote by law.

The Credit Story

Credit strengths

Key factor	Description
Underwriting and servicing process	LCL is a major French bank and experienced originator in the consumer loan market. LCL, which is part of the Crédit Agricole Group, works in close partnership with Crédit Agricole Consumer Finance (CACF) for its underwriting and servicing procedures, which we consider to be satisfactory. LCL also benefits from CACF's previous securitization experience.
Credit quality of the portfolio	LCL exclusively targets prime clients within its network, with a two-step selection process. Loan eligibility criteria exclude insolvent borrowers and any delinquent or defaulted contracts. If those criteria are breached, the seller must substitute the non-compliant loan or indemnify the special-purpose vehicle.
Strong historical performance	The historical performance data we received on LCL's consumer loan book shows low cumulative gross losses and dynamic arrears.
Sequential amortization	The notes amortize sequentially, protecting the most-senior class of notes. If the transaction incurs defaults, a PDL mechanism enables it to capture excess spread.
Reserves	There is a dedicated liquidity reserve for each class of notes that can cover interest shortfalls, senior expenses, and swap payments.
Principal borrowing mechanism	Principal receipts can be used to pay for shortfalls in senior fees, swap payments, and interest shortfalls on the class A to D-Dfrd notes.
Legal set-up	The issuer is an FCT which we consider bankruptcy remote under French law.

Credit concerns

Key factor	Description	Mitigant
Revolving period	The revolving transaction has a replenishment period of three years.	There are performance triggers in place, based on a delinquency ratio, cumulative gross loss ratio, class D-Dfrd PDL ratio, and the reserves being lower than their required amounts. In our cash flow analysis, we assume that the class D-Dfrd PDL trigger is breached after 30 months and model the transaction as undercollateralized by 2.00%. In addition, there is a minimum weighted-average interest rate of 4.25% on the portfolio.
Interest rate mismatch risk	The portfolio pays a fixed interest rate while the notes pay floating-rate interest.	A balance guaranteed swap is in place at closing to address potential interest rate mismatch.
Setoff risk	LCL is a deposit-taking institution, therefore setoff risk may arise if borrowers seek to set loan amounts owed to LCL against amounts owed by LCL under the deposit contract. Setoff risk may also arise if borrowers are employees of LCL.	We received a memo from LCL's legal counsel referring to court cases where judges decided that loan contracts are delinked from deposit contracts. The transaction documentation also contains several provisions making clear that loan and deposit contracts are not linked. In addition, under the eligibility criteria, no loan granted to employees of LCL is securitized.
Commingling risk	As collection amounts are transferred monthly to the issuer account from the servicer account, the transaction is exposed to a potential credit loss of one month if the servicer becomes insolvent.	A dedicated commingling reserve must be posted by LCL as seller if the servicer ceases to have the required rating of 'BBB', with an amount covering 1.8 months of collections.

Environmental, Social, And Governance

Our rating analysis considers a transaction's potential exposure to environmental, social, and governance (ESG) credit factors. For the consumer ABS sector, we view the exposure to environmental credit factors as below average, social credit factors as above average, and governance credit factors as average (see "ESG Industry Report Card: Credit Card Asset-Backed Securities," published on March 31, 2021).

For consumer ABS transactions, social risk is generally factored into our base-case assumptions. Interest rate risk is mitigated as in France the credit rates are capped by usury laws. This transaction has higher exposure to governance credit factors than our sector benchmark due to the inclusion of a revolving period, as revolving collateral pools may be subject to deteriorating underwriting or adverse selection. We consider this risk to be mitigated given the strict eligibility criteria that exclude delinquent and defaulted loans, and the minimum weighted-average interest rate applicable during the revolving period.

Asset Description

The underlying collateral comprises French consumer unsecured personal loans originated by LCL in its ordinary course of business, which are not contractually tied to purchasing goods. Of the portfolio, 48.0% are loans originated for budget purpose, 41.2% to purchase a vehicle, and 10.8% for housing works.

100% of the loans are fixed rate and fully amortizing, with monthly equal installments, and were granted to private individual borrowers in France.

We reviewed the portfolio with a cut-off date of April 30, 2025. The pool comprises 301,372 consumer loan contracts.

The portfolio data has been independently reviewed, and the agreed-upon procedures report has been made based on a 95% confidence level. The report shows some findings, mostly due to missing loan files because of an IT issue in the archiving process which has since been resolved. There is also some mismatch between the LCL and CACF data platforms; nonetheless such findings remain within the maximum threshold. Overall, the quality of data provided meets our standards.

Collateral Key Features

Table 1

Collateral key features*

Pool characteristics	FCT LCL Personal Loans 2025	Ginkgo Personal Loans 2023	BPCE Consumer Loan FCT 2016-5
Originator	LCL	Crédit Agricole Consumer Finance S.A.	BPCE
Country	France	France	France
Portfolio type	Revolving: 36 months	Revolving: 15 months	Revolving: 24 months
Pool cutoff date	April 2025	September 2023	April 2016
Principal outstanding of the pool (mil. €)	2,509*	900	5,000.0
Average outstanding loan principal balance (€)	8,325	7,082	12,854
Weighted-average life (months)	26	21.2	20
Weighted-average original term (months)	67	61	78.0
Weighted-average seasoning (months)	18	17	17.5
Weighted-average remaining term (months)	49	44	60.5

Table 1

Collateral key features* (cont.)

Pool characteristics	FCT LCL Personal Loans 2025	Ginkgo Personal Loans 2023	BPCE Consumer Loan FCT 2016-5
Current weighted-average yield (%)	4.60	4.86	5.01
Top 3 geographic concentration			
First (%)	Ile-de-France (32.44)	Ile-de-France (23.60)	Ile-de-France (12.1)
Second (%)	Provence-Alpes-Côte d'Azur (11.63)	Auvergne-Rhône-Alpes (10.70)	Auvergne-Rhône Alpes (12)
Third (%)	Auvergne-Rhône-Alpes (11.27)	Hauts-de-France (9.73)	Provence-Alpes- Côte d'Azur (8.6)
Distribution by borrower type (%)			
Civil servant/military personnel	13.90	13.62	14.7
Independent worker	12.95	7.08	10.1
Pensioner	11.88	30.64	13.7
Salaried employee	61.28	47.61	58.9
Without professional activity or others	0.0	1.04	2.7
Loan type (%)			
Amortizing (%)	100	100	100
Top borrower exposure (%)			
Largest borrower	0.01	0.01	-
Top 20 borrowers	0.11	0.17	0.01

*Calculations are according to S&P Global Ratings' methodology and based on the outstanding principal balance of the securitized pool.

*The transaction is slightly undercollateralized at closing, by 1,011,674€. The excess cash from notes issuance will be used to purchase additional receivables on the first payment date for the notes to be fully backed by receivables.

Main eligibility criteria

The purchase of loans at closing and during the revolving period is subject to the transaction's eligibility criteria. The loans must:

- Be personal loans;
- Not be defaulted, granted to an insolvent obligor, or be delinquent;
- Represent a legally binding obligation of the obligor;
- Pay a fixed interest rate not less than 1.0% at fixed monthly installments, and have an outstanding principal balance lower than the original principal balance;
- Have already resulted in the payment of at least one installment;
- Not be subject to a then ongoing prepayment by the borrower;
- Have been granted to private individuals in France;
- Have been originated by the seller on or after March 1, 2021;
- Have an original term of not more than 84 months;

- Be euro-denominated and payable only in euro;
- The borrower is not an employee of the seller;
- The original principal balance is not greater than €75,000; and
- The outstanding principal balance is between €500 and €75,000.

Under the transaction documents, any breach of these criteria would be remedied by the seller, either by indemnification or substitution.

Chart 1

Geographical concentration

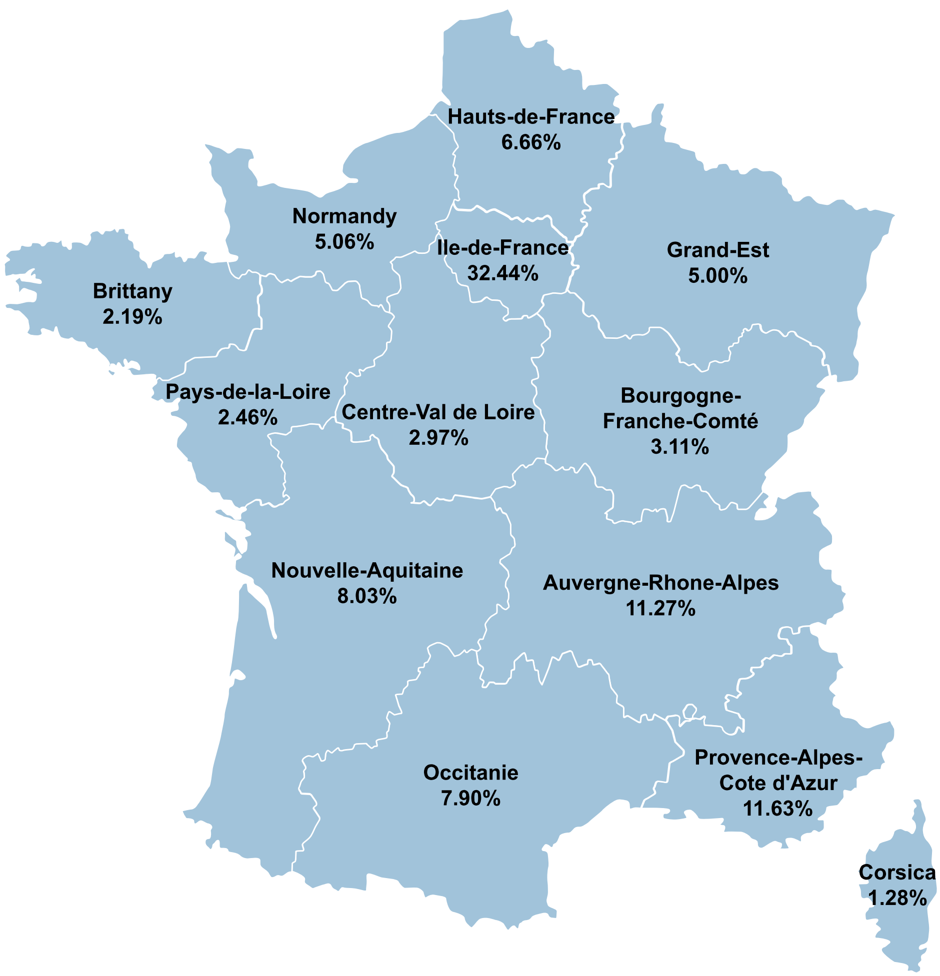
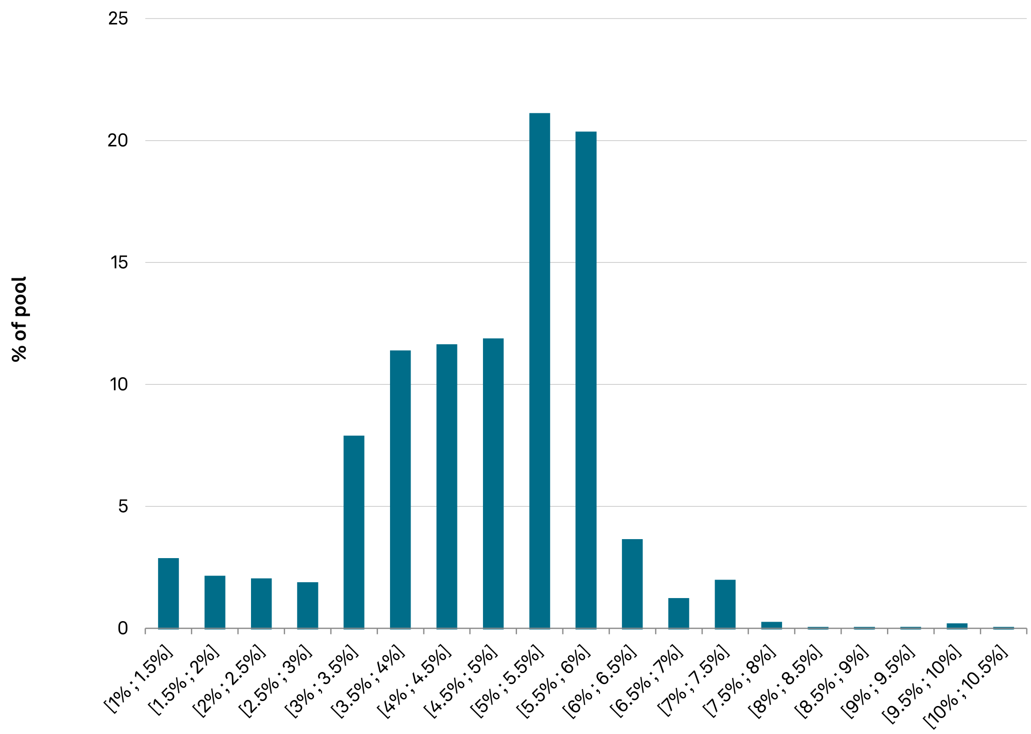


Chart 2

Interest rate distribution



Originator And Servicer

LCL (A+/Stable/A-1), the originator and servicer, is a well-established French high street bank. Crédit Lyonnais was created in 1863 in Lyon. It became one of the world's leading banks in the beginning of the 20th century. In May 2003, the Credit Agricole Group acquired Crédit Lyonnais, and in 2005, Crédit Lyonnais became LCL. LCL is currently 100% owned by the Credit Agricole Group. LCL benefits from a large network of more than 1,400 branches in France and 6.5 million retail customers, and targets prime clients primarily in large cities.

LCL works in close partnership with CACF for its business strategy, underwriting, and servicing process. LCL also benefits from CACF's previous securitization experience. It originates personal loans mostly through its branches, and also through the LCL app, website, or call centers. It maintains the same underwriting process across all channels and final decisions on loans are always made by a person, not by automated systems.

In terms of strategy, for consumer loans, LCL only targets existing prime clients within its network, with a two-step selection process. First, there is a selection of LCL's highest quality existing customers. Second, two scoring tools are applied to select the most prime customers among those existing clients.

We consider LCL's origination and underwriting policies, as well as its servicing and risk management procedures, to meet general market practice and be sufficient to enable it to perform its servicing duties in line with the transaction documents. The portfolio comprises prime personal loans and borrowers pay by direct debit. As a result, we assess the severity risk following a potential servicer disruption as low. We also classify the portability risk as low because we believe the market depth of qualified replacement servicers, the servicer's IT system, the management company's ability to terminate and substitute the servicer, meet market standards. Since we deem both severity and portability risks as low, our operational risk criteria do not constrain our ratings.

In our view, the dedicated commingling reserve and the class A, B-Dfrd, and C-Dfrd reserves provide sufficient coverage to ensure timely interest payments would continue in the event of a servicer disruption and if a backup servicer must be appointed.

The contractual servicing fee is 0.2% for performing loans and 2% for non-performing loans. In our cash flow analysis, we apply a stressed servicing fee of 1.0% overall, to reflect a higher cost to attract a new servicer should LCL become insolvent.

Credit Analysis And Assumptions

We received quarterly cumulative gross losses and recoveries data related to the originator's book from Q4 2014 to Q4 2024, as well as origination volumes. We also received dynamic delinquency and prepayment data.

Cumulative gross losses

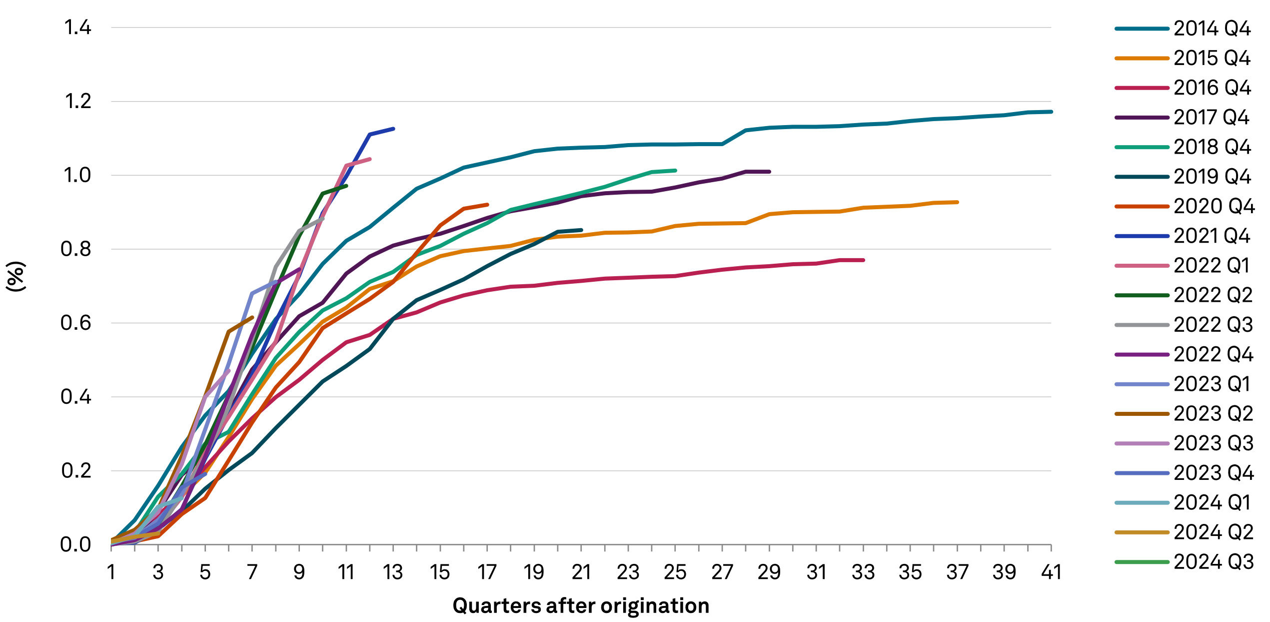
A loan is considered defaulted under this transaction after eight installments or more in arrears. Other situations include if the servicer accelerates the loan agreement ("déchu du terme") or irrevocably writes off the agreement, or if the borrower has successfully filed a restructuring petition with an over-indebtedness committee.

The default definition is in line with other French unsecured consumer loan transactions. We have accounted for this in setting our base-case gross loss assumption.

We assume a gross loss base case of 1.50%, based on the low historical absolute level of gross losses. The good performance is explained by the prime targeted customers who are already LCL clients and undergo a two-step selection process. We also considered the securitized portfolio eligibility criteria that exclude insolvent obligors, delinquent and defaulted loans. Although younger vintages' performance has deteriorated, which can be attributed to relaxed underwriting criteria from July 2022 and the effect of inflation on households, we believe that the tightening of underwriting criteria since September 2023 should improve performance going forward.

Chart 3

Cumulative annual gross loss curves



We apply the following multiples:

Table 2

Gross loss multiples

Rating category	Multiple (x)
AAA	4.90
AA	3.80

Our multiples reflect the LCL loan book's good historical performance and long track record, and its experience of consumer loan origination and servicing. LCL also benefits from CACF's securitization experience. Additionally, we considered a potential macroeconomic deterioration during the three-year revolving period. Compared to other French consumer transactions we rate the multiple is slightly higher because of the lower base case.

Recoveries and recovery timing

Chart 4

Cumulative annual recovery curves--Overindebtedness

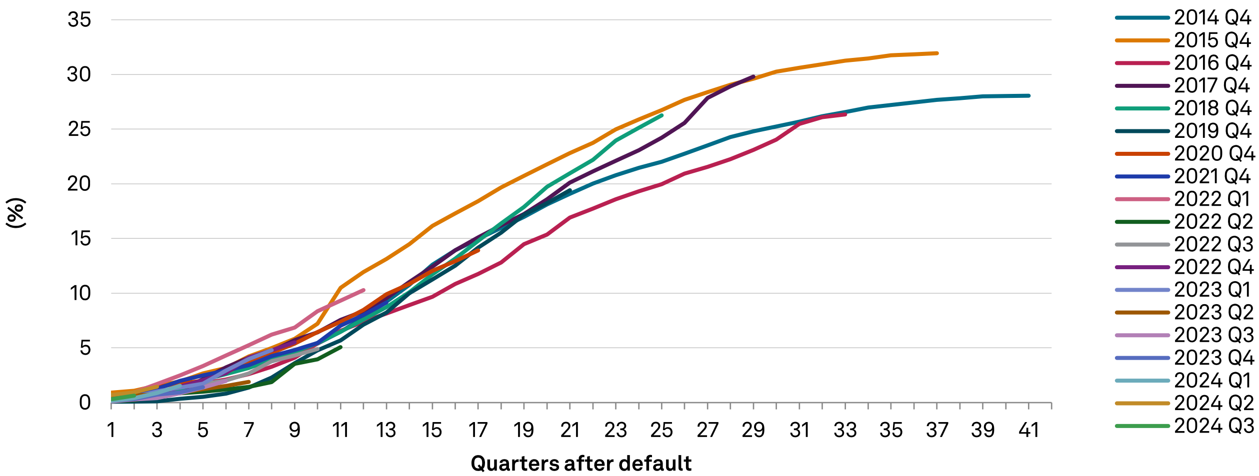
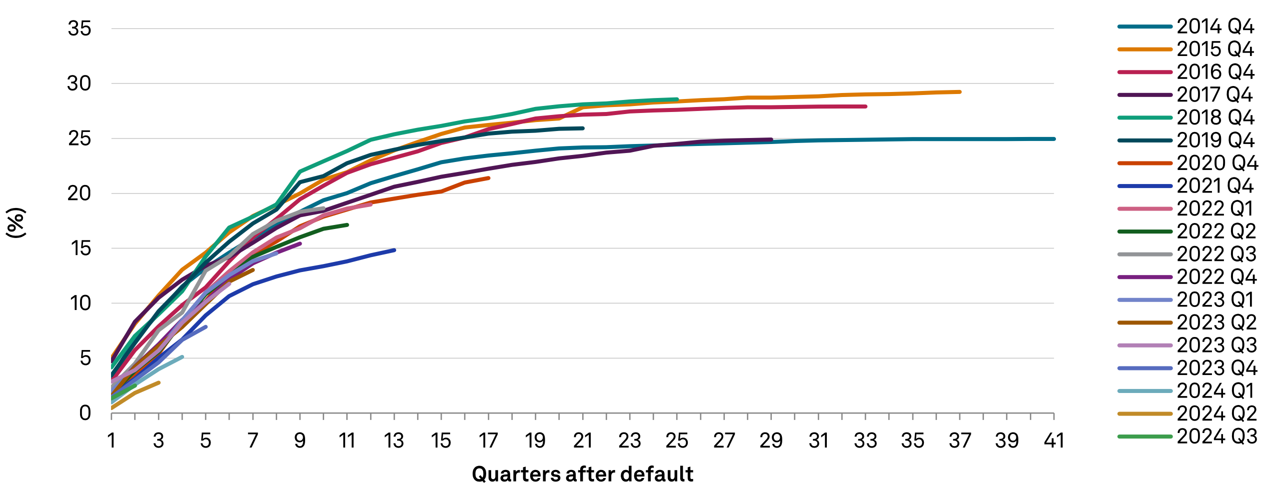


Chart 5

Cumulative annual recovery curves--loan accelerations



Based on the recovery data received for both loan accelerations and over-indebtedness, we assume a recovery rate of 15% after 48 months. We considered the deteriorating trend, especially in relation to loan accelerations. Additionally, we assumed the recovery rate haircuts in table 3.

Table 3

Recovery rate haircuts

Rating category	Recovery rate haircut (%)
AAA	50
AA	45

Table 4

Credit assumptions summary

Rating level	Cumulative gross loss base-case (%)	Stress multiple (x)	Stressed cumulative gross loss (%)	Stressed recovery rate (%)	Stressed cumulative net losses (%)
AAA	1.5	4.9	7.35	7.5	6.8
AA	1.5	3.8	5.70	8.3	5.2

Peer Comparison At 'AAA'

Table 5

'AAA' comparison

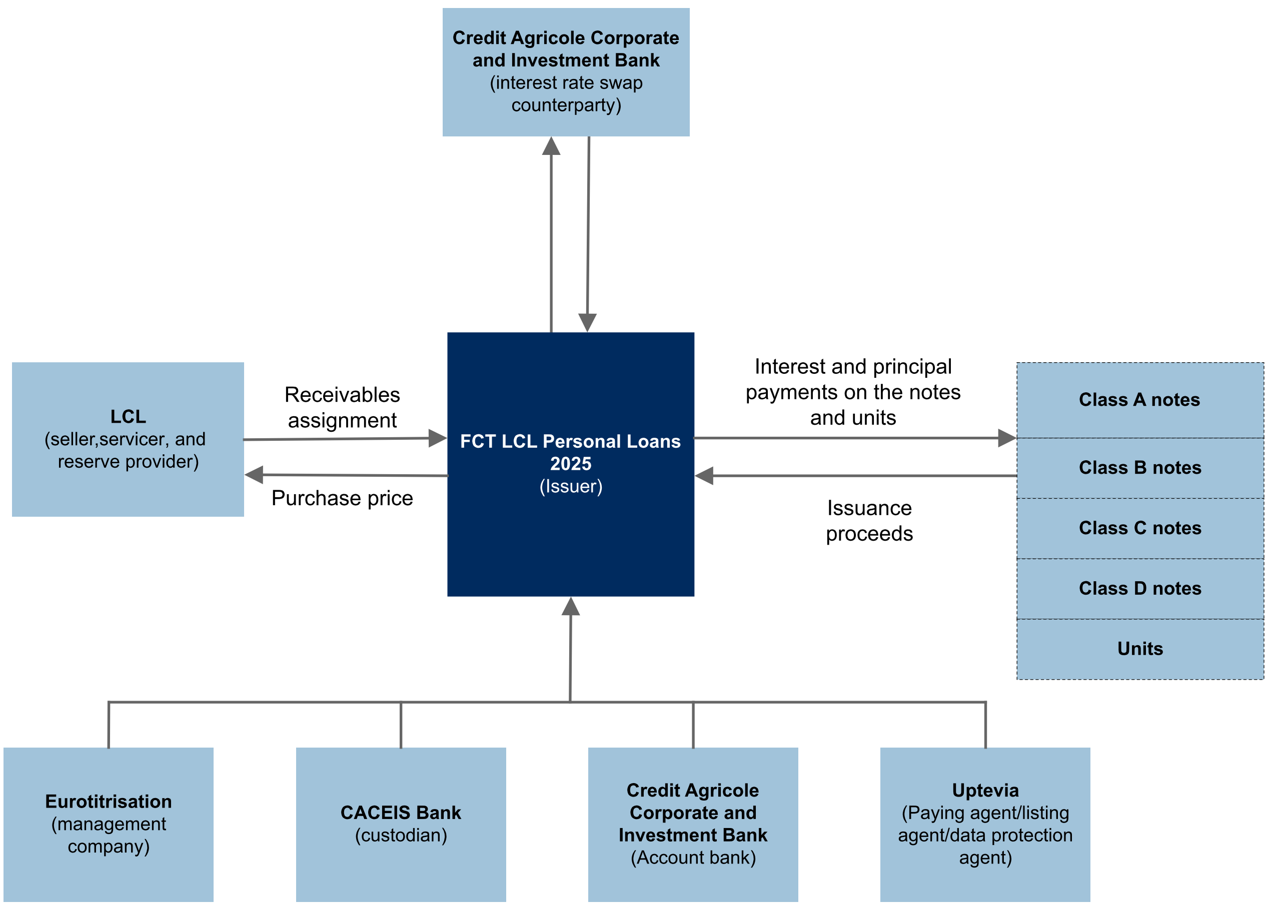
Rating level	FCT LCL Personal Loans 2025	Ginkgo Personal Loans 2023	BPCE Consumer Loan FCT 2016-5
Cumulative gross loss (%)	1.5	8.5	4.5
Gross loss multiple (x)	4.9	4.4	4.75
Stressed cumulative gross loss (%)	7.35	37.4	21.4
Recovery rate (%)	15	35	20
Haircut (%)	50	50	50
Net loss (%)	6.8	30.9	19.2

Transaction Structure

The securitized pool is a portfolio of amortizing personal loans that the issuer purchased from LCL. Every month during the revolving period, the issuer will purchase further receivables by reinvesting principal collections.

Chart 6

Transaction structure



Cash Flow Analysis

We assessed expected cash flows' ability to make timely payment of interest and ultimate repayment of principal for the class A notes, and the ultimate payment of interest and principal on the class B-Dfrd and C-Dfrd notes, which must pay timely interest once they become the most senior notes outstanding (including previously deferred interest). The transaction has a revolving period of 36 months.

The fully sequential payment structure, whereby principal on the class B-Dfrd and C-Dfrd notes is not paid until the class A notes are fully redeemed, protects the most senior class of notes.

A combination of note subordination and excess spread provides credit enhancement for the rated notes.

The transaction structure has separate interest and principal waterfalls, with a default-provisioning and principal-borrowing mechanism.

During the revolving period, all defaults are registered on the class-specific PDLs in reverse seniority order. The revolving period would end if available excess spread in the interest priority of payments is insufficient to cure the junior notes' PDL up to 2.00% from the 30th month until the 36th month. Therefore, the portfolio would be undercollateralized up to 2.00% at the beginning of the amortization period. We considered this in our cash flow model.

In addition, on any purchase date during the revolving period, the portfolio must meet the following conditions:

- A minimum weighted-average interest rate of 4.25% on purchased receivables; and
- The aggregate outstanding balance per borrower does not exceed 0.05% of the purchase receivables.

The following events would cause the revolving period to end:

- A purchase shortfall event;
- The delinquency ratio exceeds 4.50%;
- The cumulative gross loss ratio exceeds: 0.6% from month 1 to 6, 1.1% from month 7 to 12, 1.6% from month 13 to 18, 2.1% from month 19 to 24, 2.6% from month 25 to 30, and 3.1% from month 31 to 36;
- The ratio of the class D-Dfrd PDL debit balance is greater than: 0.5% from month 1 to 6, 0.8% from month 7 to 12, 1.1% from month 13 to 18, 1.4% from month 19 to 24, 1.7% from month 25 to 30, and 2.0% from month 31 to 36;
- Any of the note-specific cash reserve funds are less than their required amount;
- A seller event of default;
- A servicer termination event;
- An event of default or change of circumstance under the interest rate swap agreement;
- A note tax event; and
- An accelerated redemption event.

Because there are performance triggers in place--reflected in our analysis--we considered only the non-accelerated waterfalls in our analysis.

Deferral of interest

Interest payments on the class B-Dfrd and C-Dfrd notes can be deferred during the revolving and normal redemption periods until they are the most senior class of notes outstanding. Any deferral of interest on these classes would not constitute an event of default, until the notes become the most-senior outstanding. Interest shall not be deferred beyond the date on which the relevant class of notes becomes the most senior class or the final legal maturity date. Deferred interest will not accrue interest.

Table 6

Revolving and normal redemption period priorities of payments

Interest priority of payments during the revolving and normal amortization periods	Principal priority of payments during the revolving and normal amortization periods
Senior fees.	Repayment of principal borrowing.
Senior swap payments.	During the revolving period, payment to the seller of the amount due in respect of the aggregate principal component purchase price.
Class A interest.	Class A notes' redemption amount (during the normal amortization period).
Class A reserve fund top-up.	Class B-Dfrd notes' redemption amount once the class A notes have been redeemed in full (during the normal amortization period).
Class A PDL.	Class C-Dfrd notes' redemption amount once the class B-Dfrd notes have been redeemed in full (during the normal amortization period).
Class B-Dfrd interest.	Class D-Dfrd notes' redemption amount once the class C-Dfrd notes have been redeemed in full (during the normal amortization period).
Class B-Dfrd reserve fund top-up.	Excess to the seller.
Class B-Dfrd PDL.	
Class C-Dfrd interest.	
Class C-Dfrd reserve fund top-up.	
Class C-Dfrd PDL.	
Class D-Dfrd PDL.	
Class D-Dfrd interest.	
Payment to the seller of any unpaid balance of the interest component purchase price.	
Swap subordinated termination amounts.	
Repayment of the class A, B-Dfrd, and C-Dfrd reserve deposits to the reserve provider.	
Payment of any reasonable and duly documented fees incurred in connection with the issuer's operations.	
Excess to the unitholders.	

PDL--Principal deficiency ledger.

Principal deficiency ledger

The Principal deficiency ledger (PDL) is split into class-specific subledgers. Amounts are recorded on the four PDLs in reverse seniority order up to the corresponding class outstanding amount, whereas the amounts are cured according to the interest waterfall to the extent excess spread is available.

Cash reserve funds

The transaction benefits from three distinct liquidity reserves for the class A, B-Dfrd, and C-Dfrd notes, which are fully funded by the seller at closing. The reserves are set as follows:

- The class A reserve required amount is the greater of 1% of the class A notes' outstanding amount and 0.20% of the initial outstanding amount of the class A notes until there is no performing receivable outstanding.
- The class B-Dfrd reserve required amount is equal to 1% of the class B-Dfrd notes' outstanding amount.
- The class C-Dfrd reserve required amount is equal to 1% of the class C-Dfrd notes' outstanding amount.

The liquidity reserves are used for liquidity purposes for senior expenses, swap payments and for interest shortfalls for the class A, B-Dfrd, and C-Dfrd notes.

They are released to the reserve provider through the interest priority of payments in last position.

The excess of reserves above their required amounts are released to the interest waterfall on each payment date, therefore they can ultimately help cure the PDLs.

Commingling risk

Loan collections are received in collection accounts held with LCL. The servicer transfers collections to the issuer bank account monthly. If the servicer becomes insolvent, collection proceeds on these collection accounts could be lost.

Consequently, a commingling reserve is funded by the servicer (LCL) if the long-term rating on the servicer falls below 'BBB'. This reserve amount is equal to 1.8 months of scheduled payments at the average monthly prepayment rate. We therefore consider the commingling risk to be fully mitigated and do not apply any stress in our cash flows.

LCL is a deposit-taking institution, therefore setoff risk may arise if borrowers seek to set loan amounts owed to LCL against amounts owed by LCL under the deposit contract. Setoff risk may also arise if borrowers are employees of LCL. We received a memo from LCL's legal counsel referring to court cases where judges decided that loan contracts are delinked from deposit contracts. The transaction documentation also contains several provisions making clear that loan and deposit contracts are not linked. In addition, under the eligibility criteria, no loan granted to employees of LCL is securitized. Therefore, we consider setoff risk to be mitigated.

Cash Flow Assumptions

Table 7

Cash flow assumptions	
Cumulative base-case gross loss (%)	1.5
Gross loss multiple (x)	4.9 at 'AAA'/3.8 at 'AA'
Recession start	End of the revolving period
Length of recession	WAL (26 months)
Cumulative gross loss curve	Evenly distributed over WAL
Delinquency	Two-thirds of credit losses recovered six months later
Recoveries (%)	15
Recovery haircut (%)	50
Recovery lag (months)	One-third of recoveries every 16 months until month 48
Servicing fees	Stressed servicing fees of 1.0%
Fixed fees (€)	250,000 per year
CPR high (%)	24
CPR low (%)	0.5
Start rate (%)	2.1
Interest up	From current to 13.6%
Interest down	From current to 0.9%
Interest flat	At current level

Table 7

Cash flow assumptions (cont.)	
Initial WAC (%)	4.25
Relative WAC compression (%)	1.81
Commingling stress	N/A
Setoff stress (%)	N/A

WAL--Weighted-average life. CPR--Constant prepayment rate. WAC--Weighted-average coupon. N/A--Not applicable.

The class B-Dfrd notes pass at a higher rating level in our cash flows than that currently assigned. However, the presence of an interest deferral mechanism is, in our view, inconsistent with the definition of a 'AAA' rating (see "Related Criteria"). We therefore assigned our 'AA+ (sf)' rating.

Sensitivity Analysis

We determine our forward-looking view by considering the transaction's resilience under additional stresses, particularly defaults and recoveries.

In our view, borrowers' ability to repay personal loans correlates to macroeconomic conditions, particularly the change in unemployment rate, and, to a lesser extent, consumer price inflation and interest rates. Given the loans are fixed rate and the French regulator's role in setting usury rates, we believe rising interest rates would have a lower near-term effect on these borrowers. Longer term, they would likely further stretch household finances.

We expect French unemployment to marginally increase to 7.7% in 2025 from 7.5% in 2024, and to remain stable at 7.7% in 2026. We expect a slowdown of inflation, with a forecast of 1.5% in 2025 and 1.8% in 2026.

Given our current macroeconomic forecast and forward-looking view of the French economy, our sensitivity scenarios consider, all else being equal, the hypothetical effect on our credit ratings of an up to 30% increase to the gross default base case; and a maximum haircut of 30% to the recovery rate base case.

Sensitivity analysis results

Table 8

Sensitivity analysis result

Class	Base case	Scenario 1	Scenario 2	Scenario 3	Scenario 4	Scenario 5	Scenario 6	Scenario 7	Scenario 8
Default rate base case increase (%)	-	-	-	10	10	10	30	30	30
Recovery rate base case decrease (%)	-	10	30	-	10	30	-	10	30
Gross loss base case (%)	1.5	1.5	1.5	1.65	1.65	1.65	1.95	1.95	1.95
Recovery rate (%)	15.0	13.5	10.5	15.0	13.5	10.5	15.0	13.5	10.5
A	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
B-Dfrd	AA+	AA+	AA+	AA+	AA+	AA+	AA	AA	AA
C-Dfrd	AA	AA-	AA-	AA-	AA-	A+	A	A	A

We therefore ran eight scenarios with increased gross defaults and/or reduced expected recoveries, as shown in table

8.

The sensitivity analysis indicates a deterioration of no more than three notches for the class A, B-Dfrd, and C-Dfrd notes, which meets our ratings definitions' credit stability considerations. Our cash flow analysis shows the class A notes benefit from subordination in our sensitivity runs.

Counterparty Risk

The transaction is exposed to counterparty risk through Crédit Agricole Corporate and Investment Bank as the issuer bank account and swap counterparty.

The transaction's replacement mechanisms adequately mitigate its exposure to counterparty risk at the assigned ratings in line with our counterparty criteria.

Table 9

Supporting ratings

Institution/role	Current counterparty ratings	Replacement	Remedy period (calendar days)	Collateral posting trigger	Maximum supported rating
Credit Agricole Corporate and Investment Bank as issuer bank account provider	ICR: A+/Stable/A-1	'A/A-1'	60	N/A	AAA
Credit Agricole Corporate and Investment Bank as swap counterparty	RCR: AA-/--/A-1+*	A+* (Weak collateral option)	90	A+*	AAA
LCL as servicer	ICR: A+/Stable/A-1	BBB (commingling reserve posting, we consider the exposure as minimal)	60	N/A	AAA

*There is dynamic downgrade language in place in the swap documentation, which depends on the then outstanding rating on the notes. According to our counterparty criteria, if both replacement and collateral are applicable remedies, the collateral posting trigger should be no lower than the replacement trigger. N/A--Not applicable. RCR--Resolution counterparty rating. ICR--Issuer credit rating.

Sovereign Risk

Under our structured finance sovereign risk criteria, the maximum differential between the rating on the security and the rating on the sovereign depends on the asset sensitivity to country risk and the sovereign rating. We view the asset sensitivity to the country risk as low, and our long-term unsolicited sovereign rating on France is 'AA-'. Consequently, our sovereign risk criteria do not cap our ratings on the notes.

Legal Risk

The issuer is an FCT, which is bankruptcy remote by law. We reviewed the legal opinion confirming that the sale of the assets would survive the seller's insolvency.

Monitoring And Surveillance

We assess at least quarterly the underlying portfolio's performance, including defaults and delinquencies.

Additionally, we also assess at least annually:

- The supporting ratings;
- The servicer's operations and its ability to maintain minimum servicing standards; and
- Whether the then-available credit enhancement for each class of notes is sufficient to withstand losses that are commensurate with the current ratings assigned.

Appendix

Transaction participants

Transaction participants	
Issuer	FCT LCL Personal Loans 2025
Seller, originator, servicer, and reserve provider	LCL
Issuer account bank, swap counterparty, lead manager	Credit Agricole Corporate and Investment Bank
Management company	EuroTitrisation
Paying agent, listing agent, data protection agent, and registrar	Uptevia
Custodian	CACEIS Bank

Related Criteria

- Criteria | Structured Finance | ABS: Global Consumer ABS Methodology And Assumptions, March 31, 2022
- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021
- Criteria | Structured Finance | General: Global Framework For Payment Structure And Cash Flow Analysis Of Structured Finance Securities, Dec. 22, 2020
- Criteria | Structured Finance | General: Methodology To Derive Stressed Interest Rates In Structured Finance, Oct. 18, 2019
- Criteria | Structured Finance | General: Counterparty Risk Framework: Methodology And Assumptions, March 8, 2019
- Criteria | Structured Finance | General: Incorporating Sovereign Risk In Rating Structured Finance Securities: Methodology And Assumptions, Jan. 30, 2019
- Legal Criteria: Structured Finance: Asset Isolation And Special-Purpose Entity Methodology, March 29, 2017
- Criteria | Structured Finance | General: Global Framework For Assessing Operational Risk In Structured Finance Transactions, Oct. 9, 2014
- Criteria | Structured Finance | General: Global Derivative Agreement Criteria, June 24, 2013

- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011
- Criteria | Structured Finance | General: Methodology For Servicer Risk Assessment, May 28, 2009

Related Research

- EMEA Structured Finance Chart Book: April 2025, April 25, 2025
- Sovereign Risk Indicators, April 10, 2025
- France 'AA-/A-1+' Ratings Affirmed; Outlook Revised To Negative On Weakening Public Finances, Feb. 28, 2025
- 2017 EMEA ABS Scenario And Sensitivity Analysis, July 6, 2017
- Global Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016
- European Structured Finance Scenario And Sensitivity Analysis 2016: The Effects Of The Top Five Macroeconomic Factors, Dec. 16, 2016