

Rating Action: Moody's affirms Brazilian captive vehicle lenders' ratings; upgrades Banco GMAC's and Banco Ford's supported ratings

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New York, November 03, 2014 -- Moody's Investors Service has today affirmed the standalone bank financial strength ratings (BFSR) of Banco GMAC S.A. and Banco Ford S.A., and maintained their respective baseline credit assessments (BCA) at ba3. At the same time, Moody's affirmed the issuer and corporate family ratings of Companhia de Crédito, Financiamento e Investimento RCI Brasil (RCI Brasil), and maintained its BCA at ba3. Moody's also upgraded the long-term global local currency and foreign currency deposit ratings of Banco GMAC to Ba2, from Ba3, and the long-term global local currency and foreign currency deposit ratings of Banco Ford to Ba1, from Ba2. The short-term global local currency and foreign currency deposit ratings of both banks remained at Not Prime. In addition, Moody's upgraded Banco GMAC's Brazilian national scale deposit ratings to A1.br and BR-1, from A3.br and BR-2, long- and short-term, respectively, and Banco Ford's long-term Brazilian national scale deposit rating to Aa1.br, from Aa2.br. Banco Ford's short-term Brazilian national scale deposit rating remained at BR-1. Moody's also affirmed RCI Brasil's long-term Brazilian national scale issuer rating at Aa1.br. The outlook on all ratings remains stable.

LIST OF AFFECTED RATINGS

The following ratings were affirmed by today's rating action:

Banco GMAC S.A.:

Bank financial strength rating of D-, equivalent to a baseline credit assessment (BCA) of ba3, with stable outlook

Short-term global local-currency deposit rating of Not Prime

Short-term foreign-currency deposit rating of Not Prime

Banco Ford S.A.:

Bank financial strength rating of D-, equivalent to a BCA of ba3, with stable outlook

Short-term global local-currency deposit rating of Not Prime

Short-term foreign-currency deposit rating of Not Prime

Short-term Brazilian national scale deposit rating of BR-1

Companhia de Crédito, Financiamento e Investimento RCI Brasil

Long-term global local currency issuer rating of Ba1, with stable outlook

Long-term Brazilian national scale local currency issuer rating of Aa1.br, with stable outlook

Long-term global local currency corporate family rating of Ba1, with stable outlook

The following ratings were upgraded by today's rating action:

Banco GMAC S.A.:

Long-term global local-currency deposit rating: to Ba2, from Ba3, with stable outlook

Long-term foreign-currency deposit rating: to Ba2, from Ba3, with stable outlook

Long-term Brazilian national scale deposit rating: to A1.br, from A3.br, with stable outlook

Short-term Brazilian national scale deposit rating: to BR-1, from BR-2

Banco Ford S.A.:

Long-term global local-currency deposit rating: to Ba1, from Ba2, with stable outlook

Long-term foreign-currency deposit rating: to Ba1, from Ba2, with stable outlook

Long-term Brazilian national scale deposit rating: to Aa1.br, from Aa2.br, with stable outlook

RATINGS RATIONALE

AFFIRMATION OF STANDALONE RATINGS

In affirming the standalone ratings of Banco GMAC and Banco Ford at D-/ba3 and maintaining the baseline credit assessment of RCI Brasil at ba3, Moody's acknowledges these lenders' ability to maintain loan origination and adequate financial metrics despite the decline in car production and sales during the first half of 2014. By virtue of their role as captive car lenders, Banco GMAC and RCI Brasil have benefited from car sales campaigns by the respective manufacturers, which resulted in a boost to loan origination. In the 12 months to June 2014, Banco GMAC grew loans by 41.5%, while Banco Ford and RCI Brasil increased lending by 21.5% and 16%, respectively, a contrast to the 9.1% reduction in car sales overall.

Moody's also notes that loan delinquencies reported by Banco GMAC, Banco Ford and RCI Brasil remain comfortably below the average for the banking system's vehicle financing portfolios. This performance reflects the conservative loan underwriting standards of the specialized vehicle lenders, the high quality of their targeted borrowers, and the stronger credit profile of their loan books, which are mainly composed of lower-risk new car financings. Their close relationship with authorized dealers and the recent tightening of their credit underwriting requirements also help maintain their asset quality. Other important risk mitigants include the lenders' solid capital and reserve buffers that are available to absorb potentially higher losses.

Moody's said that the affirmation of Banco GMAC's D- standalone rating incorporates its strong market positioning as the lead loan originator of General Motors' financed sales in Brazil and as the largest operation among Moody's rated Brazilian vehicle lenders. The affirmation also reflects the bank's diverse funding structure, which includes a high proportion of loan sales agreements with other financial institutions and receivables funds (FIDCs), because of the low risk and good quality of the loan book. While higher loan sales to other financial institutions in the first half of 2014 led the bank's profits down in the period, this effect was balanced by its consistent and robust loan origination.

Banco Ford is engaged in financing the acquisition of new cars and trucks by Ford's authorized dealers, and is focused solely on the wholesale segment. Because of its narrow product base, the bank has a less diversified revenue structure than other vehicle lenders. However, its lean operations have benefited its profitability, particularly when compared with peers'. Its close relation with authorized Ford dealers has supported its low delinquency levels, and together with its above average capitalization, also support the affirmation of its D- standalone rating.

RCI Brasil's good capitalization and good asset quality support the maintenance of the company's ba3 standalone BCA. The captive finance operation of automakers Renault and Nissan has improved its funding diversification by tapping into the domestic debt market through issuance of letras financeiras, instruments with longer tenors than time deposits. While the larger volume of debt issued in the first half of the year reduced the company's profitability, it remained adequate because of strong loan generation.

Moody's said it does not expect changes in the business model employed by vehicle lenders despite present contraction of car production. They will continue to be specialized, mono-product lenders, with close ties to automakers. Their standalone ratings continue to be constrained by limited revenue diversification, due to their narrow product mix, comprised either of auto loans to individuals or floor-plan financing to car dealers, or both. Their wholesale funding structures with high participation of interbank and/or time deposits, which pressures funding costs upwards, are also a key constraint to the standalone ratings.

UPGRADE OF BANCO GMAC'S AND BANCO FORD'S SUPPORTED RATINGS

In upgrading Banco GMAC's deposit ratings to Ba2, from Ba3, Moody's acknowledges that resources made available by the automaker General Motors Company (Ba1/STA) to the bank's parent General Motors Financial Company, Inc (ba3, Ba1/STA) could be extended to the Brazilian subsidiary. As such, the additional notch applied to Banco GMAC's deposit ratings reflect the support capacity of the automaker transmitted through the bank's parent.

The upgrade of Banco Ford's deposit ratings to Ba1, from Ba2, also reflects the strong relation between its US-based parent Ford Motor Credit Company LLC (ba2, Baa3/STA) and the automaker Ford Motor Company (Baa3/STA). This support is backed by a keep-well agreement established between the two parties. Similar to Banco GMAC's ratings, the deposit ratings of Banco Ford benefit from an uplift of one notch that reflects the additional capacity of support made available to the bank.

METHODOLOGY USED & LAST RATING ACTIONS

The last rating action on Banco Ford was on 26 June 2014, when Moody's assigned a BFSR of D-, equivalent to a ba3 BCA, to Banco Ford. At the same time, Moody's assigned long- and short-term global local- and foreign-currency deposit ratings of Ba2 and Not-Prime, respectively, as well as long- and short-term national scale ratings of Aa2.br and BR-1, respectively, to Banco Ford. The outlook on all ratings was stable.

The last rating action on Banco GMAC was on 10 October 2013, when Moody's affirmed Banco GMAC's BFSR at D-, equivalent to a ba3 BCA. Moody's also affirmed the local and foreign currency deposit ratings at Ba3 and Not Prime, long- and short-term, respectively, and the national scale deposit ratings at A3.br and BR-2, long- and short-term, respectively. The outlook on all ratings was stable.

The last rating action on RCI Brasil occurred on 26 October 2012, when Moody's affirmed RCI Brasil's long-term global local currency issuer rating at Ba1 and the local currency issuer rating on the Brazilian national scale at Aa1.br. Moody's assigned a long-term local currency corporate family rating (CFR) of Ba1 to RCI Brasil and also maintained the company's BCA at ba3. All ratings had a stable Outlook.

The principal methodology used in rating Banco GMAC and Banco Ford was Global Banks published in July 2014. Please see the Credit Policy page on www.moodys.com.br for a copy of this methodology.

The principal methodology used in rating RCI Brasil was the Finance Company Global Rating Methodology published in March 2012. Please see the Credit Policy page on www.moodys.com.br for a copy of this methodology.

Moody's National Scale Ratings (NSRs) are intended as relative measures of creditworthiness among debt issues and issuers within a country, enabling market participants to better differentiate relative risks. NSRs differ from Moody's global scale ratings in that they are not globally comparable with the full universe of Moody's rated entities, but only with NSRs for other rated debt issues and issuers within the same country. NSRs are designated by a ".nn" country modifier signifying the relevant country, as in ".za" for South Africa. For further information on Moody's approach to national scale credit ratings, please refer to Moody's Credit rating Methodology published in June 2014 entitled "Mapping Moody's National Scale Ratings to Global Scale Ratings".

Banco Ford S.A. is headquartered in São Bernardo do Campo, Brazil. As of 30 June 2014, Banco Ford had total assets of BRL1.46 billion (\$661 million) and shareholders' equity of BRL292 million (\$132 million).

Banco GMAC is headquartered in São Paulo, Brazil. As of 30 June 2014, Banco GMAC had total assets of BRL13.7 billion (\$6.2 billion) and shareholders' equity of BRL1.4 billion (\$657 million).

RCI Brasil is headquartered in Curitiba, Brazil. As of 30 June 2014, the finance company had total assets of approximately BRL8.8 billion (\$4.0 billion) and equity of BRL1.2 billion (\$534 million).

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