

IFR EUROPEAN SECURITISATION BRIEFING

MARCH 21 2013

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ALL EUROPEAN ISSUERS

BOOKRUNNERS: 1/1/2013 TO 15/3/2013

	Managing bank or group	No. of issues	Total US\$(m)	Share (%)
1	JP Morgan	4	6,602.92	26.4
2	Banca Popolare di Verona	1	3,424.07	13.7
=2	Banco Popolare	1	3,424.07	13.7
4	SG CIB	3	1,089.74	4.4
5	Barclays	5	1,042.78	4.2
6	RBS	4	923.31	3.7
7	Lloyds Bank	3	853.87	3.4
8	HSBC	3	782.51	3.1
9	BNP Paribas	3	671.76	2.7
10	Credit Suisse	2	566.41	2.3
	Total	20	25,039.05	

Source: Thomson Reuters (SDC code: B16n)

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The European ABS pipeline contains a UK auto ABS and a remarketed Dutch RMBS.

A-BEST EIGHT, via *Bank of America Merrill Lynch, Credit Agricole CIB and UniCredit* began marketing on Thursday, and continues on Friday with a view to launch and price next week.

The leads are marketing a short £218.8m 0.86-year Triple A Tranche and a £41.3m 1.98-year Single A note. A £39.7m fixed-rate slice is being retained. The senior notes have 27% credit enhancement, up from 15.5% in A-BEST Six, even though there is a put option to remove residual value. This is a result of rating agency criteria.

Getting a Triple A means assuming that the put option will not be honoured – so the higher credit enhancement typical of a deal including residual value is still needed. Including the originator put effectively protects the originator's Class S retention – meaning it has little economic cost, while providing improved investor certainty.

The underlying portfolio, worth just under £300m, is split 77.5% personal contract purchase (PCP – including balloon payments), 16.85% hire purchase agreements, and 5.65% motor loan agreements.

In the Dutch RMBS market, €400m of **CITADEL 2010-II** is being remarketed by *ABN AMRO, BNP Paribas, JP Morgan and RBS*. The remarketing is structured as a primary deal, with investor meetings arranged by the leads next week, and a syndication to follow the week after. A source close to the deal said recent remarketing efforts had rushed investors, and an open primary-style process was likely to get better results.

Van Lanschot placed more than €150m of the Citadel 2010-I A2s last summer, and received reverse enquiries on the back of that for further Citadel paper. Most of these were in small size though, suggesting it would be worth conducting a wider marketing.

Citadel 2010-II had only a Single Class A Tranche, not an A1/A2 structure, and was retained at issue, forming part of Van Lanschot's investment and liquidity portfolio since then. One trader said preliminary talk was for the 100bp area, but that this sounded like a bargain. He said 80bp or so would be more plausible.

In the consumer loan sector, Santander Consumer Bank AG retained a €1.9bn issue, just days after it publicly placed an auto deal. **SC GERMANY CONSUMER 2013-1** comprised a €1.72bn Class A Tranche and a €180m Class B. Due to the fact that the bonds are retained, it was structured as a fixed rate to eliminate the need to pay for an interest rate swap.

Furthermore, the senior bonds are only rated to Single A – requiring less credit support than a Triple A Tranche. As such, it could account for a large proportion of the bond total, 91% in this case versus 81% in series 2011-1. That deal was rated to Triple A, and was floating rate.

Elsewhere, the **CAJAMAR** tender finished today, with nine RMBS deals and one SME deal included. The bank had no limit on the purchase size, meaning it could be buying up to €1.6bn of bonds via unmodified Dutch auction. One trader said he had seen limited free-float and little trading in these bonds. He said the Spanish tender story was already in the price for most Spanish names, and this had not driven much price action.

Eurosail issuers seek liquidity facility change

Two **EUROSAIL** issuers are seeking to amend the liquidity facility agreements in order to smooth cashflows for subsequent payment dates and avoid having to pay accrued and unpaid interest in a lump sum.

Eurosail 2006-4NP and 2007-2NP had to make standby drawings under the liquidity facility in March 2009 following the downgrade of liquidity facility provider Danske Bank. However, these amounts are not due and payable until one of the following events occurs: the facility is terminated, the short-term ratings of the provider are upgraded to the required ratings, a replacement facility is entered into or the bonds are redeemed in full.

At present, the accrued interest amounts are £2.1m and £1.67m respectively, and the issuers want to amend documents so that from any payment date after the implementation of proposals the standby amounts are paid on each interest payment date, and that the current accrued amounts are repaid in four instalments.

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EDITORIAL ENQUIRIES

Anil Mayre
+44 (0)20 7542 3455
anil.mayre@thomsonreuters.com

Owen Sanderson
+44 (0)20 7542 8234
owen.sanderson@thomsonreuters.com

SUBSCRIPTION ENQUIRIES

EMEA
+44 (0)20 7369 7317
rm.emeasales@thomsonreuters.com

ASIA-PACIFIC
+852 3762 3336
rm.apsales@thomsonreuters.com

JAPAN
+813 4589 2311
rm.apsales@thomsonreuters.com

US
+646 223 6123
rm.usasales@thomsonreuters.com

CLIENT SUPPORT

+800 8727 8326
(please dial first your int'l prefix number or int'l access code before the above number)
rm.clientsupport@thomsonreuters.com

ADVERTISING

EMEA, US
+44 (0)20 7369 7556
leonie.wells@thomsonreuters.com

ASIA-PACIFIC
+65 9755 5031
shahid.hamid@thomsonreuters.com

The issuers said that at current rates the accrued but unpaid interest would increase by around £500k per annum, but the proposals could lead to a reduction in the overall level of increased costs charged by the liquidity facility provided by around £240k per annum.

Investors are being asked to contact the issuers to give their opinion. The issuers said they may take no action if investors do not express an opinion – which leaves the accrued amount outstanding.

Loan and share sale agreed for Velvet loan

A loan sale and share agreement were entered into on March 15 2013 for the Velvet Portfolio loan borrower in **TITAN EUROPE 2006-2** with a third-party investor. According to a notice, the structuring of the transaction in a combined loan and share sale was mainly tax driven and intended to obtain the highest possible return for noteholders. A purchase price of around €130m was agreed plus any cash remaining in bank accounts following the payment of all invoices. Closing is expected around April 5 2013.

Spanish ratings hit again

Fitch put 220 Spanish RMBS tranches on Rating Watch Negative on Wednesday evening after revising its criteria assumptions for the sector. The main influence is the continued decline in recoveries on defaulted mortgages, while the prospect of changes in the mortgage enforcement framework has increased the uncertainty surrounding defaults and recoveries in the longer term. Another 80 tranches have been kept on RWN while another 47 have had their outlook revised to Negative.

With regards to performance, Fitch said loans in serious arrears or defaults accelerated in 2012 driven by unemployment and the expiry of unemployment benefits. Arrears exceeding three months (including defaults) rose to 4.9% by the end of 2012 from 3.6% a year earlier. Weak employment is not offset sufficiently by the low interest rate environment, the agency said.

LAUNCHED & PRICED, BPS (WAL IN BRACKETS) P=PLACED/PP=PRE-PLACED/R=RETAINED

Date	Issuer	Type	Books	AAA	AA	A	BBB	Status
19/03/2013	SC Germany Auto 2013-1	ABS	CACIB/JPM/Santander	38(1.66)				P
15/03/2013	Pontormo SME	ABS	Akros		50			R
14/03/2013	NWEN Finance	ABS	Barc/HSBC					P
11/03/2013	Sato Oyj	ABS	Nordea/Pohjola					P
11/03/2013	Southern Water	ABS	Barc/BNPP/Santander				265(25)	P
07/03/2013	Intu (SGS) Finance	ABS	BAML/HSBC/UBS			210(10)		P
07/03/2013	Intu (SGS) Finance	ABS	BAML/HSBC/UBS			205(15)		P
28/02/2013	UPP Bond 1 Issuer	ABS	Barc/RBC/RBS/UBS				275(30.6)	P
28/02/2013	UPP Bond 1 Issuer	ABS	Barc/RBC/RBS/UBS				210(17.6)	P
26/02/2013	Alba 4 SPV	ABS	SG	90				P
22/02/2013	E-CARAT 5	ABS	DB/JPM/Lloyds	61(1.64)	100(3.33)			P
21/02/2013	Arqiva Financing	WBS	Barc/HSBC/Lloyds/ MUSI/RBS				250(20)	P
21/02/2013	VCL 17	ABS	CMZ/SEB	25(1.29)		75(1.88)		P
20/02/2013	Orange Lion 2013-9	RMBSING	JPM	85(5.1)				P
08/02/2013	Anglian Water Class B	WBS	BNPP/HSBC				225(13)	P
07/02/2013	GB Social Housing	ABS	Barc				199(25)	P
07/02/2013	Tesco Property Finance 6	CMBS	Barc/GS				245(21.1)	P

DEAL PIPELINE

Date	Issuer	Type	Books	Timing
21/03/2013	Citadel 2010-II	RMBS	ABN/BNPP/JPM/RBS	April
20/03/2013	A-BEST EIGHT	ABS	BAML/CACIB/UniCredit	March
19/03/2013	THFC tap	SECURED	RBCCM/RBS	March
21/02/2013	Brookfield Utilities	WBS	TBA	TBA
20/02/2013	Apollo	CLO	Citi	TBA
22/01/2013	Pramerica	CLO	Barclays	TBA
22/11/2012	Gagfah	CMBS	UniCredit/GS	TBA

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