

Friday, 13 October 2006

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## EUROPEAN STRUCTURED FINANCE MONITOR

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- Lloyds announces GBP 5.6bln debut master trust UK RMBS from C&G portfolio
- Barclays bringing rejigged Gracechurch UK RMBS
- Auto ABS prices from Volkswagen, Santander

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### Primary round-up for week of October 9

For all the new announcements and deal updates pinging around over the past few days, new issues this week were limited to just three consumer ABS as well as an emerging market CDO.

Two of the new issues were auto securitisations, continuing a recent run of auto paper.

On Wednesday Volkswagen Bank priced its German auto loan deal, **Driver Three GmbH**. The EUR 924.5mm Triple A tranche, with a 4.2-year WAL, came at 1ME+10bp after price talk of 10bp area. It was around 1.3 times subscribed.

The pricing is 2bp inside levels achieved on Renault's Cars Alliance 2006-1 issue, whose fractionally longer 4.75-year Triple A tranche of EUR 1.7bln printed last week at 12bp after 11bp area price talk.

And it was well inside the other auto ABS with comparable maturities of the past few weeks, including the previous German deal: in mid-September the EUR 1.41bln of 5.15-year Triple As from Santander Consumer Bank's SC Germany Auto 2006-1 came at 13bp.

The deal also priced inside Santander's most recent ABS, a Spanish transaction which was launched on Wednesday. The transaction, **FTA Santander Consumer Spain Auto 06**, was led by sole bookrunner UBS and its four-year Triple A came at 13bp after 13bp area price guidance.

Sole bookrunner on Driver Three, BNP Paribas, had made clear to investors that it did not believe 11bp would be the right price for VW's deal and the bank's firm stance appears to have paid off.

The transaction also benefits from investor familiarity with the name. Volkswagen launched the eighth auto lease ABS from its VCL programme in June, and its previous loan deal, Driver Two, was well received a year ago.

That deal's Triple A notes were priced 2.25 times subscribed at 1ME+9bp, for a 4.1-year average life. The A1/A+ piece from that deal came just over three times done at 21bp.

The A1/A+/A+ mezz piece from today's deal did not reach that level of subscription – it was just around 1.4 times covered – but it did come tighter, printing at 19bp after 18bp area price talk.

Not everyone was happy with the deal, however. "I don't see why I should buy at 10bp for this after buying at 12bp for Renault," said one investor, noting that from a credit point of view he saw little difference between the two transactions.

The third deal to price was **Ducato Consumer Srl**, the EUR 501mm Italian consumer loan deal from Bipielle Ducato SpA. Joint books Banca IMI and Calyon priced the EUR 461mm Triple A tranche at 3ME+16bp.

News emerged on three more ABS transactions. **Honours Plc Series 2**, a GBP 418.2mm UK student loan ABS, was announced to refinance the Series 1 notes issued in May 1999, which were called on May this year.

Italy's Banca Agrileasing, meanwhile, announced its third lease securitisation. **Agri Securitities 3** is worth EUR 1.15bln and began roadshows this week.

There was also price talk released for **Taganka Car Loan Finance plc**, the USD 430mm auto loan ABS for Russia's MDM Bank. Levels include 1ML+100bp area for the A-/Baa1 rated senior class.

While no mortgage-backed deals have priced this week, the sector – and RMBS in particular – has nevertheless been busy: six residential deals were announced and guidance was released on several more.

The most eye-catching of the new announcements is the 20-tranche debut UK RMBS master trust from Lloyds TSB subsidiary Cheltenham & Gloucester.

Lloyds' logo is a black horse, and its television advertisements had long-featured a stallion called Cancara. Lloyds ABCP conduit was in fact named after the horse.

Cancara died earlier this month but Lloyds' equine theme lives on: the new master trust is named Arkle, after the famed steeplechaser of the 1960s, which won the Cheltenham Gold Cup three years running.

And Arkle looks likely to return to the RMBS market in the future. The new deal is sized initially at GBP 5.619bln, but C&G has a GBP 19.15bln portfolio.

Lloyds, Citigroup and Lehman Brothers are leading **Arkle 2006-1**, a multi-currency, multi-tranche issue including a USD 1.5bln 2a7 eligible class A1. The WA seasoning is 30.2 months.

Barclays Bank is running just a fraction behind, with a GBP 6bln RMBS of its own announced hours after Arkle. Barclays launched a GBP 4.5bln RMBS last year, but will now use a de-linked structure for the new issue. Barclays Capital is sole lead.

Also joining the pipeline is **Diamond Mortgage Finance**, a EUR 600mm Belgian RMBS from Krefima, via ABN Amro. The deal is the bank's second, following a 2004 issue. And it will closely follow this year's only other RMBS from country, Delta Lloyd Belgium's B-Arena, which priced at tight levels on Friday.

A new multi-currency Aussie deal, worth AUD 3bln equivalent, was announced for **National Australia Bank** via Citigroup and Deutsche Bank.

And books closed on a GBP 500mm UK non-conforming RMBS from Rooftop Mortgages, owned by Bear Stearns.

The deal, called **Mansard Mortgages 2006-1**, appears to have crept under the radar of some market participants. It marks a clear

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break from Rooftop's two previous non-conforming deals, both launched under the Farringdon Mortgages branding. Some investors thought these pushed the envelope somewhat with high proportions of particularly risky borrowers and structures which stripped out excess spread.

Mansard addresses these concerns with a markedly more conservative portfolio – some 77% now comprises near-prime or buy-to-let loans – and excess spread now flows through the waterfall.

The deal offers tranches from Triple A to Double B, denominated in USD, EUR and GBP, and is led by sole bookrunner Bear Stearns. Pricing is expected shortly.

There is another UK non-conforming issue on the way. **Mars 4**, a GBP 840mm deal from Matlock Bank, was announced on Monday. The portfolio comprises 75% near-prime and 25% non-conforming.

Guidance was released this week on a raft of RMBS, including SNS Bank's **Hermes XII**, a EUR 2bln Dutch RMBS. Its 5.36-year Triple A tranche, totalling EUR 1.8bln, is talked at 12bp area.

Ibercaja's latest Spanish RMBS, **TDA Ibercaja 4**, also has price talk available: its 2.79-year Triple As are at 9-10bp and the 5.33-years are at 13-14bp. There is also a fixed amortisation Triple A, with a 5.92-year WAL, talked at 12-13bp.

Another Spanish RMBS, CAM's EUR 1.75bln **TDA CAM 7**, has its 2.9-year Triple As at 10bp area and 5.27-year notes at 13-14bp. The same 13-14bp level is also available for the 5.5-year Triple As of **Caixa Penedes 1 TDA**, from Caixa d'Estalvis del Penedes.

And more RMBS price talk was sent out this week for the EUR 631.5mm **Marche Mutui 2 Srl**, the new Italian RMBS from Banca della Marche, with the 7.44-year Triple A tranche at 14-15bp.

On the CMBS side, guidance came out for four deals, notably a EUR 399mm tap of **GRAND Pic**, the German multi-family CMBS from Deutsche Annington.

Levels were also released for three UK deals: JP Morgan's **EPC 4**, Commercial First's **BMF 5**, and **FoX**, from property company Fordgate.

All four of these CMBS could price later today (Friday).

On the CDO side, details emerged of an emerging market deal managed by Sydbank. Launched by Citigroup from the Evolution EM CDO structure, it is regarded by Citi to be the first CDO to reference emerging market local currency debt. **Shamrock Capital 2006-1** contains aspects of both cash and synthetic deals.

Citigroup, through its global office network, bought the reference assets on a cash basis, but then transferred them to the SPV using credit-linked notes, the common way of accessing reference entities or assets in synthetic deals.

The deal references unsecured debt from up to 50 countries, and the portfolio also takes into account foreign exchange fluctuations. In the case that the USD value of the portfolio increases it adds subordination and boosts equity returns.

And conversely, decreases in the USD value will lead to an erosion or subordination and equity payments. A floor has been fixed, where in the event of the USD value falling below 80% of the portfolio valuation taken on the closing date, equity payments will cease.

Sold in USD, EUR and CZK, its Triple A note priced at Libor +32bp, the same level as Sphaera II/Salisbury Investments, the synthetic emerging market CDO referencing 100 credits (80 corporates and 20 sovereigns from 34 countries).

There were also similarities at the Double A levels Shamrock's came at 95bp versus Sphaera's 90bp. Shamrock did manage, however, to slash 115bp off Sphaera's Double B print by coming at 300bp.

New deals in the market include a GBP 2bln balance sheet CLO from HSBC, the second from its Metrix series. **Metrix Securities** is a fully-funded synthetic and references loans to 133 borrowers.

Meanwhile a EUR 300mm Spanish SME deal was announced by Caixa Sabadell, **GC FTGENCAT Caixa Sabadell 1**. It joins a larger trade, BBVA's EUR 1.9bln **BBVA 5 FTPYME**, in the pipeline. Guidance came of for that transaction, which sees the EUR 1.47bln Triple A, averaging 2.016 years, at 11-12bp.

And information on two new deals emerged. Harbourmaster Capital is readying a EUR 750mm leveraged loan trade, **Harbourmaster CLO 7**, via Bear Stearns. After two Pro-Rata deals earlier this year, the new trade reverts to the firm's original CLO structure. The deal is currently in debt and equity marketing.

And SGAM Alternative Investments is preparing a EUR 134mm CFO backed by a diversified pool of hedge funds, each said to be following its own strategy. **CFO Premium Limited** is arranged by SGAM Finance.

## RMBS

\* Price talk on **TDA CAM 7**, the EUR 1.75bln Spanish RMBS for **CAM**, has been released by joint lead managers Calyon, CAM (no books), Dexia (no books) and HSBC. Launch is expected soon subject to CNMV.

CL	Size	F/M/S	WAL	Guidance
A1	EUR 250.0mm	AAA/Aaa/AAA	2.9y	3ME+10bp area
A2	EUR 1.207bln	AAA/Aaa/AAA	5.27y	3ME+13-14bp
A3	EUR 200.0mm	AAA/Aaa/AAA	8.02y	Preplaced
B	EUR 92.7mm	A/A2/A	8.94y	3ME+30bp area

- 18,279 first-ranking prime residential mortgages. WACLTV 3.77%.

\* **MARS 4**, a GBP 840mm UK RMBS from **Matlock Bank**, is readying via Lehman Brothers. Roadshows have been taking place this week and launch is due next week.

A1	GBP 252.00 eq	Aaa/AAA/AAA	0.69y	Aug 06	3M
A2	GBP 189.00 eq	Aaa/AAA/AAA	1.64y	Sep 06	3M
A3	GBP 231.00	Aaa/AAA/AAA	3.83y	Dec 06	3M
B1	GBP 58.80 eq	Aa3/AA/AA	4.06y	Dec 06	3M
C1	GBP 44.10 eq	A2/A/A	4.06y	Dec 06	3M
D1	GBP 39.90 eq	Baa1/BBB/BBB-	4.06y	Dec 06	3M
DTc	GBP 8.40	NR/BBB/BBB-	0.53y	Jul 06	3M
E1c	GBP 25.20	Ba1/BB/BB	4.06y	Dec 06	3M
ETc	GBP 5.88	NR/BB/BB	0.74y	Jul 06	3M
FTc	GBP 0.42	NR/B/B	0.89y	Jul 06	Preplaced

- Legal maturity June 23 for A1, March 2040 for all others classes.  
 - Classes A1, A2, B1, C1 and D1 offered in EUR/GBP/USD.  
 - Reserve fund 1.5% fully funded. Turbo tranches DTc, Etc and FTc paid out of excess spread.  
 - 75.51% near-prime, 24.49% non-conforming.

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\* Price guidance is out on **Marche Mutui 2 Srl**, the new Italian RMBS has from **Banca della Marche SpA**. SG is sole bookrunner on the EUR 631.4mm deal. It is expected to price at the end of this week. The capital structure is as follows:

CL	SIZE	S&P/M	WAL	EFM	Guidance
A1	EUR 88.4mm	AAA/Aaa	1.65y	2008	Preplaced
A2	EUR 511.45mm	AAA/Aaa	7.44y	2021	3ME+14-15bp
B	EUR 12.00mm	AA/Aa2	14.84y	2021	3ME+mid/high 20s
C	EUR 15.80mm	BBB/Baa1	14.84y	2021	3mE+70bp area
D	EUR 3.78mm	unrated			Retained

- Backed by a pool of first ranking prime Italian residential mortgages with a WA CLTV of 59.38% and 2.35-years seasoning.

\* **Lloyds** has announced its much-anticipated UK jumbo RMBS, the GBP 5.619bln **Arkle 2006-1**. Joint leads Lloyds, Citigroup and Lehman will start roadshows today (Friday). The deal securitises mortgages originated by Cheltenham & Gloucester.

CI	Size (mm)	S/M/F	WAL	Exp	Index
1A	USD 1,555.5	A1+/P1/F1+	1.0y	07/06	1ML
1B	USD 42.9	AA/Aa3/AA	1.0y	07/06	3ML
1M	USD 42.9	A/A2/A	1.0y	07/06	3ML
1C	USD 42.9	BBB/Baa2/BBB	1.0y	07/06	3ML
2A	EUR 1,450.9	AAA/Aaa/AAA	1.7y	08/06	3ME
2B	EUR 51.8	AA/Aa3/AA	1.8y	08/06	3ME
2M	EUR 44.4	A/A2/A	1.8y	08/06	3ME
2C	EUR 44.4	BBB/Baa2/BBB	1.9y	08/06	3ME
3A	USD 1,762.9	AAA/Aaa/AAA	2.8y	09/06	3ML
3B	USD 61.6	AA/Aa3/AA	2.8y	09/06	3ML
3M	USD 52.3	A/A2/A	2.8y	09/06	3ML
3C	USD 52.3	BBB/Baa2/BBB	2.8y	09/06	3ML
4A	USD 1,555.5	AAA/Aaa/AAA	4.4y	11/06	3ML
4B	USD 65.3	AA/Aa3/AA	4.4y	11/06	3ML
4M	USD 37.3	A/A2/A	4.4y	11/06	3ML
4C	USD 37.3	BBB/Baa2/BBB	4.4y	11/06	3ML
5A	GBP 1,500.0	AAA/Aaa/AAA	5.5y	12/06	3ML/E
5B	GBP 75.0	AA/Aa3/AA	5.5y	12/06	3ML/E
5M	GBP 60.0	A/A2/A	5.5y	12/06	3ML/E
5C	GBP 65.0	BBB/Baa2/BBB	5.5y	12/06	3ML/E

- Legal maturity November 2007 for 1A, August 2011 for 3A, February 2052 for all other tranches.

- 1A is "2a-7" tranche.

- Series 1: hard bullet. Series 2: controlled am. Series 3: soft bullet.

Series 4: controlled am. Series 5: step up & call.

- Series 5 has currency flexibility in GBP/EUR.

- Call is May 2012.

- Current LTV 60.44%.

- 144A/REG S.

\* **Standard Chartered First Bank Korea** roadshowed its latest RMBS in Asia earlier this week and will visit Europe next week. **Korea First Mortgage 6** will total USD 1.26bln, and will be offered in unwrapped EUR and USD bonds via sole lead Standard Chartered Bank.

Class	Size eq	M/F	WAL	Sub	Exp Mat
A1a	USD 565mm	Aaa/AAA	1.8yrs	15%	Feb-09
A2a	USD 565mm	Aaa/AAA	3.7yrs	15%	Aug-12
B	USD 70mm	Aa2/AA	6.0yrs	10%	Nov-12
C	USD 30mm	A2/A	6.1yrs	8%	Nov-12
D	USD 30mm	Baa2/BBB	6.1yrs	6%	Nov-12

- Legal maturity May 2038. - 17,938 loans with a WA LTV of 56.28%. - The last deal in the series, KFM 5, priced in March of this year. The MBIA-wrapped 3.3-year Triple A tranche came at 3ML+15bp.

\* Guidance is out for the EUR 1bln Spanish residential mortgage securitisation from **Caixa d'Estalvis del Penedes**. Bear Stearns, Calyon and Dresdner Kleinwort are joint books. **Caixa Penedes 1 TDA** is expected to price early next week. The capital structure is as follows:

CI	Size	Fitch/S&P	WAL	Final	Coupon
A	EUR 950.0mm	AAA/AAA	5.5yr	Jan-43	3ME+13-14bp
B	EUR 29.0mm	A+/A	9.4yr	Jan-43	Retained
C	EUR 21.0mm	BBB+/BBB	9.4yr	Jan-43	Retained

- 9,672 loans with WA LTV 68.7% and 31.2-months WA seasoning. 97.7% originated in Catalonia and 1.1% in Valencia. No arrears over 30 days. Max LTV 100%.

\* **National Australia Bank** has mandated Citigroup and Deutsche Bank for its next RMBS to be issued from the **National RMBS Trust** programme. The deal will total AUD 3bln, with the senior notes including USD and EUR, and roadshows in Europe and the US next week. It will be backed by fully verified first charge residential mortgages.

\* **Krefima** has announced a EUR 600mm Belgian RMBS via ABN Amro. The deal, **DMF 2006 NV**, will start roadshowing next week, with pricing expected the following week. Krefima's previous RMBS was in 2004, also via ABN.

CI	Size	M/F	WAL	Call	Index
A	EUR 554.75mm	Aaa/AAA	3.9y	Sep 13	3ME
B	EUR 18.25mm	Aa3/AA	6.9y	Sep 13	3ME
C	EUR 15.0mm	A3/A	6.9y	Sep 13	3ME
D	EUR 12.0mm	NR/BBB	6.9y	Sep 13	3ME
E	EUR 6.0mm	NR/NR	1.3y		Retained

- After call date class A step-up of 25bp, spread doubles for other classes.

- Current LTV is 71%, WA seasoning 13 months.

\* Books have closed on **Mansard Mortgages 2006-1**, the GBP 500mm UK non-conforming RMBS from Bear Stearns originator **Rooftop Mortgages**. The firm has securitised twice before, under the Farringdon name, but its new deal is changed to address investor concerns over the first two. Excess spread now flows through the waterfall, and credit quality is much better (near-prime or BTL make up 77% of the portfolio.)

Pricing, via Bear Stearns, is expected soon.

CI	Size	S/M/F	WAL yr	Index
A1	GBP 157.5m eq	AAA/Aaa/AAA	0.997	3ML/E
A2	GBP 217.5m eq	AAA/Aaa/AAA	3.166	3ML/E
M1	GBP 65m eq	AA/Aa2/AA	4.429	3ML
M2	GBP 27.5m eq	A/A2/A	4.429	3ML
B1	GBP 12.5m eq	BBB/Baa2/BBB	4.429	3ML
B2	GBP 20m eq	BB/Ba2/BB	4.429	3ML

- Tranches offered in GBP, EUR and USD. 48% near-prime, 30% BTL, 11% right to buy, 1.2% heavy adverse, 3% medium adverse and 6.9% light adverse.

\* Price guidance is out on **SNS Bank's** EUR 2.037bln Dutch RMBS via joint bookrunners Barclays Capital and RBS. **Hermes XII** is talked at 3ME+12bp area for the Triple A note and is expected to price the end of next week. The capital structure is as follows:

CI	S/M/F	Size	WAL	Guidance
A	AAA/Aaa/AAA	EUR 1,905mm	5.36y	3ME+12bp area

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B	AA/Aa1/AA	EUR 40mm	9.41y	3ME+17bp area
C	A/Aa3/A	EUR 29mm	9.41y	3ME+mid 20s
D	BBB+/A2/A-	EUR 26mm	9.41y	3ME+low 40s
E	NR/Baa3/BBB-	EUR 37mm	4.16y	3ME+75bp area

- Static pool and no substitution period. Listing: Amsterdam. WALs assume 12% CPR and call expected at 10% clean-up or step-up date (Mar-16). 23,993 mortgages; WALTFV: 104%, WALTV:91%; 11 months seasoning.

\* Price guidance on **TDA Ibercaja 4**, the EUR 1.4bln RMBS from **Ibercaja**, is out. The deal pools 14,877 mortgages with a 67.72% WALTV and is due next week via Calyon and Deutsche Bank. The capital structure is as follows:

CI	Size	M/S	WAL	Guidance
A1	EUR 250mm	Aaa/AAA	2.79	3ME+9-10bp
A2	EUR 819.4mm	Aaa/AAA	5.33	3ME+13-14bp
A3pac	EUR 270.4mm	Aaa/AAA	5.92	3ME+12-13bp
B	EUR 14mm	Aa2/AA	8.39	3ME+hi teens
C	EUR 28mm	A2/A	8.39	3ME+hi 20s
D	EUR 11.2mm	Baa2/BBB	8.39	3ME+low 50s
E	EUR 7mm	Ba2/BB	8.39	3ME+200-220bp

- Class A3 fixed amortisation schedule. 14,877 amortising first ranking mortgages. 67.72% WALTV. 27.21-months seasoning. No arrears over 30 days. Maximum LTV 97.3%, 1.1% of the loans are over EUR 400,000. 93.4% owner occupied. 32.6% Madrid, 20.35% Aragon and 13.39% Catalonia.

\* The capital structure on the new **Gracechurch Mortgage Financing 06-1** UK RMBS from Barclays Capital has been unveiled. The deal is a multi-tranche, multi-currency offering sold in EUR, GBP and USD. Roadshows commence next week with pricing expected the end of October.

CI	S/M/F	Size	Wal	Index
A1/A2/A3	AAA/Aaa/AAA	GBP 1.9145bln	0.89y	3mL/E
B1	AA/Aa3/AA	USD 84.1mm	1.78y	3mL
C1	A/A2/A	USD 72.9mm	1.78y	3mL
A4	AAA/Aaa/AAA	USD 2.55bln	2.76y	3mL
A5	AAA/Aaa/AAA	EUR 1.69bln	4.42y	3mE
B2/B3/B4	AA/Aa3/AA	GBP 135mm	5.03y	3mL/E
C2/C3/C4	A/A2/A	GBP 117mm	5.03y	3mL/E
D2/D3/D4	BBB/Baa2/BBB	GBP 198mm	5.03y	3mL/E
A6	AA/Aaa/AAA	USD 1.025bln	5.86y	3mL
A7	AAA/Aaa/AAA	GBP 500mm	6.53y	3mL

- Classes A1/2/3, B2/3/4, C2/3/4 and D2/3/4 are offered in USD, EUR and GBP.

- Legal final maturity for classes A1, A2 and A3 is November 2031, and all other classes is November 2056. Call-step-up November 2011 for all classes except A6 and A7 where the call date is May 2013. CE provided by subordination, excess spread, reserve 1.25%.

- 72,107 loans with 12-months seasoning and 63.14% WALTV.

## CMBS

\* Price guidance on **Business Mortgage Finance 5 Plc** from **Commercial First** is available. The deal is a GBP 300mm small business CMBS led by sole lead Barclays. It pools 938 mortgages loans to small businesses.

CI	Size equiv	M/F	WAL	Step/call	Guidance
A1/2	GBP 220.5mm	Aaa/AAA	3.4y	Nov 13	L/E+19bp area
M1/2	GBP 51.3mm	A2/A	6.5y	Nov 13	L/E+55-60bp
B1/2	GBP 19.5mm	Ba1/BBB	6.5y	Nov 13	L/E+225bp area

C	GBP 8.7mm	NR/BB	6.5y	Nov 13	L+325bp area
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- Classes A, M and B offered in EUR and GBP.  
 - WALs assume 15% CPR.  
 - Credit enhancement from subordination, excess spread, initial reserve fund of 2.3% rising to 4.25% through trapped excess spread.  
 - Redemption profile: sequential switching to pro rata, subject to triggers.  
 - Provisional pool stats: 938 loans, WA margin 4.12%, WA DSCR 3.53x, WA LTV 71.05%.

\* Price talk is out for the tap to **GRAND Plc**, the German multi-family CMBS from **Deutsche Annington**. Following the addition of the EUR 559mm MIRA portfolio, EUR 399mm of new notes will be issued. The MIRA portfolio contains 15,919 residential and 75 commercial properties in 2,224 buildings across the Ruhr region. Barclays (books) and Citi are the leads. Pricing is expected later today (Friday).

CI	O/S (mm)	New(mm)	F/M/S	Coupon	Guidance
A	EUR 3,209	EUR 236	AAA/Aaa/AAA	3mE+24	100.15-18
B	EUR 428	EUR 32	AAA/Aa2/AA	3mE+35	100.25-28
C	EUR 869	EUR 74	AA-/A2/A	3mE+72	100.25-35
D	EUR 577	EUR 42	A-/Baa1/BBB	3mE+105	100.25-30
E	EUR 133	EUR 0	BBB+/Baa1/BBB	3mE+127.5	N/A
F	EUR 200	EUR 15	BBB/Baa3/BBB-	3mE+150	100.00-05

- Window 10/06 - 07/13. WAL restated 5.81y from 5.6y at August 3 2006. Ratings affirmed. Legal final July 2016. The new notes will be fungible 40 days after closing. New deal size will be EUR 5.815bln.

\* Price talk is out on the GBP 264.3mm UK CMBS being readied by property company **Fordgate**. Through this deal it will refinance a significant part of its UK property portfolio. Morgan Stanley is leading **FoX (Fordgate Commercial Securitisation No.1)** and aims to price on Friday. It is a secured loan transaction, backed by 22 properties. The capital structure is as follows:

CL	Size	S&P/F	Exp	Index
A	GBP 240.275mm	AAA/AAA	Oct 2013	3ML+19bp area
B	GBP 24.027mm	AA/AA	Oct 2013	3ML+28-30bp

- Senior loan of GBP 141.8mm and two junior loans for GBP 24.15mm made to Jupiter Properties Finance Ltd. Loans will be advanced to 18 PropCos, and the proceeds use to refinance 22 properties owned by Fordgate in England and Scotland.

\* Price guidance on **JP Morgan's** latest CMBS from its EPC real estate conduit places the Triple A note rated by all three agencies at 3ML+17-18bp, while the S&P and Fitch only piece is at 3ML+20-21bp. The deal, **EPC 4**, is worth GBP 490.3mm. The capital structure is as follows:

CI	Size	S/M/F	WAL	Guidance
A	GBP 267.25mm	AAA/Aaa/AAA	3.78	3ML+17-18bp
B	GBP 78mm	AAA/NR/AAA	3.78	3ML+20-21bp
C	GBP 51.8mm	AA/NR/AA	3.78	3ML+high 20s-30bp
D	GBP 51.8mm	A/NR/A	3.78	3ML+50bp area
E	GBP 41.45mm	BBB/NR/BBB	3.78	3ML+mid 80s

- Securitises the senior portion of two loans secured by first ranking mortgages on UK properties. Some 83% are office based and 84% are in London. Cut off date WA LTV 70.9%.

## CDOs

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Friday, 13 October 2006

\* **SGAM Alternative Investments** is readying a EUR 134mm CFO backed by a diversified pool of hedge funds, each said to be following its own strategy. **CFO Premium Limited** will be arranged by SGAM Finance.

\* **Caixa Sabadell** of Spain is preparing a EUR 300mm SME CLO, EUR 163mm of which will be guaranteed by Generalitat de Catalunya. A EUR 4.5mm Class D will be used to finance the reserve fund. Calyon is said to be leading **GC FTGENCAT Caixa Sabadell 1**. The capital structure is as follows:

Class	Size	Fitch	CE	Coupon
A(S)	EUR 113.5mm	AAA	9.34%	3mE
A(G)*	EUR 163.0mm	AAA	9.34%	3mE
B	EUR 11.7mm	A+	5.43%	3mE
C	EUR 11.8mm	BBB-	1.50%	3mE
D	EUR 4.5mm	CCC	n/a	3mE

- Legal maturity 2040.

- 1,344 loans to 1,219 obligors. 81.4% secured on a mortgage which have a 66.7% WA Original LTV. 24-months seasoning. 87-months to maturity.

- Class A(G) guaranteed by the Generalitat de Catalunya.

\* **HSBC bank** has announced **Metrix Securities**, a GBP 2bln fully funded synthetic CLO via sole bookrunner HSBC. It will be offered in EUR, GBP and USD and roadshows until October 20. The capital structure is as follows:

CI	Size	M/S	WAL	Legal	Index
A1	GBP 1.8bn eq	Aaa/AAA	4.96yrs	Nov-18	3ML/E
B1	GBP 26mm eq	Aa2/AA	6.72yrs	Nov-18	3ML/E
C1	GBP 22mm eq	A2/A	6.78yrs	Nov-18	3ML/E
D1	GBP 30mm eq	Baa2/BBB	6.78yrs	Nov-18	3ML/E
E1	GBP 44mm eq	Ba2/BB	6.78yrs	Nov-18	3ML/E
F	GBP 78mm	nr/nr			

- All classes except class F are offered in USD/EUR/GBP.

- Regulatory and economic capital relief exercise referencing 344 obligations (EUR, GBP and USD denominated bank loans and undrawn facilities) to 133 borrowers.

- Weighted average portfolio rating of Baa2/BBB. 4-year reinvestment period. In November 2005, HSBC launched Metrix Funding, which was also a GBP 2bln fully funded synthetic CLO.

\* Price talk is available for **BBVA's** EUR 1.9bln Spanish SME CLO. **BBVA 5 FTPYME** is led by BBVA, Dresdner Kleinwort and JP Morgan. Pricing is expected early next week. The capital structure is as follows:

CI	Size	F/M/S	WAL	Guidance
A1	EUR 1,472.8mm	AAA/Aaa/AAA	2.16y	3mE+11-12bp
A2	EUR 200.0mm	AAA/Aaa/AAA	3.97y	Pre-placed
A3(G)	EUR 130.3mm	AAA/Aaa/AAA	6.39y	3mE+1bp area
B	EUR 39.9mm	AA+/A2/AA-	4.37y	3mE+low/mid 20s
C	EUR 57.0mm	AAA/Aaa/AAA	4.37y	Pre-placed

- WAL assumes 7% CPR, 10% clean-up call. Class A3(G) guaranteed by the Kingdom of Spain. Class C guaranteed by the EIF. Target pricing date is the week of October 16.

\* **Harbourmaster Capital** has joined the leveraged loan CLO pipeline with a new EUR 750mm trade via Bear Stearns. Harbourmaster broke from its typical issuance schedule with two Pro-Rata deals earlier this year, but is now reverting to its original leveraged loan CLO structure. **Harbourmaster CLO 7** is currently in debt and equity marketing.

## ABS

\* **Banca Agrileasing** of Italy has announced its third lease securitisation. **Agri Securities 3**, via Mediobanca, RBS and UBS is EUR 1.15bln in size and roadshows began this week. The capital structure is as follows:

CI	Size	F/S	WAL	LFM	Coupon
1-A1	EUR 200.0mm	AAA/AAA	2.07	Dec-23	3mE
1-A2	EUR 823.5mm	AAA/AAA	4.98	Dec-23	3mE
1-B	EUR 103.5mm	A/A-	6.8	Dec-23	3mE
1-C	EUR 23.0mm	nr/nr			

- 55% of the initial pool contains real estate leases. Average contract size EUR 107k. 10% clean-up call. Revolving period expires March 2008.

- Class 1-C retained by Banca Agrileasing. This issue marks the return of Banca Agrileasing to the Agri Securities programme after a four year break. The last deal, Series 2, priced in July 2002.

\* Price guidance on **Taganka Car Loan Finance plc**, the USD 430mm auto loan ABS for Russia's **MDM Bank**, places the Class A at 1mL+100bp area. Dresdner Kleinwort and Merrill Lynch are the leads. The capital structure is as follows:

CI	SIZE	S/M	WAL	CE%	Index
A	USD 270.90mm	A-/Baa1	0.92yrs	37.0	1ML+100bp area
B	USD 77.40mm	BBB/Baa2	2.32yrs	19.0	1ML+160bp area
C	USD 54.80mm	BB/Ba2	3.28yrs	6.26	1ML+350bp area
SL	USD 26.90mm	NR			Not Offered

- Expected maturity October 2011.

- WAL assumes 5% CPR, 10% clean-up call.

\* **Honours Plc Series 2**, a GBP 418.2mm UK student loan ABS, has been announced via Deutsche Bank. The deal refinances the Series 1 notes issued in May 1999, and which were called on May this year. S&P's presale notes the deal is "strongly supported by UK government subsidies." The portfolio is now serviced by Ventura, which has taken over from the Student Loan Co.

CL	Size	S/M/F	WAL	Legal	Index
A1	GBP 291.95mm	AAA/Aaa	2.77y	Apr 2029	1ML
A2	GBP 54.20mm	AAA/Aaa	5.00y	Apr 2029	1ML
B	GBP 33.35mm	A/A2	4.99y	Apr 2029	1ML
C	GBP 18.00mm	BBB/Baa2	4.99y	Apr 2029	1ML
D	GBP 11.95mm	BB/Ba2	4.99y	Apr 2029	1ML
E	GBP 8.75mm	NR/NR	4.99y		Not offered

- Loans from England & Wales (83.6%), Scotland (12.3%) and Northern Ireland (4.1%).

\* Fitch has downgraded all the Class C notes of Egg Banking's **Pillar Funding** credit card ABS to BBB- from BBB and affirmed all other tranches.

The agency says that Egg has provided Fitch with additional analysis following the publication of its report in August regarding changes to account management policy. The new information shows the impact of the 0.83% accounts referred to in Fitch's previous report, which shows a "marked deterioration in trust performance to date."

Fitch goes on to say that "on the basis of this and other changes to delinquent account management that Egg has recently implemented, Fitch considers that the level of charge offs reported to date is not comparable with charge off policies typically applied in credit card transactions."

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The remaining tranches are some way off the stresses applied when they were rated and have been affirmed as a result, although Fitch will continue to monitor performance as any further deterioration could impact their ratings.

Changes in Egg's management of non-performing accounts has however, according to Fitch, added further levels of uncertainty as to how future charge off levels will develop.

The rating agency has also affirmed the credit card-backed notes issued by Capital One's **Sherwood** programme following the increase in credit enhancement provided by the recent Sherwood Castle Funding 2006-1 deal in addition to the private Series 2006-A deal in February.

Fitch had voiced concerns over the performance of the Sherwood receivables in a review in August, but the increased credit enhancement has eased the rating agency's concerns.

The UK credit card sector has been under some scrutiny as master trust performance has deteriorated over the past 12-18 months, with an increase in charge-offs the main worry. Fitch's most recent data for Sherwood shows that charge-offs for Sherwood are at 9.2%, which is above its base case scenario of 7%.

Barclaycard conducted a similar credit enhancement boosting exercise with its Gracechurch Card Funding deal prior to Capital One's Sherwood.

### Primary market details for deals priced the week of October 9

CDOs						
Oct-06	Shamrock Capital 2006/Evolution EM CDO (Sydbank) via Citigroup					
Class	Size	Moody's	Final	Coupon	Notes	
A(SS)	USD 120mm	Aaa	2009	3ML+32bp	Emerging market CDO referencing local	
B	USD 40mm	Aaa	2009	3ML+55bp	Currency debt from up to 50 countries. Notes	
C	USD 20mm	Aa2	2009	3ML+95bp	issued in EUR, USD and CZK. Assets bought	
D	USD 20mm	A2	2009	3ML+125bp	by Citigroup and transferred to the SPV through	
E	USD 28mm	Baa3	2009	3ML+195bp	credit-linked notes.	
F	USD 20mm	Ba2	2009	3ML+300bp		
G	USD 32mm	B1	2009	3mL+500bp		
H(Eq)	USD 120mm	NR	2009			
ABS						
Oct 12	Ducato Consumer Srl (Bipielle Ducato SpA) via Banca IMI and Calyon					
Class	Size	Moody's	Final	Coupon	Notes	
A1	EUR 461.5mm	Aaa	2019	3ME+16bp	Pools Italian consumer loans.	
B	EUR 28.1mm	A1	2019	3ME+30bp	51,118 in total to 50,935 obligors.	
C	EUR 9.05mm	Baa2	2019	3ME+60bp	74.5% personal loans, 7% new	
D	EUR 2.973mm	nr	2019		cars, 12.8% used cars and 5.7% other.	
Oct 11	Driver Three GmbH (VW Bank) via BNP Paribas/SEB					
Class	Size	Ratings	WAL	Final	Coupon	Notes
A	EUR 924.5mm	Aaa/AAA/AAA	4.2y	2015	1ME+10bp	True sale German auto loan ABS. 3y
B	EUR 35mm	A1/A+/A+	4.2y	2015	1ME+19bp	revolving period. 99,985 contracts to
						99,149 obligors. 13.78-months average
						seasoning.
Oct-10	Santander Consumer Auto Spain 06 (Santander Consumer) via UBS/Santander					
Class	Size	S/F	WAL	Final	Coupon	Notes
A	EUR 1,282.5mm	AAA/AAA	4.00y	2016	3ME+13bp	Pools 17,395 auto loans for the purchase of new
B	EUR 22.3mm	AA/AA	6.28y	2016	3ME+18bp	(87%) and used (13%) cars. 17-months
C	EUR 22.3mm	A/A	6.28y	2016	3ME+28bp	seasoning. 43 months weighted average term.
D	EUR 22.9mm	BBB/BBB	6.28y	2016	3ME+55bp	
E	EUR 0.76mm	CCC-/CCC	n/a	2016	n/a	

### Near-term ABS/MBS/CDO pipeline

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Type	Deal description
ABS	<b>Agri Securities 3</b> EUR 1.15bn Italian lease ABS via Mediobanca/RBS/UBS
ABS	<b>B-TRA 2006-I</b> EUR 685mm delinquent tax ABS for Belgium via Fortis/JPM
ABS	<b>Chapel 2006-1</b> EUR 550mm Dutch consumer loan ABS via Merrill
ABS	<b>GRTN</b> Italian electricity fee payments
ABS	<b>Honours 2</b> GBP 418.2mm student loan refinancing via DB
ABS	<b>Russian Standard Bank</b> USD 400mm auto loan ABS via HVB/JPM
ABS	<b>Taganka Car Loan</b> USD 430mm Russian auto ABS for via DK/ML
CMBS	<b>BMF5</b> GBP 300mm UK small-business CMBS from Commercial First via BC
CMBS	<b>EPC 4</b> GBP 480.3mm UK CMBS via JP Morgan
CMBS	<b>Fordgate Commercial</b> GBP 264mm UK CMBS via Morgan Stanley
CMBS	<b>Taurus 4</b> CMBS from Merrill Lynch conduit
CMBS	<b>Van Lanschot</b> EUR 500mm Dutch CMBS planned for later this year
CMBS	<b>Windermere</b> Lehman EUR 1-1.5bln German multi-family CMBS expected autumn
RMBS	<b>Alliance &amp; Leicester</b> UK RMBS via Barclays/Citigroup
RMBS	<b>Arkle 2006-1</b> GBP 5.6bln debut deal for Cheltenham & Gloucester via Citi/Lehman
RMBS	<b>Caixa Penedes 1 TDA</b> EUR 1bln Spanish RMBS via Bear Stearns/Calyon/Dresdner
RMBS	<b>DMF 2006</b> EUR 600mm Belgian RMBS for Krefima via ABN AMRO
RMBS	<b>Gracechurch Mortgage Finance 06-1</b> GBP 6blnUK de-linked RMBS from Barclays
RMBS	<b>Hermes XII</b> EUR 2.037bln Dutch RMBS for SNS Bank via Barclays and RBS
RMBS	<b>KFM 6</b> USD 1.26bln Korean RMBS for SC Korea First Bank via Standard Chartered
RMBS	<b>Leek 18</b> GBP 1bln non-conforming RMBS for Britannia via JP Morgan and RBS
RMBS	<b>Marche Mutui 2</b> EUR 631.4mm Italian RMBS via SG
RMBS	<b>MARS 4</b> GBP 840mm UK non-conf RMBS via Lehman Brothers
RMBS	<b>Mansard Mortgages</b> GBP 500mm UK non-conf RMBS via Bear Stearns
RMBS	<b>Monastery 2006-I</b> EUR 875mm Dutch RMBS for DSB via NIBC
RMBS	<b>NAB</b> AUD 3bln equivalent Aussie RMBS in EUR and USD via Citigroup/Deutsche
RMBS	<b>Paragon 13</b> GBP 1.5bln buy-to-let UK RMBS via ABN/Barclays/RBS
RMBS	<b>TDA CAM 7</b> EUR 1.75bln Spanish RMBS via Calyon/HSBC
RMBS	<b>TDA Ibercaja 4</b> EUR 1.41bln Spanish RMBS via Calyon/Deutsche
RMBS	<b>Torrens 2006-1E</b> AUD 1.5bln Australian RMBS via ABN AMRO/Deutsche
RMBS	<b>UCI 16</b> EUR 1.819bln Spanish RMBS via BNP Paribas/Santander
CDO	<b>Amstel</b> EUR 10bln partially-funded corporate loan CDO from ABN via ABN/ML
CDO	<b>Anaptyxi 2006-1</b> EUR 2.25bln SME CLO for EFG Eurobank via DB/ML
CDO	<b>Angel Court</b> synthetic corporate CDO for JPM AM readying via Calyon
CDO	<b>Avoca CLO VI</b> EUR 507.5mm leveraged loan CLO via Credit Suisse
CDO	<b>BBVA 5 FTPYME</b> EUR 1.9bln Spanish SME CLO via BBVA/Dresdner/JPM
CDO	<b>Dalradian II CLO</b> EUR 350mm leveraged loan CLO for Elgin Capital via Citigroup
CDO	<b>Euromax V</b> EUR 300mm mezzanine ABS CDO for Collineo via Bear Stearns
CDO	<b>Gate 2006-1</b> Deutsche Bank EUR 2.1bln partially-funded SME CDO

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CDO	<b>House of Europe V</b> EUR 1bln cash CDO of high-grade ABS for Collineo via WLB
CDO	<b>Investec</b> GBP 200mm CRE CDO via Bear Stearns
CDO	<b>Lusitano SME</b> EUR 800mm+ Portuguese SME deal for BES
CDO	<b>Metrix Securities</b> GBP 2bln fully funded synthetic CLO from HSBC
CDO	<b>Sciens CFO I</b> Collateralised fund obligation from Sciens via Bear Stearns

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