

MAY 11, 2018

- 2 Forklift-Loan Program In the Works
- 2 Sprint, T-Mobile Map ABS Program
- 2 Credit Suisse to Package Reperformers
- 4 No Letup in LendingClub Supply
- 4 CLO Newcomer Adds Key Piece
- 4 Asset Sales Aid CLO Pools
- 6 Canadian MBS Deals in the Works
- 6 Auto-Loan Indicators Run Strong
- 7 DealVector Addresses Libor Issue
- 7 Canada Firm Hosts Marketplace Pros
- 10 INITIAL PRICINGS
- 11 MARKET MONITOR

THE GRAPEVINE

Carlos Garza is no longer head of collateralized loan obligation trading at **Credit Suisse**. Garza joined the bank in 2003 as a mortgage-bond trader. He took his most recent position in 2016 after risk-shedding measures led to a series of higher-level staff exits. His plans are unknown.

Industry veteran **Jerry Marriott** is retiring. Since 2013, Marriott has been advising clients in the U.S. and Canada on regulatory matters via his Toronto-based **Eastmount Financial**. He originated and structured asset-backed securities, mortgage bonds and commercial-paper conduit deals at **National Bank Financial** before that, and held a number of senior positions at **DBRS**. He also spent time in **Bank of Montreal's** structured-finance unit.

Collateralized loan obligation sales specialist **Darryl Smith** has joined the New
See GRAPEVINE on Back Page

Citi Execs Restless Over Leadership Changes

One of **Citigroup's** top collateralized loan obligation professionals has left the bank amid a restructuring that increasingly is looking like the cause of a broader series of departures.

John Clements, who had been co-heading Citi's CLO team alongside **Jim Hughes**, jumped ship this week after Hughes was promoted to lead the group a layer above him. Clements' destination: **Barclays**, where he will head CLO origination.

Both Clements and Hughes had been on board at Citi since 2001, with Clements arriving from **Chase Securities** and Hughes coming from **BankBoston**.

Now, with Clements gone, industry participants are growing more confident in rumors that a recent string of departures from Citi's securitization team was prompted by a push to streamline the operation's chain of command.

Those changes started with the May 2017 promotion of **Mickey Bhatia** to co-head

See CITI on Page 6

OneMain Downplays ABS in Funding Shift

OneMain Financial wants to rely more on unsecured corporate debt to fund its massive portfolio of consumer loans — a shift that would reduce the amount of asset-backed securities it issues.

Over the next year or two, the Evansville, Ind., lender plans to increase its issuance of high-yield corporate bonds until they meet 50% of its funding needs, up from 40% at yearend 2017. At the same time, it would curtail its securitization volume by a proportional amount. Asset-backed bonds currently account for 56% of its funding mix, down from 60% at yearend.

The company's portfolio of unsecured personal loans and auto loans totaled \$15 billion at the end of the first quarter, compared to \$14 billion a year earlier. The volume of loans on its books is projected to grow 5-10% during 2018.

OneMain had been securitizing its loans approximately once every quarter. In light of its new funding strategy, the company likely will be absent from the

See ONEMAIN on Page 8

Rumor Mill Churns Amid KeyBank Departures

A continuing series of staff departures is prompting speculation about the future of **KeyBank's** structured-product brokerage unit.

While there's no official word on the fate of the operation, some industry participants see the moves as a sign its days might be numbered. Others suggest the bank merely is paring down to reflect a market-wide decrease in trading activity.

Either way, many of the sales and trading professionals that Key hired while establishing the division are gone.

Chief among them is **Michael Corsi**, who exited his New York post as co-head of securitized-product sales in March. While it's possible Corsi left on his own accord, sources said there's also a chance he was pushed out. The reason: He was arrested in May 2017 for allegedly speeding in his Ferrari while drunk and carrying a loaded pistol. The case is pending in a Connecticut state court.

Corsi had arrived in March 2016 from **RBC**. Earlier, he worked at **Knight Capital**,

See KEYBANK on Page 8

Forklift-Loan Program In the Works

Forklift manufacturer **Hyster-Yale Group** is exploring securitization as a funding source for its lending arm.

Executives from the Cleveland company discussed the idea of starting an asset-backed bond program with bankers in recent weeks. They also inquired with rating-agency officials about the possibility of achieving triple-A grades for the deals.

Should Hyster-Yale move forward, sources said offerings could start flowing by midyear 2019 — starting with a transaction of some \$300 million.

The proceeds would fund a mix of loans and leases that Hyster-Yale offers to customers through a subsidiary, HYG Financial of Irving, Texas. Those receivables currently are financed via a line of credit from **Wells Fargo**.

Sources said Hyster-Yale is interested in securitization in part because it expects to need new financing options as its portfolio grows. The company was holding \$469.5 million of accounts receivable on March 31, up from \$453 million at yearend 2017.

The discussions coincide with a search for an executive who would hold the title of director of credit. The recruit would work in Greenville, N.C., as the point person for Hyster-Yale's wholesale-lending and dealer-financing efforts in North America and South America. The company is seeking candidates with at least five years of securitization experience for the post.

Hyster-Yale is among a number of companies that recently have expressed an interest in securitizing their equipment receivables or have started doing so. For example, **De Lage Laden Financial** has completed two deals totaling \$1.4 billion since launching an issuance program in November, according to **Asset-Backed Alert's** ABS Database.

All told, 12 equipment loan or lease securitizations totaling \$6.5 billion have priced this year, up from nine deals for \$5.6 billion a year ago. ❖

Sprint, T-Mobile Map ABS Program

Finance executives at **Sprint** and **T-Mobile** are working on plans to begin securitizing lease payments on their customers' mobile devices, should regulators approve T-Mobile's planned acquisition of Sprint.

The two companies separately have spent several years trying to develop securitization programs to fund billions of dollars of cell-phone leases, but neither one has completed a deal. Meanwhile, **Verizon** has sold \$7.5 billion of bonds backed by mobile-device leases since entering the market in 2016.

Treasury officials at Sprint and T-Mobile believe the proposed tie-up would help them bring an asset-backed bond deal to market, since the combined company would have a substantially larger market share and a higher credit rating than Sprint currently enjoys. The expectation is that the new entity would carry T-Mobile's double-B rating, rather than Sprint's single-B mark.

Sprint and T-Mobile executives have been reaching out to bankers and rating-agency analysts about an asset-backed-bond program they envision reaching \$2 billion a year. The talks are focused on resolving a key issue for the rating agen-

cies — that is, segregating lease-payment cashflows from other types of revenue. Such safeguards have been key to Verizon earning triple-A ratings for its asset-backed bond offerings.

“They need to have a distinct separation of those cashflows to achieve a top rating,” one analyst said.

Of course, Sprint and T-Mobile have attempted to merge in the past without success. The latest proposal, under which T-Mobile would pay \$26.5 billion in cash and stock to buy Sprint, is under review by the **Federal Communications Commission** and **Justice Department**.

Sprint already is the most-active issuer of bonds backed by wireless-spectrum leases. Since 2016, the company has conducted two offerings totaling \$7.4 billion. Sources said that history should help when it comes to working with bankers and investors on deals backed by mobile-device payments. Indeed, **Moody's** put out a report on May 2 saying the acquisition, if approved, would reduce the likelihood of default on Sprint's wireless-spectrum bonds. ❖

Credit Suisse to Package Reperformers

Credit Suisse's purchase of a massive portfolio of reperforming mortgages from **Capital One** positions the bank to conduct a large-scale series of securitizations.

The bank would offer the securities under its DLJ Mortgage Capital label, drawing from a \$17 billion loan portfolio it agreed to buy from CapOne on May 7. The first issues are expected to hit the market soon after the purchase closes, which is likely to happen by midyear.

Whatever accounts Credit Suisse doesn't securitize would be distributed among clients. Indeed, **The Wall Street Journal** reported on May 9 that the bank had agreed to sell most of the portfolio to **Pimco**. That would fit into an effort in which the bond-fund manager has been buying reperforming mortgages and then bundling them into bonds that it retains.

The CapOne pool, which includes pre-credit-crisis loans the company absorbed via its 2011 purchase of **ING Direct**, attracted multiple bids.

Credit Suisse's side deal with Pimco and its securitization plan explain how it could absorb such a large portfolio. “I'm surprised Credit Suisse had the capacity to take down a deal of that size,” one source said, characterizing it as one of the biggest non-agency loan portfolios ever to change hands.

The DLJ Mortgage Capital business has taken several forms over the years, most prominently as a jumbo-mortgage conduit program. But the operation stopped buying and securitizing those loans in 2015 and, aside from two re-Remic transactions, didn't issue bonds again until 2017 — when it carried out three reperforming-mortgage deals totaling \$859.3 million, according to **Asset-Backed Alert's** ABS Database.

Credit Suisse also recently renewed efforts to issue bonds backed by newly originated mortgages, including jumbo loans that meet the **Consumer Financial Protection Bureau's** “qualified-mortgage” guidelines and accounts that fall outside those parameters. Leading the effort is managing director **Peter Sack**, who agreed to join **Cantor Fitzgerald** in March only to return to his post as head of mortgage finance a few days later. ❖

With FICO, you know the score.

- ✓ Independent
 - ✓ High standards
 - ✓ Sound practices
 - ✓ Trusted
-

Keep credit scoring reliable. FICO® Score is the market's choice in credit scoring, trusted by lenders and securitization experts for decades.

[FICO.com/independent](https://www.fico.com/independent)

No Letup in LendingClub Supply

LendingClub is moving ahead with its latest securitization despite accusations from the **Federal Trade Commission** that it hid fees from borrowers.

The \$300 million offering is scheduled to hit the market this month with **Citigroup** running the books. It will be backed by prime-quality loans.

While industry participants don't expect the FTC's allegations to derail the offering, one investor said the bonds might price at slightly higher yields than those from LendingClub's last prime-loan deal. That Nov. 29 transaction, led by Citi and **J.P. Morgan**, was topped by a one-year class of notes with a single-A-minus grade from **Kroll** that priced to yield 2.62%.

In a civil complaint filed with **U.S. District Court** in San Francisco on April 25, the FTC said LendingClub buried information about origination fees in the fine print of its advertising and wrongly advised some potential borrowers that it had lined up funding for their loans.

LendingClub has denied the allegations and said it is working with the FTC to stave off the action. In a May 8

earnings call, chief executive **Scott Sanborn** also said the company hasn't seen a decline in demand from borrowers or buyers of its loans.

Noting that such purchases have been profitable, one loan investor said the matter doesn't affect his perception of the accounts' asset quality — and that he intends to keep buying from LendingClub. "Equity investors probably don't like the bad press," he said. "But at some point, don't borrowers have to read the words on the page?"

That said, there are concerns that the case could deter new bond buyers. That's because some might view it as part of a pattern of bad news surrounding LendingClub, which found itself at the center of a data-tampering scandal in 2016, has been losing money and has seen its share price slide steeply since going public in 2014.

LendingClub launched a new bond-issuing program in 2017 and since has completed five transactions totaling \$1.5 billion, two backed by prime-quality loans and three underpinned by subprime accounts. It earlier carried out two offerings via separate vehicles. ❖

CLO Newcomer Adds Key Piece

Startup investment firm **Flat Rock Global** is laying the groundwork for a collateralized loan obligation program.

The deals would be backed by loans Flat Rock writes to mid-size businesses through Flat Rock Capital, a private fund structured as a business development company. It could take some time before an offering materializes, however.

Industry participants believe the New York firm is serious about the effort. A key reason: This week, it hired experienced CLO professional **Shiloh Bates** as a managing director.

Bates had been investing in CLOs at **Benefit Street Partners** since 2016, having joined the operation via its takeover of **Business Development Corp. of America**. He also has worked on the issuing side at **Canaras Capital**, **Four Corners Capital** and **ING Capital**, and spent time at **Wachovia**. "They will almost certainly securitize with Bates on board," another issuer said.

Deal volume has been surging in the market for CLOs underpinned by mid-size corporate loans, as opposed to larger syndicated loans. But Flat Rock would be among just a few new issuers to emerge in the sector, which has been dominated by more-established players.

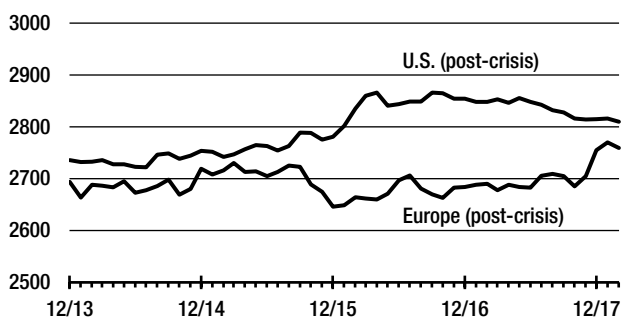
As he prepares for the firm's issuance push, Bates also is overseeing investments in the equity and mezzanine securities from other issuers' CLOs.

Leveraged-finance veterans **Robert Grunewald** and **Richard Petrocelli** began setting up Flat Rock in 2016. Grunewald previously worked at Business Development Corp. of America. Petrocelli was at **Fifth Street Finance**. ❖

Asset Sales Aid CLO Pools

Asset-quality indicators improved in February for collateralized loan obligations issued after the credit crisis. Among U.S. deals, median holdings of loans rated "Caa1" or lower fell 6 bp during the month to 3.74% in the U.S., according to **Moody's**. In Europe, a 20 bp drop brought the figure down to 1.80%. Meanwhile, holdings of defaulted assets fell 2 bp in the U.S., to 0.25%, while remaining at zero in Europe. Deals in both regions also saw slight improvements to their weighted average rating factors, key measures of borrower health that currently sit at the equivalent of a "B2" rating. The improving figures resulted from efforts by issuers to sell riskier assets, analyst **Hemal Shah** said. Those firms have been re-deploying capital at the same time, with cash holdings in U.S. pools shrinking 101 bp to 1.85% amid a 92 bp decline in Europe, to 0.50%.

CLO Weighted Average Rating Factor



Source: Moody's

For information about group subscriptions, click "About Us" at the bottom of ABAlert.com.

A Step Ahead

Asset-Backed Alert, the weekly newsletter that helps you anticipate risks and opportunities in securitization's new era.

Yes Start my 3-issue FREE trial subscription to Asset-Backed Alert.

There's no obligation. I won't receive an invoice unless I choose to subscribe.

Name _____ Company _____
Street _____ City _____ State _____ Zip _____
Telephone _____ Email _____

You can start your free trial at ABAlert.com. Or fax this coupon to 201-659-4141. To order by phone, call 201-659-1700.
Or mail to: Asset-Backed Alert, 5 Marine View Plaza #400, Hoboken, NJ 07030.

Canadian MBS Deals in the Works

An increasing number of lenders are poised to securitize Canadian home loans that don't carry government guarantees.

Bank of America, First National Financial and **Paradigm Mortgage** have been meeting with rating agencies as part of broader efforts to develop securitization programs for such accounts. Sources said BofA is furthest along, and already has met with originators in Canada about supplying collateral loans. While the timing of an initial deal is uncertain, BofA plans to market its offerings to investors both in Canada and the States.

"Canadian mortgages have consistently performed better than U.S. mortgages taken on by borrowers of the same credit scores, which makes the collateral more attractive if the investors do their research," one banker said.

Since the 2007-2008 market crash, big Canadian banks have relied mainly on covered bonds to fund their uninsured mortgage-lending businesses. Indeed, the only two Canadian mortgage-bond deals to price in recent years were issued by non-bank lender **MCAP**. Most recently, the Toronto company sold C\$247.5 million (\$195 million) of securities on April 2.

Expectations of increased Canadian mortgage-bond issuance are based on a growing supply of uninsured home loans. Indeed, data released by Canada's **Office of the Superintendent of Financial Institutions** show that the volume of mortgages that don't require insurance surged 19% in the year ended March 31 to C\$1.1 trillion, according to **Bloomberg**. Uninsured credits now account for 53% of Canada's mortgage market.

Toronto-based First National is the largest non-bank mortgage lender in Canada, with C\$100 billion under administration, followed by MCAP, with C\$66 billion. Sources said First National and MCAP each have the potential to issue several mortgage-bond offerings annually. ❖

Citi ... From Page 1

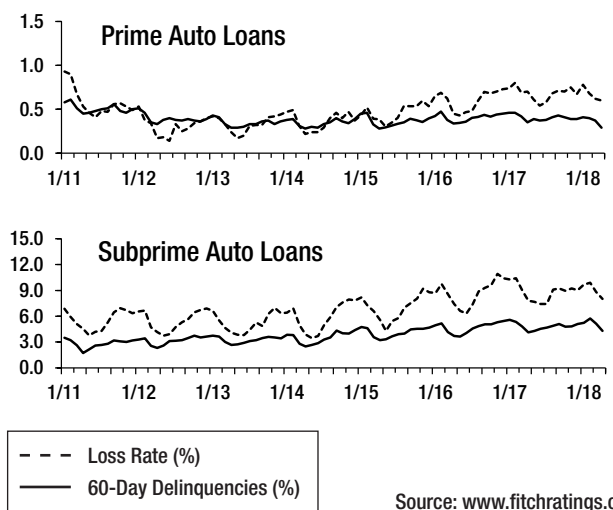
the bank's securitization-underwriting business worldwide alongside **Ted Yarbrough**. More recently, Citi handed off Bhatia's former duties as head of structured credit product trading and all CLO activities to **Vikram Prasad** — a former trading supervisor who then adjusted the roles of Clements and Hughes.

Others who have left in recent weeks include **Todd Fritchman**, who worked on CLOs backed by mid-size business loans. His plans are unclear. There's also no word on the destinations of **Ari Rosenberg** or second-in-command **David Mandel**, who together were responsible for securitizations of marketplace-originated personal loans and other unusual assets. Also gone are commercial mortgage bond co-head **Paul Vanderslice** and lieutenant **Tim Groves**, who moved together to **Cantor Fitzgerald**.

Citi still employs a swath of leading CLO, asset-backed bond

Auto-Loan Indicators Run Strong

Securitized pools of prime-quality auto loans performed at some of their best-ever levels during the month ended April 15. According to an index maintained by **Fitch**, delinquencies within those portfolios fell 8 bp during the period to 0.29% — a level last seen in May 2015, just one month after the all-time low of 0.28% was set. Losses also dropped 2 bp to an annualized 0.60%. Improvements were seen in subprime-loan pools as well, with delinquencies falling 85 bp to 4.3% and losses dropping 80 bp to an annualized 8.01%. The gains are attributable in part to improved underwriting standards that took hold in 2016 and 2017, along with an annual occurrence in which borrowers use income-tax refunds to catch up on their bills and retire debt.



and mortgage-securitization professionals under Bhatia and Yarbrough, as was reflected in its 2017 ranking as the world's most active structured-product bookrunner. Along with Hughes, they include asset-backed securities chief **John Dahl**, and **Susan Mills**, its top mortgage banker.

That said, the bank is losing a CLO rainmaker in Clements. Indeed, he and Hughes are largely credited with positioning Citi as by far the most active underwriter in the CLO market.

With Clements' exit, there is talk that the bank's main rivals in the sector, **Bank of America** and **Morgan Stanley**, could attempt to gain some ground. Barclays also is a few years into a push to move up the league table, where it climbed to sixth place in 2017 from 12th place in 2016, according to **Asset-Backed Alert's** ABS Database.

Clements' role at Barclays had been occupied by **Jon Kitei** and **Adrian Radulescu**. Kitei is moving to a top securitized-product syndication role with the title of head of distribution. Radulescu remains head of CLO structuring. ❖

DealVector Addresses Libor Issue

DealVector has added a feature to its electronic messaging service: an online forum where structured-product issuers and investors can discuss changes to Libor.

Libor Hub, which went live May 8 at liborhub.com, is open to market participants who want to share ideas about replacing Libor as a key benchmark following a move by the **U.K. Financial Conduct Authority** last year to release banks from their obligation to report the rates, effective 2021.

Like DealVector's main messaging service, which has about 2,500 users, participation in Libor Hub is free. But the Sausalito, Calif., company is developing a paid service through which issuers would be able to reach out to investors about amending deal documents to reflect changes to Libor.

To address concerns about Libor, trade groups including the **Structured Finance Industry Group** and **Loan Syndications and Trading Association** have formed committees to propose alternative ways of pricing bonds. **Intercontinental Exchange**, meanwhile, says it will continue publishing Libor.

But concerns remain about how to amend documents for outstanding deals to reflect possible changes. As for new deals, attorneys have begun adding language that would allow the substitution of new benchmarks if Libor disappears.

"If you want to transition away from Libor, how do you do it?" DealVector co-founder **Dave Jefferds** asked. "A lot of the deal language differs from deal to deal. There are just a lot of issues and many different solutions."

Jefferds is serving as DealVector's interim chief executive following the recent departure of **Mike Manning**. ❖

Canada Firm Hosts Marketplace Pros

Kilgour Williams Capital is conducting a marketplace-lending forum on June 13.

The meeting, at the investment-banking firm's Toronto headquarters, is aimed at promoting trades among originators and buyers of online personal loans, small-business loans and mortgages in the U.S. and Canada.

Kilgour Williams currently runs Canada's only hedge fund aimed specifically at marketplace-loan investments, KiWi Private Credit Fund. That vehicle launched in 2017 and currently has about \$35 million under management. But its growth has been limited by a shortage of Canadian originators with loans to sell.

Partner **Colin Kilgour** said volume has been low because the nation's few marketplace lenders mostly have sold their accounts to banks or larger institutional investors. "As the first and only fund in Canada pursuing marketplace lending as a strategy, we are doing a bit of evangelizing," he said. "We have yet to see the same kind of buzz around this asset class in Canada as you have seen in the U.S."

For now, KiWi Private Credit Fund is buying loans exclusively from U.S. originators including **LendingClub** and **Prosper Marketplace**. It aims to produce annualized returns of about 7%, after fees, while steering clear of the highest- and lowest-quality credits.

For more information on Kilgour Williams' event, email info@kilgourwilliams.com. ❖

CALENDAR

Main Events

Dates	Event	Location	Organizer	Information
May 21-23	Single Family Rental Investment Forum East	Miami	IMN	www.imn.org
May 23-24	Investors' Conference on CLOs & Leveraged Loans	New York	IMN	www.imn.org
June 5-7	Global ABS 2018	Barcelona	AFME & IMN	www.imn.org
Sept. 23-25	ABS East 2018	Miami	IMN	www.imn.org
Sept. 30-Oct. 2	SFIG D.C. Annual Meeting & Conference	Washington	SFIG	www.sfindustry.org
Oct. 29-30	SFIG Residential Mortgage Finance Symposium 2018	New York	SFIG	www.sfindustry.org
Nov. 28-30	CLO Summit	Dana Point, Calif.	Opal Group	www.opalgroup.net
Dec. 3-5	Single Family Rental Investment Forum (West)	Phoenix	IMN	www.imn.org
Feb. 24-27, 2019	SFIG Vegas 2019	Las Vegas	SFIG	www.sfindustry.org

Events in US

Dates	Event	Location	Organizer	Information
May 16	Finance Forum: Maneuvering the Market	New York	Alston & Bird LLP	www.alston.com
May 17-18	Risk Americas	New York	CFP	www.cefpro.com
May 20-23	National Secondary Market Conference	New York	MBA	www.mba.org

To view the complete conference calendar, visit the Market section of ABAlert.com

To add an event to this listing, please contact Barbara Eannace at 201-234-3981 or barbara@hspnews.com

KeyBank ... From Page 1

MF Global, Deutsche Bank and RBS.

Also gone is Atlanta-based sales specialist **Patrick Carvell**, effective this week. Carvell had arrived at Key in 2010 after stops at **HBK Investments** and **J.P. Morgan**.

Meanwhile, one source said Key has scaled back the scope of **Joe Vaccaro's** work as head of structured-product trading. Vaccaro had joined Key's New York office from RBC alongside Corsi and several other colleagues, and before that worked at **Amherst Securities, Merrill Lynch** and **Bear Stearns**.

The moves follow the 2017 exits of traders **Sung Cho** and **Jiwon Park**, and salesmen **Christopher Flaten, Christopher Morello** and **Matthew Petri** — each of whom also had arrived in 2016. Cho, who was part of the former RBC team, is looking for work. Park, also from RBC, is at **Hunt Financial**. Flaten, from RBC, and Petri, from **Credit Suisse**, are at **Mizuho**. Morello, previously of Amherst, now works at **Performance Trust**.

That said, Key continues to employ a number of structured-product sales and trading specialists beyond Vaccaro. They include Corsi's sales co-head, **Keith Newman** — a former **BB&T Capital** executive who has been on the bank's payroll since 2010.

Salesman **Daniel Abraham, Christopher Heaney** and **Chris O'Neill** also are part of the remaining staff. What's more, one Key insider said the unit is hiring. He pointed to the November addition of trader **Kevin Gordon** from **Cowen Prime Services**.

While Key has long maintained a presence in the structured-finance business, the bank especially appeared to be getting its

footing with the arrivals of Corsi, Vaccaro and the other 2016 recruits. To that end, one investor said the recent departures would make sense in light of slow trading activity. "It's very easy to ramp up and ramp down," he said, characterizing such fluctuations as something that could be accomplished virtually "overnight."

Considering how long Key's headcount has been declining, however, another source said the bank appears to be withdrawing amid expectations of a longer-term reduction in trading. To that end, he said he expects more staffers to leave.

The Key insider denied any plans of a shutdown, and characterized the bulk of the departures as voluntary. "It's the nature of the business right now," he said. "When times get tough, a lot of guys see the grass as looking greener elsewhere." ❖

OneMain ... From Page 1

asset-backed bond market in the second quarter, but it might return in the third quarter.

Meanwhile, on May 9, OneMain sold \$900 million of corporate bonds — the proceeds of which it will use to retire \$400 million of unsecured bonds that remain from a 2014 issue. The new transaction marks the second time this year OneMain has issued unsecured corporate debt, following a \$1.25 billion bond sale in March. The notes that priced this week are rated B1/B by **Moody's** and **Fitch**.

The funding shift is aimed at improving liquidity as OneMain continues to merge operations with **Springleaf Financial**, which bought the company in 2015 from **Citigroup** and took the OneMain name. Springleaf is controlled by **Fortress Investment**, which early this year agreed to sell its 40.5% stake in the company to **Apollo Global**.

Part of the thinking is that by relying more on longer-dated corporate bonds, OneMain can better insulate itself from a potentially sharp rise in interest rates. At the same time, the move could free up more of OneMain's loan portfolio for use as collateral for bank warehouse lines.

"ABS gives them cheaper funding, but it also locks up the collateral," a source said.

How much cheaper? On March 12, OneMain sold \$1.25 billion of seven-year corporate bonds that priced to yield 6.87%. On the same day, the company priced a \$368.4 million securitization of personal loans. A \$32.1 million tranche of seven-year bonds rated double-B priced to yield 5.8%.

"It's not always about cost of funds," another source said of the shift in OneMain's funding strategy.

Year-to-date, OneMain has sold \$1 billion of asset-backed securities via two transactions. Both were backed by personal loans. ❖

SFIG D.C.
Annual Meeting & Conference

Sunday, September 30 – Tuesday, October 2, 2018 | Washington, D.C.

"Educate, Advocate, Network"

Washington Marriott Wardman Park
2660 Woodley Road NW
Washington, D.C.

SFIG
Structured Finance Industry Group

REGISTER TODAY!

www.sfindustry.org/events

Drill down deep into our market statistics. Go to the Market section of ABAlert.com and click on "Statistics," which lets you see the data points behind all the charts that Asset-Backed Alert publishes each week. It's free.

The 22nd Annual GLOBAL ABS

5-7 June 2018 | Barcelona, Spain

1,200+ Investors & Issuers Already Confirmed!

AFME and IMN's Global ABS, the largest annual European structured finance gathering, will provide an outlook on exciting innovations and how the market is adapting to the now finalised securitisation regulations as renewed confidence in securitisation helps restore economic growth and build towards capital markets union in Europe.

Featured Keynote Speakers:



Sir Nick Clegg
Former Deputy Prime Minister
United Kingdom



Adam Farkas
Executive Director
**European Banking
Authority**



Nicolas Véron
Senior Fellow
**Bruegel and Peterson Institute
for International Economics**

Lead Sponsors:

ALLEN & OVERY

**Bank of America
Merrill Lynch**

 **BNP PARIBAS**
The bank for a changing world

 **citi**

**CLIFFORD
CHANCE**


Deutsche Bank

FitchRatings **J.P.Morgan**

**MOODY'S
INVESTORS SERVICE**

**MOODY'S
ANALYTICS**

Morgan Stanley

 **NATIXIS**
BEYOND BANKING


**NatWest
Markets**

**S&P Global
Ratings**

 **SOCIETE
GENERALE**

www.imn.org/globalabs - For sponsorship opportunities,
contact Chris Keeping at +1 212-901-0533 or ckeeping@imn.org

INITIAL PRICINGS

Toyota Auto Receivables Owner Trust, 2018-B

Priced: May 9
Amount: \$1.2 billion
Collateral: Auto loans (prime)
Seller: Toyota
Bookrunners: Bank of America, Lloyds Banking, SMBC Nikko

Class	M/S	Amount	Yield	WAL	Spread	Benchmark
A-2A	AAA	367.000	2.660	1.05	+9	EDSF
A-2B	AAA	220.634		1.05	+10	1 mo. Libor
A-3	AAA	454.000	2.979	2.30	+17	Int. Swaps
A-4	AAA	128.366	3.139	3.48	+24	Int. Swaps

Westlake Automobile Receivables Trust, 2018-2

Priced: May 9
Amount: \$1 billion
Collateral: Auto loans (subprime)
Seller: Westlake Services
Bookrunners: BMO Capital, J.P. Morgan, MUFG

Class	S/D	Amount	Yield	WAL	Spread	Benchmark
A-1	A1+	212.000	2.500	0.17		
A-2A	AAA	305.800	2.864	0.93	+33	EDSF
A-2B	AAA	75.000		0.93	+33	1 mo. Libor
B	AA	88.660	3.226	1.70	+50	EDSF
C	A	112.370	3.535	2.10	+75	Int. Swaps
D	BBB	105.160	4.038	2.61	+120	Int. Swaps
E	BB	44.330	4.919	2.91	+205	Int. Swaps
F	B	56.680	6.119	2.91	+325	Int. Swaps

Capital One Multi-asset Execution Trust Class A, 2018-1

Priced: May 9
Amount: \$600 million
Collateral: Credit cards
Seller: Capital One
Bookrunners: RBC, Wells Fargo

Class	S/F	Amount	Yield	WAL	Spread	Benchmark
A	AAA	600.000	3.039	2.91	+17	Int. Swaps

First Investors Auto Owner Trust, 2018-1

Priced: May 8
Amount: \$161.6 million
Collateral: Auto loans (subprime)
Seller: First Investors
Bookrunners: Wells Fargo, Credit Suisse

Class	S/K	Amount	Yield	WAL	Spread	Benchmark
A-1	AAA	86.335	2.863	0.91	+33	EDSF
A-2	AAA	17.910	3.246	2.22	+45	Int. Swaps
B	AA/AA+	12.260	3.538	2.67	+70	Int. Swaps
C	A	16.345	3.727	3.16	+85	Int. Swaps
D	BBB/BBB+	13.085	4.155	3.76	+125	Int. Swaps
E	BB-/BB+	8.175	5.418	4.08	+250	Int. Swaps
F	B	7.529	7.268	4.08	+435	Int. Swaps

Mercedes-Benz Master Owner Trust, 2018-A

Priced: May 8
Amount: \$225 million
Collateral: Floorplan loans
Seller: Mercedes-Benz
Bookrunners: Citigroup, HSBC, Lloyds Banking

Class	M/F	Amount	Yield	WAL	Spread	Benchmark
A	AAA	225.000		2.00	+26	1 mo. Libor

Mercedes-Benz Master Owner Trust, 2018-B

Priced: May 8
Amount: \$525 million
Collateral: Floorplan loans
Seller: Mercedes-Benz
Bookrunners: Citigroup, HSBC, Lloyds Banking

Class	M/F	Amount	Yield	WAL	Spread	Benchmark
A	AAA	525.000		3.00	+34	1 mo. Libor

Marlette Funding Trust, 2018-2

Priced: May 8
Amount: \$310.1 million
Collateral: Consumer loans, unsecured
Seller: Marlette Funding
Bookrunners: Goldman Sachs, Citigroup, Morgan Stanley

Class	Kroll	Amount	Yield	WAL	Spread	Benchmark
A	AA	216.125	3.079	0.93	+55	EDSF
B	A	45.592	3.644	2.26	+85	Int. Swaps
C	BBB-	48.375	4.415	3.04	+155	Int. Swaps

Lendmark Funding Trust, 2018-1

Priced: May 8
Amount: \$300 million
Collateral: Consumer loans, unsecured
Seller: Blackstone Group
Bookrunners: Barclays, Citigroup, Goldman Sachs

Class	S/D	Amount	Yield	WAL	Spread	Benchmark
A	A/AA	235.496	3.842	3.60	+95	Int. Swaps
B	A-/A	20.429	4.126	4.55	+120	Int. Swaps
C	BBB-/BBB	20.911	5.083	4.81	+215	Int. Swaps
D	BB	23.164	6.341	5.18	+340	Int. Swaps

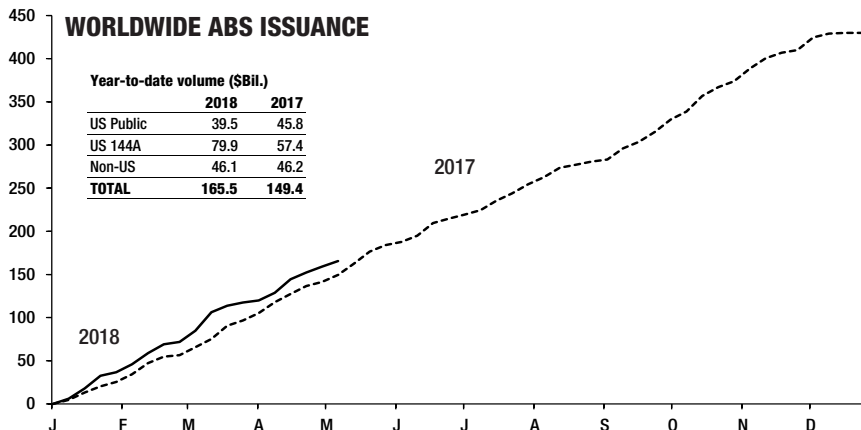
Capital One Multi-asset Execution Trust Class A, 2018-2

Priced: May 9
Amount: \$400 million
Collateral: Credit cards
Seller: Capital One
Bookrunners: RBC, Wells Fargo

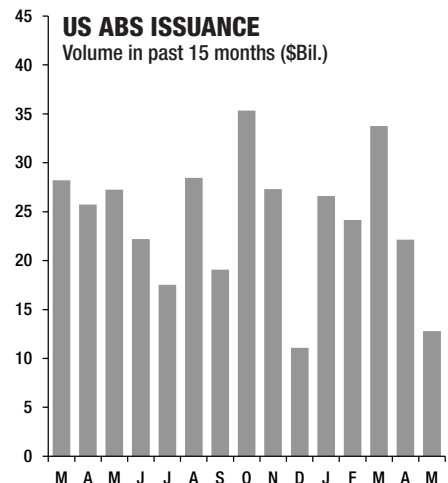
Class	S/F	Amount	Yield	WAL	Spread	Benchmark
A	AAA	400.000		5.00	+35	1 mo. Libor

MARKET MONITOR

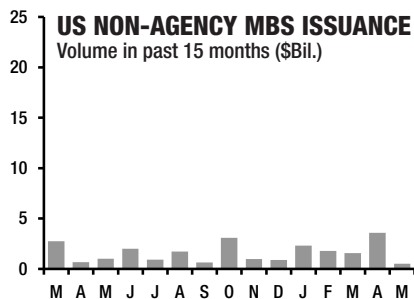
WORLDWIDE ABS ISSUANCE



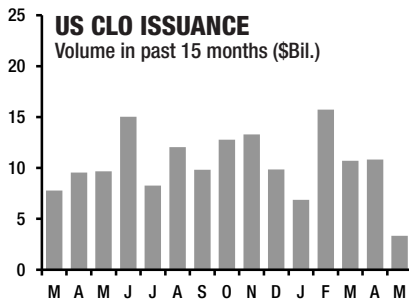
US ABS ISSUANCE
Volume in past 15 months (\$Bil.)



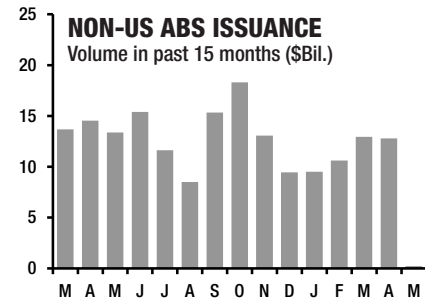
US NON-AGENCY MBS ISSUANCE
Volume in past 15 months (\$Bil.)



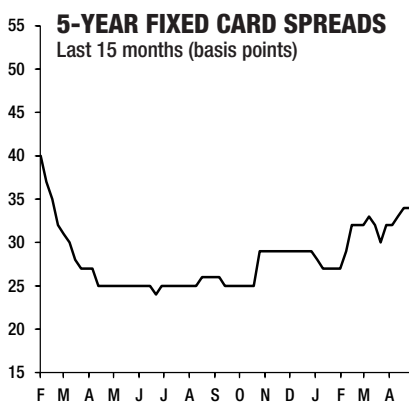
US CLO ISSUANCE
Volume in past 15 months (\$Bil.)



NON-US ABS ISSUANCE
Volume in past 15 months (\$Bil.)



5-YEAR FIXED CARD SPREADS
Last 15 months (basis points)

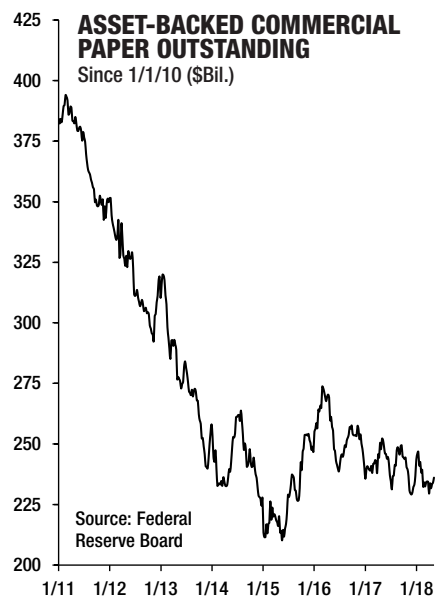


SPREADS ON TRIPLE-A ABS

	Avg. Life	Spread (bps)		
		4/27	Week Earlier	52-wk avg.
Credit card - Fixed rate (vs. Swap)	2.0	+17	+17	+9.4
Credit card - Floating rate (vs. 1 mo. Libor)	5.0	+34	+34	+27.6
Auto loan - Tranched (vs. Swap)	2.0	+19	+19	+10.5
Swap spreads (bid/offer midpoint)	5.0	+11	+12	+8.3
	10.0	+3	+4	-1.4

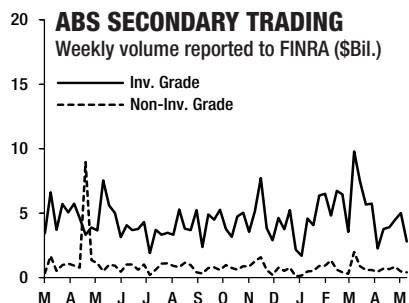
Source: Deutsche Bank

ASSET-BACKED COMMERCIAL PAPER OUTSTANDING
Since 1/1/10 (\$Bil.)

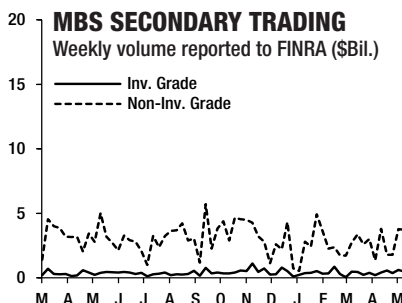


Source: Federal Reserve Board

ABS SECONDARY TRADING
Weekly volume reported to FINRA (\$Bil.)



MBS SECONDARY TRADING
Weekly volume reported to FINRA (\$Bil.)



Data points for all charts on this page can be found in The Marketplace section of ABAlert.com

THE GRAPEVINE

... From Page 1

York office of broker-dealer **R.W. Baird & Co.** Smith most recently started and led the CLO unit at **ED&F Man**, which like his new employer competes directly with larger banks in the sector. He had arrived there in 2014, after stops at **RBS, Bear Stearns, Citigroup** and **Chemical Bank**. At Baird, he works under former **Credit Suisse** trader **David Barrish**.

SMBC Nikko has hired an executive director to help head a push into collateralized loan obligation underwriting. **Daniel Strong** joined the bank's New York office in April from **Capital One's** financial-institutions group, where he worked since 2016. Strong also has helped oversee CLO structuring at **Natixis**, and spent time at **S&P**.

Partner **Lewis Cohen** left the securitization unit at **Hogan Lovells** on April 29 to start his own law firm. Cohen's practice would focus on blockchain technology, including its use in capital-markets applications. He had joined Hogan Lovells in 2014, following a long stretch

at **Clifford Chance** and a stop at **Simpson Thacher**. He serves as co-chairman of the **Structured Finance Industry Group's** blockchain-technology task force.

Risk-management head **Shahzad Kazi** no longer is working at **Solar Mosaic**. His next move couldn't be learned. Kazi had arrived at the Oakland, Calif., lender in 2016 from **Sindus Group**. Mosaic, which writes loans on residential solar-power equipment and other energy-saving upgrades, has completed two securitizations totaling \$681.8 million since launching a bond-issuing program in 2017.

Trader **Andrew Dobbin** started this week in the New York office of broker-dealer **R.W. Pressprich & Co.** His coverage areas include performing asset-backed securities and high-yield corporate bonds, along with distressed debt. Dobbin most recently worked at **Cowen & Co.** since 2014, and before that was at **Swedbank, Rodman & Renshaw, Quadrex Securities, Wolfe & Hurst, Prudential** and **J.B. Hanauer & Co.**

Morningstar added an analyst to its New York office on May 7. As

an assistant vice president, **Bryan Li** rates new deals and performs surveillance on existing ones under asset-backed bond chief **Rohit Bharill**. Li had been employed at **Moody's** since 2013. Before that, he was at **Credit Suisse**.

Michael Dean resurfaced in April at **OceanFirst Bank**, with the task of starting a group that would invest on behalf of the Red Bank, N.J., institution's retail-banking clients. Dean most recently headed issuer relations for **Kroll's** asset-backed bond rating group from May 2017 until this January. Before that, he co-headed asset-backed bond ratings at **Fitch**.

Kroll is putting the finishing touches on credit-quality standards it will use in grading collateralized loan obligations — a new area for the agency. The New York company plans to release its CLO-rating criteria on May 16. While **Kroll** has rated a few commercial real estate CLOs, the agency hasn't before graded securitizations of leveraged loans. **Moody's** is the most active rating agency in the CLO market, followed by **Fitch** and **S&P**.

TO SUBSCRIBE

YES! Sign me up for a one-year subscription to Asset-Backed Alert at a cost of \$4,297. I understand I can cancel at any time and receive a full refund for the unused portion of my 46-issue license.

DELIVERY (check one): Email. Mail.

PAYMENT (check one): Check enclosed, payable to Asset-Backed Alert.

Bill me. American Express. Mastercard. Visa.

Account #: _____

Exp. date: _____ Signature: _____

Name: _____

Company: _____

Address: _____

City/ST/Zip: _____

Phone: _____

E-mail: _____

MAIL TO: Asset-Backed Alert
5 Marine View Plaza #400
Hoboken NJ 07030-5795

www.ABAlert.com
FAX: 201-659-4141
CALL: 201-659-1700

ASSET-BACKED ALERT

www.ABAlert.com

Telephone: 201-659-1700 **Fax:** 201-659-4141 **Email:** info@hspnews.com

Joseph Nadilo	Managing Editor	201-234-3984	jnadilo@hspnews.com
Matt Birkbeck	Senior Writer	201-234-3991	mbirkbeck@hspnews.com
Steve Chambers	Senior Writer	201-234-3990	schambers@hspnews.com
Andrew Albert	Publisher	201-234-3960	andy@hspnews.com
Daniel Cowles	General Manager	201-234-3963	dcowles@hspnews.com
Thomas J. Ferris	Editor	201-234-3972	tferris@hspnews.com
T.J. Foderaro	Deputy Editor	201-234-3979	tjfoderaro@hspnews.com
Ben Lebowitz	Deputy Editor	201-234-3961	blebowitz@hspnews.com
Dan Murphy	Deputy Editor	201-234-3975	dmurphy@hspnews.com
Michelle Lebowitz	Operations Director	201-234-3977	mlebowitz@hspnews.com
Evan Grauer	Database Director	201-234-3987	egrauer@hspnews.com
Kyle Borowiec	Database Manager	201-234-3983	kborowiec@hspnews.com
Mary E. Romano	Advertising Director	201-234-3968	mmromano@hspnews.com
Kait Hardiman	Advertising Manager	201-234-3999	kait@hspnews.com
Joy Renee Selnick	Layout Editor	201-234-3962	jselnick@hspnews.com
Barbara Eannace	Marketing Director	201-234-3981	barbara@hspnews.com
JoAnn Tassie	Customer Service	201-659-1700	jtassie@hspnews.com

Asset-Backed Alert (ISSN: 1520-3700), Copyright 2018, is published weekly by Harrison Scott Publications, Inc., 5 Marine View Plaza, Suite 400, Hoboken, NJ 07030-5795. It is a violation of federal copyright law to reproduce any part of this publication or to forward it, or a link to it (either inside or outside your company), without first obtaining permission from Asset-Backed Alert. We routinely monitor usage of the publication with tracking technology. **Subscription rate:** \$4,297 per year. To expand your distribution rights, contact us at 201-659-1700 or info@hspnews.com.