REGISTRATION FEES:

Standard Course Fees: EUR 1500 plus VAT (where applicable) per person for the 2-day course. Fee includes tuition, lunch, refreshments and teaching materials. Hotel accommodation is not included in the course fee. VAT will be charged on the invoice for (i) Swedish persons or entities or (ii) entities or persons not registered for VAT in other domiciles.

INVOICE:

An invoice will be sent upon receipt of registration form. Please note that payment must be received prior to the course. DISCOUNTS

When three or more colleagues from one institution attend the same course, there is a 10% discount available on the second and additional bookings

CANCELLATION POLICY:

A full refund less an administration fee of EUR 100 will be given for cancellation requests received up to 10 working days before the event. Cancellations must be made by email before the 10 working days deadline. Delegates who cancel less than 10 days before the event, or who don't attend, are liable to pay the full course fee and no refunds can be given. However, if you have paid your course fee in full, you may wish to attend the next course, as an alternative. Of course, a replacement delegate is always welcome **IAPTOPS**

Delegates must bring their own laptops complete with a version of Excel 2007 (or later) and Adobe Acrobat together with an active USB Port. All other materials will be supplied

PERSONAL DETAILS	PAYMENT DETAILS
Family Name (Mr/Mrs/Ms)	□ Please Invoice me/ my institution. Purchase
	order no
First Name	
	MONEY TRANSFER please remit the
Position Department	payments to SEB, ST BV, 106 40, Stockholm,
	Sweden Swift Code: ESSESESS,
Company	IBAN: SE28 5000 0000 0593 6825 9704
Address:	CHEQUE enclosed with order for EUR
	made payable to CREATIVE CAPITAL PARTNER
Postcode Country	11
	D PAYPAL to CREATIVE CAPITAL PARTNERS
Telephone Email	11

Each

delegate will receive a prestigious Certificate of Completion together with free copies of all the software used.

5 EASY WAYS TO REGISTER			
Post this form to:.	Luke Mellor	Register on Facebook: Creative Capital Partners	
	Creative Capital Partners		
	Engelbrektsgatan 25	Telephone us on: +46 73 645 9936	
	Stockholm S-114 32		
	Sweden		
Fax this form to:	+44 705 341 9219	email us: luke.mellor@creative-cap.com	
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Securitization Courses for Securitization Professionals

Course Director: Luke Mellor Founding Partner - Creative Capital Partners

DRIVE UK five Case Study



STRUCTURING AND MODELLING FOR AUTO ABS WITH RESIDUAL-VALUE RISK **BRAND NEW CASE STUDY**

2 Day Excel Based Practical Programme Email for Dates – 25% Discount Online Courses

This programme will teach you how to become the complete securitization professional with the soup-tonuts agenda covering structuring and modelling the 2017 Auto-ABS issue Driver UK Five

- How the different rating agencies factor in and isolate residual value risk resulting from borrowers turning in their cars at the end of the lease.
- Modelling the deal using a 'combined' waterfall/priority of payments structure allowing both sequential and pro-rata note redemption structures depending on pool performance.
- Selling the receivables to the issuer at a 'discounted rate' to the contractual rate and how overcollateralization can be achieved for further receivables purchases during reinvestment
- Using an 'interest compensation amount' to recompense the issuer against loss of principal resulting from early termination.

Information Hotline: +46 73 645 9936 luke.mellor@creative-cap.com

WHO SHOULD ATTEND

- ✓ Securitization Professionals
- Sales & Trading
- Portfolio Managers
- Investment Analysts
- **Risk Management**
- Rating Agents
- Quantitative Analysts

21 Years Securitization Training 1999-2020



COURSE BACKGROUND

Securitization is now back after 5 years in the wilderness. Investors are demanding more robust structures that go beyond the rating agencies. Key to those demands is the intricacies of structuring together with understanding how the available cash flows and the external facilities shape the capital structure.

COURSE OBJECTIVES

This two-day core course in Auto-ABS securitization offers delegates the opportunity to gain confidence in understanding and programming their own Auto-ABS cash flow models. The course begins by offering a primer on the building blocks of Auto-ABS as they relate to structures. The course then develops the delegates understanding into the rating agencies' programming requirements and outputs ("first dollar loss" vs "expected loss"). Lastly, by examining the offering circular, pre-sale and investor reports from the Driver UK five Auto-ABS, the delegates will reverse engineer a rating agency compliant cash flow Excel programme for the purpose of calculating the capital structure.



BUILDING AN AUTO-ABS CASH FLOW MODEL: DRIVER UK five

REGISTRATION ON DAY ONE IS AT 8:30AM - THE COURSE STARTS AT 9:00AM UNTIL 5:00PM

DAY ONE - CASH FLOW PRIMER

The delegates compare the differences in approach between Fitch/S&P/DBRS and Moody's and how this impacts the model outputs. We then move on to examine the different elements for a typical ABS using both combined and separate waterfalls. By contrasting synthetic and cash flow deals, the module examines which factors (prepayments, interest rate & default timing) influence the availability of excess spread for credit enhancement

BACKGROUND TO CASE STUDY

Using 2017 DRIVER UK five as our example, we start the case study by analyzing how an Auto-ABS deal is rated by Moody's and DBRS and how issues such as residual value risk is dealt with by the different rating agencies.

To understand securitization is to understand cash flow models

KEY STRUCTURAL FEATURES OF DRIVER UK FIVE

We have decided on this recent case study for a number of reasons. First, we wanted to introduce the delegates to an issuing structure that uses a 'combined' waterfall structure. Next, and rarely for European Auto-ABS, Driver UK five incorporates both traditional credit default analysis as well as residual value risk. Lastly, most of the initial receivables are sold in at a 'premium' to their par value through the use of a reduced discount rate for the sale price of the portfolio. Lastly, the structure uses a credit dependent note redemption sequence between the Class A and Class B Notes.

ASSUMPTIONS - ISSUER DETAILS

Using the offering circular, and the Moody's and DBRS new issue reports, we go through the key aspects of the deal drawing attention to the following elements. First, we demystify the note redemption structure and how it switches between sequential and pro-rata dependent on Target OC Rates and credit enhancement increase conditions. Then we examine, how the increased risk derived from a 6 month reinvestment period is mitigated both through early amortization conditions and increased overcollateralization by purchasing assets in at a discount to par.

The floating rate notes are supported by two interest rate swaps. Although there are no 'interest deferral' mechanisms on the Class B Notes, the note redemption mechanism somewhat mitigates the credit risk to the Class A Notes



DBRS, like Standard & Poor's, apply a probability of default approach, ensuring that the notes have sufficient cash flow to pay 'timely interest and ultimate principal' under stressed scenarios. Using an expected gross loss rate of 4.2%, DBRS stress the recovery rates across different prepayment and default vectors. DBRS assume a large part of the maturing receivables will be subject to both 'turn-in'

and residual value loss.

during the reinvestment period

DBRS RATING ANALYSIS

Ledger part of the Cash Collateral Account.

MOODY'S OVERALL APPROACH

Moody's combines two separate approaches to establish the necessary capital structure for notes backed by auto loans with residual value risk. To address the risk of credit default on the assets, Moody's run a number of loss scenarios against a lognormal distribution. The residual value credit risk is calculated using a 5 stage approach. The two CE values are then aggregated to get the final capital structure

MOODY'S CREDIT ANALYSIS ON THE ASSETS

In a move that reflects Moody's RMBS approach. Moody's derive the shape of the lognormal curve using the mean of the historical vintage losses and the portfolio Aaa CE. This is done by calibrating the standard deviation to match a single Aaa tranche with the same portfolio credit enhancement.

MOODY'S RESIDUAL VALUE 'ADD ON' CE

PCP agreements include a final balloon payment and permit obligors to return their vehicle at the end of the contract in lieu of total payment. RV risk captures potential loss to the transaction from decline in market prices of used cars after vehicles are returned by the obligors and sold. Moody's start by adjusting the country (UK) base RV haircut. They then calculate the survival index and the maximum portfolio RV portfolio.

EXCEL CASE STUDY - RUNNING THE DIFFERENT SCENARIOS

Using the final capital structure, the Moody's RV CE is subtracted to derive a 'default-only' capital structure which is then tested against the lognormal scenarios to ascertain whether there is sufficient CE to support the Aaa and A1 ratings. DBRS have 18 combinations consisting of three default vectors, two rating stresses and two prepayments - each time checking for timely payment of interest and ultimate payment of principal.

EXCEL CASE STUDY - WALKTHROUGH OF CASH FLOW MODEL

Finally, the delegates will be walked through a line-by-line analysis of the Excel model. After the initial overview of the program's architecture, the delegates will use a 70 page course book to review the construction of each of the cells. The course book discusses the interpretation of the definitions included in the offering circular and the challenges of reverse engineering the two rating agencies approach through their new issue reports

COURSE DIRECTOR

Luke Mellor is the founder of Creative Capital Partners, a training and securitization consultancy founded in 1999. Its clients include SARS. the UK FCA. EIB as well as other major banks worldwide. Thousands of securitization professionals have been taken his modelling courses. Previously, Mr Mellor was Global Head of Securitization at ABN AMRO. He has over 34 years experience in securitization



TEACHING METHODS

Great emphasis is placed in ensuring that all the delegates have a thorough grounding in each module, before its practical session. Each of the modules will start with a presentation explaining the theory. This will be followed by a practical session consisting of either testing a completed model or building a model from scratch



PRE-COURSE READING

Upon registration, each delegate will be sent an email link to a Cloud account where all the pre-course material will be available. In addition, to the background course material, the Cloud account will contain a short cheat sheet of Excel functions that will ensure even an Excel beginner will be armed with the requisite programming skills.