Securitization Courses for Securitization Professionals

Course Director: Luke Mellor
Founding Partner – Creative Capital Partners

WHO SHOULD ATTEND

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

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

PERSONAL DETAILS

Family Name _____ (Mr/Mrs/Ms)

First Name _____

Position _____ Department _____

Company _____

Address: _____

Postcode _____ Country _____

Telephone _____ Email _____

PAYMENT DETAILS

☐ Please Invoice me/ my institution. Purchase order no_____

☐ MONEY TRANSFER please remit the payments to bank as detailed on the invoice

☐ CHEQUE enclosed with order for GBP_____ made payable to CREATIVE CAPITAL PARTNER

☐ PAYPAL to CREATIVE CAPITAL PARTNERS

4 EASY WAYS TO REGISTER

Post this form to:.

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Register on Facebook: Creative Capital Partners

Telephone us on: +46 73 645 9936

PUBLIC SECURITIZATION COURSES THE WORLD OVER IN 2020

STRUCTURING & MODELLING FOR UK & EMEA RMBS

3 Day Excel Based Practical Programme
Email for Dates – 25% Discount Online Courses
Brand New Case Study – RMAC No.1

This programme will teach you how to become the complete securitization professional with the soup-to-nuts agenda covering structuring and modelling a UK Residential Mortgage Backed Securities

- Deriving WAFFs and WALS for UK owner occupied and buy-to-let mortgage pools made to non-conforming borrowers
- Use of balanced interest rate swaps and principal deficiency ledgers.
- Optimizing capital structures through tranching
- Examining Standard & Poor's, Moody's and Fitch's EMEA Modelling Criteria
- Reverse engineering RMAC No.1 PLC, a 2018 UK RMBS rating agency compliant cash flow model from the offering circular and rating agencies' pre-sale reports.

21 Years Securitization Training 1999-2020

Social Media: Search for "Creative Capital Partners" on any of the above social media for details of this and all our other courses worldwide

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Cash Flow Programming for UK & EMEA RMBS

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 are the intricacies of structuring together with understanding how the available cash flows and the external facilities shape the capital structure.

COURSE OBJECTIVES

. This three-day core course in RMBS securitization offers delegates the opportunity to gain confidence in understanding and programming their own RMBS cash flow models. The course begins by offering a primer on the building blocks of RMBS 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 a 2018 UK RMBS, the delegates will reverse engineer a rating agency compliant cash flow Excel programme for the purpose of calculating the capital structure.

DAY ONE - CASH FLOW PRIMER

The delegates compare the differences in approach between Fitch/S&P and Moody's and how this impacts the model outputs. We then move on to examine the "cash-in" "cash-out" elements for a typical RMBS using 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.

MOODY'S MILAN MODEL FOR UK

We look at the how Moody's derive an indicative credit enhancement number (the MILAN CE) based on the risk characteristics of an individual mortgage loans as well as the portfolio effects using their collateral analysis tool.

To understand securitization is to understand cash flow models

MOODY'S LOGNORMAL APPROACH

RMBS as an asset class is unique for Moody's in that they marry both their prescriptive approach (MILAN) together with their empirical approach (historical losses) to derive the final credit enhancement. During this module, we will use an Excel cash flow model for RMAC No.1 a 2018 UK RMBS to calibrate the lognormal distribution. Thus allowing the users to reverse into the ratings from the probability weighted expected loss.

DAY TWO – FITCH & S&P'S USE OF WAFFS & WALS

Fitch and S&P, use a WAFF and WALS for indicative credit enhancement derived from the risk characteristics of the pool. We focus on the prescriptive, or scorecard, approach that, leads from the Bsf base default probability, through a range of adjustments, to the AAAsf values. Equally, we examine how influences such as market value declines and foreclosure timings, will influence loss severities. The practical session uses an example portfolio to predict the capital structure of a UK RMBS.
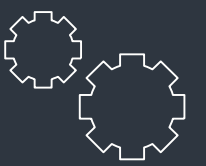
RMBS MODELLING – SCENARIO TESTING

The delegates will input some of the rating agency stresses they learnt during the primer (prepayment speeds, recovery timing, interest rates, etc) to test their effects on credit enhancement sizing. Moreover, in the case of Fitch & S&P, we will examine how the WAFF and WALS form major inputs for a cash flow model.

CASE STUDY - OVERVIEW

The module will cover the key structural features of RMAC No.1 PLC a 2018 UK RMBS that will be used as the programming case study. These will include the use of reserves to cover liquidity, redraws and other contingencies. In addition we examine the use of PDL ledgers as a means of transferring excess revenue for deleveraging and providing an interest deferral mechanism.

DAY THREE – UK RMBS – EXCEL CASE STUDY

Starting from a formatted template with only the assumptions inputted, the delegates will engage in a step-by-step construction of an Excel cash flow RMBS model using detailed programme notes and the offering circular. The course director will be assisting the delegates every step of way by explaining the logic of the programming as well as the model's architecture

EXCEL CASE STUDY – THE INPUTS

We review the assumptions using the offering circular and the pre-sale report to construct the zero-default/zero prepayment amortization curves. When combined with the rating agency assumptions, this will allow the delegates to show the stressed behavior (prepayments, defaults, delinquencies) of the mortgage balances taking account of yield compression assumptions.

EXCEL CASE STUDY – THE PDLS

The delegates will be able to program the life cycles of the defaulting assets from the first payment down, through foreclosure, ending in an entry in the principal deficiency ledgers. The module will examine how losses are allocated from the bottom-up and cleared from the top-down – resulting in transfers from revenue to principal for the purpose of deleveraging the notes.

EXCEL CASE STUDY – ACCRUALS

Prior to the construction of the interest and principal waterfalls, the delegates will need to show the accrual of each item in the priority of payments. This will differ for each expense item.

EXCEL CASE STUDY – THE PRIORITY OF PAYMENTS

Using a separate waterfall structure, the delegates will learn how to construct priority of payments for both interest and principal cash flows (in that order). These will range from simple senior expenses through the payment of coupons under the notes (checking whether any interest deferral events have been triggered) as well as using the crediting of the principal deficiency sub-ledgers and showing the profit extraction methods.

EXCEL CASE STUDY – LEARNING HOW TO SHOW THE OUTPUTS

In the case of Fitch & S&P, the delegates will learn how to present "the failure to pay principal & interest" on time and in full across a range of prepayment, interest rate and default vector scenarios. For Moody's, the delegates will learn how to construct a lognormal distribution of defaults using the mean and expected loss (combined with the MILAN CE). The distribution will be used to weight the discounted cash flows and average lives on each note class to back into the rating using Moody's Expected Loss

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 each 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 Dropbox account where all the pre-course material will be available. In addition, to the background course material , the Dropbox 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.