REGISTRATION FEES:

Standard Course Fees: EUR 1,500 plus VAT (where applicable) per person for the 3-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. TEAM DISCOUNT

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 Euro 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 wish to attend the next course, and you have paid your course fee in full, you will only be invoiced for 25% of that course fee. Of course, a replacement is always welcome

LAPTOPS:

Each

delegate will receive a prestigious

Certificate of Completion

together with free copies of

all the software used.

Delegates must bring their own laptops complete with a version of Excel 2007 (or later) and Adobe Acrobat together with an active USB

PERSONAL DETAILS	(Mr/Mrs/Ms)
First Name	
Position	Department
<u>Company</u>	
Address:	
Postcode	Country
Telephone	Email

PAYMENT DETAILS

Please Invoice me/ mv institution. Purchase order no

□ MONEY TRANSFER please remit the payments to SEB, ST BV, 106 40, Stockholm, Sweden Swift Code: ESSESESS IBAN: SE50 5000 0000 0593 6825 9704

□ CHEQUE enclosed with order for EUR made payable to CREATIVE CAPITAL PARTNER

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

Securitization Courses for Securitization Professionals

Course Director: Luke Mellor Founding Partner – Creative Capital Partners



3 Day Excel Based Practical Programme

Brand New Case Study – Thekwini 14 Series 3

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

- Deriving WAFFs and WALS for SA mortgage pools
- Using combined waterfall structures to distribute principal and interest
- Optimizing capital structures through tranching
- Examining Moody's, Global Credit Ratings and Fitch's EMEA Criteria
- Reverse engineering a recent SA RMBS rating agency compliant cash flow model from the offering circular and rating agencies' pre-sale reports.

CASH FLOW MODELLING FOR SOUTH AFRICAN RMBS Email for Dates – 25% Discount Online Courses

WHO SHOULD ATTEND

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

20 Years Securitization Training 1999-2019



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 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 recent South African RMBS, the delegates will reverse engineer a rating agency compliant cash flow Excel programme for the purpose of calculating the capital structure.



Cash Flow Programming for South African RMBS

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, GCR 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 SOUTH AFRICA

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 OVERALL APPROACH

In a move that defines 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 or (Moodys Aaa MILAN).

DAY TWO - USE OF WAFFS & WALS

Fitch and GCR. 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 South African 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 GCR, we will examine how the WAFF and WALS form major inputs for a cash flow model



capital structure. The Class A notes make for a good case study in that they incorporate a range of features including fixed7floating coupons, pay-downs based on step-up margin dates and pro-rata/sequential flip-flops.

In a departure from our previous case study Fox Street 4,

South African RMBS: Thekwini 14 Series 3. This deal was

we have a selected a more typical transaction for the

closed in May 2017 and encompasses a multi tranche

CASE STUDY - OVERVIEW

DAY 3 - SOUTH AFRICAN RMBS - EXCEL CASE STUDY

Although Thekini 14 is only formally rated by Moody's, we go back in history and review how both Fitch Ratings and Global Credit Ratings might have rated the deal based on their previous experience with similar deals and their local/EMEA RMBS criteria. Moreover, due to the complexity of the model (there are over 21 classes on notes), the delegates will undertake a line-by-line breakdown of the model rather than our traditional 'building by stages' - this will open the course to a wider audience

THEKWINI 14 - CORE ASSUMPTIONS

Key to understanding how the third series works is to examine how the aggregate balance sheet looks on the issue date. Key details for the capital structure include step-up/flip dates for the floating and fixed tranches respectively and legal maturity dates for the A17A5/A9 tranches /hich are targeted at money-market or short dated investors. Moreover, he course reviews the various principal lock outs for the A4, B, C and D notes, which will determine the note redemption sequence. FIXED/FLOATING HEDGING AND INTEREST DEFERRAL

Each series of Class A Notes has a fixed rate tranche. The interest rate mis-match between the assets will require a rated hedge. The delegates will review how the hedge operates. One consideration 'combined' waterfalls need to overcome is the payment of interest on lower rated obligations before the repayment of principal on the higher rated obligations. This is achieved g through a net asset test or 'principal deficiency' which measures theoretical losses on the assets. If the PD exceeds certain values this will trigger interest-deferral on the Class B. C and D notes.

CREDIT ENHANCEMENT AND LIQUIDITY MITIGANTS

As the delegates will learn, the credit enhancement on the notes is covered through a mixture of 'hard' subordination and reserve funds and 'soft' excess spread. Using pre-determined default scenarios supplied by the rating agencies, the delegates will determine the minimum levels and form of credit enhancement both to 'pass' the tests and create a loss distribution. Liquidity is covered through a 'three-use' liquidity facility to cover lack of prepayments on the A1/A5/A9 notes, redraw and further advance shortfalls and 'revenue' stresses on the coupons

EXCEL CASE STUDY - LEARNING HOW TO SHOW THE OUTPUTS

In the case of Fitch, 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 Table



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 27 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 Dropbox account where all the precourse 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