

Securitization Courses for Securitization Professionals

Course Director: Luke Mellor
Founding Partner – Creative Capital Partners

Course Completely Revised for 2018

WHO SHOULD ATTEND

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

REGISTRATION FEES:

Standard Course Fees: **EUR 1,750 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 only 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 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.

LAPTOPS:

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

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 SEB, ST BV, 106 40, Stockholm, Sweden Swift Code: ESSESESS, IBAN: SE28 5000 0000 0593 6825 9704

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

☐ PAYPAL to CREATIVE CAPITAL PARTNERS

4 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
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Sweden

email us: luke.mellor@creative-cap.com

PUBLIC SECURITIZATION COURSES THE WORLD OVER IN 2020

SECUTISATION AND STRUCTURING ABS BACKED BY SME LOANS 2 Day Excel Based Practical Programme Email for Dates – 25% Discount Online Courses Includes Major Sections on Synthetics and CLNs

This programme will teach you how to become the complete securitization professional with the soup-to-nuts agenda covering structuring and modelling Atlantes SME No.5, unfunded synthetics and CLNs

- Reverse engineering a 2015 rating agency compliant SME ABS cash flow model from the offering circular and rating agencies' pre-sale reports of a European ABS backed by SME loans.
- Using different attachment points and detachment points to predict both tranche ratings together with pre and post capital requirements for subordinated and mezzanine credit guarantees.
- Complete analysis and Excel cash flow model for CLN Clock Finance No.1 backed by SME receivables and rated by three major rating agencies.

18 Years
Securitization
Training
1999-2017

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

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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COURSE BACKGROUND

Securitization is now back after 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 two-day core course in SME ABS securitization offers delegates the opportunity to gain confidence in understanding and programming their own ABS cash flow models. The course begins by offering a primer on the building blocks of 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"). Next, by examining the offering circulars, pre-sale and investor reports from two different European SME ABS, the delegates will learn how to reverse engineer and structure a cash flow Excel programme for the purpose of calculating the different tranche thickness in the capital structure and the capital savings.



Securitization and Structuring ABS Backed by SME Loans

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

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 SME ABS 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.

GRANULARITY AND EUROPEAN SME ABS

The key to understanding European SME ABS is to determine which SME asset classes fall into which rating analysis. To a large extent this depends on the granularity, asset size, no. of obligors and which rating agency is used

EXCEL MODEL FOR CREDIT GUARANTEES

In essence an 'unfunded structure' could be described as follows: A regulated institution (presumably a bank) has identified a portfolio of reference assets that it wished to seek regulatory capital relief. It will enter into up to four credit guarantees (senior, upper mezzanine, lower mezzanine and first loss). Each will be defined by (i) its attachment point (ii) its detachment point (iii) its maturity date (iv) the credit guarantee premium and (v) the nature and identity of the investor.

The unfunded structure relies on the following : (a) the originator will retain the margin/yield on the assets (b) the Spread Account will have three different variants: (i) 'No Excess Spread for Losses' (ii) 'Use it or Lose it' where only the current period's spread is available to cover losses (iii) 'Spread Trapping' – allows for the funding of a spread account up to a target balance based on a period spread by reference to a percentage of the outstanding reference assets



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 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 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.

To understand securitization is to understand cash flow models

MOODY'S APPROACH TO RATING SME ABS

The main driver of the quantitative analysis is to predict the future losses on each note class by analyzing the default and recovery rates.

The default rate analysis will depend on the availability and consistency of data, the granularity of the pool and its diversification. We look at how Moody's chooses between Lognormal, Monte Carlo and Normal Inverse probability distributions.

STANDARD & POOR'S APPROACH TO SME ABS

S&P's criteria is designed for diversified pools of European SME ABS. Starting with a "b+" quality assessment for the underlying assets, adjustments for country, originator and portfolio selection bias are made to derive a "AAA" SDR.

CREDIT GUARANTEES FOR SYNTHETICS BACKED BY SME RECEIVABLES

A typical portfolio guarantee will indemnify a bank against credit losses on portfolios. Much like credit derivatives, a portfolio guarantee will be defined by (i) the reference assets (ii) the tenor of the guarantee (iii) the periodic premia (iv) the guarantee's attachment point on the portfolio and (v) the guarantee's detachment point on the portfolio

The attractiveness of these portfolio guarantees will largely be determined by the regulatory capital effects not only for the bank but also the guarantor



EXCEL CASE STUDY – CLOCK FINANCE NO.1

A rare deal in the securitisation market, this synthetic SME/CLO deal Partly securitises Credit Suisse's Swiss loan book. In terms of product, the portfolio mainly contains mortgages, fixed advances and overdraft facilities).

The objective of the credit protection buyer, Credit Suisse, is to achieve economic and regulatory capital relief under Basel II for the portfolio of SME and corporate loans. The portfolio consists of 1,977 reference obligations relating to small and medium sized companies and some corporates domiciled in Switzerland for an amount of CHF 4,800,000,000.00. Under a Credit Default Swap, Credit Suisse will pay fixed payments to Clock Finance No. 1 B.V. and in return Credit Suisse will be hedged for losses occurring in the reference portfolio up to an amount equal to the total initial amount of notes issued by the SPV. In order to hedge its obligations under the Credit Default Swap, Clock Finance No. 1 B.V. will issue Class A to Class G Notes and invest the note proceeds in CHF and Euro denominated cash deposits. The credit linked notes have been structured to be

EXCEL CASE STUDY – ATLANTES SME NO.5

Atlantes SME No. 5 is a Portuguese SME ABS that was launched in July 2015. At closing, the issuer will use the Class A to D notes' issuance proceeds to purchase the pool from the originator. The issuer will use part of the Class D notes' issuance proceeds to fund the cash reserve and pay for upfront senior expenses at closing. The issuer will use the Class S notes' issuance proceeds to fund a reserve, which will mitigate the risk of losses from borrowers setting off deposits against amounts owed to BANIF

The transaction's underlying collateral comprises a €800 million pool of current accounts and term loans that BANIF Banco Internacional do Funchal S.A. (BANIF) granted to Portuguese self-employed and small and midsize enterprises (SMEs). Standard & Poor's ratings address the timely payment of interest and ultimate principal for the Class A notes, and the ultimate payment of interest and principal for the Class B notes. Moody's rating on the notes addresses the 'expected loss' on the notes and not the 'timeliness of The securitized portfolio is mainly static, as the issuer does not purchase new loans during the transaction's life. Its only revolving features relate to the securitized 'current accounts' and last for 12 months from closing.