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Structuring & Modelling of Securitisation

Facilitated by **Vinod Kothari**
(The World's Leading Expert on Securitisation)

26 - 27 May 2008
Protea Hotel
Midrand, South Africa

A 2-Day practical computer-based
securitisation modelling programme

Group Booking Special:
A 10% group discount applies if
three or more delegates register.

Book and pay by
31 January 2008
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Early Bird Discount



BANKING

Practical Training for Professionals

About the Presenter

Vinod Kothari

Vinod Kothari (VK), is internationally recognised as an author, trainer and has rapidly gained international recognition as one of the World's leading experts on securitisation, structured finance, credit derivatives and related issues. Vinod is a highly sought after as a facilitator, having conducted training in New York, Washington DC, London, Milan, Frankfurt, Luxembourg, Sydney, Singapore, Hong Kong, Kuala Lumpur, Johannesburg, Mumbai, Delhi, Calcutta, Shanghai, Shenzhen, Colombo, Colombia (South America), Dubai, Kuwait, Dhaka, Zambia, Jordan and Egypt.

Publications

- Securitisation, Asset Reconstruction and Enforcement of Security Interests, Second Edition 2007
- Securitisation: The Financial Instrument of the Future, Third Edition 2006
- Lease Financing and Hire purchase, 4th edition, Fifth Edition 2005
- Credit Derivatives and Synthetic Securitisation, June 2002

Articles

Vinod Kothari's articles on asset-based finance etc. have been published in various international journals such as Euromoney's Securitisation Review, Euromoney's Leasing Yearbook, Duke Journal of Comparative & International Law (USA), Journal of International Banking Law (UK), Asset Finance, US Banker (USA), Expotrader (Spain), MonitorDaily (USA), Equipment Finance Journal (USA) & Trade and Forfeiting Review (UK).

About Training SA

Training SA is a dynamic and expanding professional training company, firmly rooted in a tradition of excellence at the forefront of practical Banking, Financial & Corporate training to business markets in South Africa and through-out Africa.

The principal sectors of our training are: Banking, Financial, Corporate, Legal & Regulatory, and other professional sectors. We deliver a wide range of specialist topics, and enjoy successful collaborations with business and academic partners and are committed to the provision of the highest quality training.

By attending our public programme, you will not only benefit from up to date practical interactive training, you will also have an opportunity to meet all the regional major banking, financial and corporate organisations.

Our practical courses will enable you to learn proven strategies and practices for success in the your industry. Training SA provides the tools and knowledge to help you – and your institution – reach your objectives and excel in today's highly competitive business markets.

Our Trainers

Training SA' instructors are Talented Practical Trainers hand-picked from our vast resource of expert practitioners and consultants. Our facilitators are all seasoned professionals who have held senior positions in the banking, corporate and finance sectors.

They bring academic rigor and real working knowledge to all of our learning solutions. They committed to the effective design and communication of up to date practical information that has been tried and tested.

In-House Training

All our public courses are available in-house for the members of your staff only.

In-house training is an efficient, cost effective and targeted way to ensure that your employees are equipped with the knowledge and skills needed to provide your clients with as professional a service as possible.

Overview of the Course

Both these days would be largely practical - each participant or groups of participants will be required to build models on Excel with both classroom and real-life deal data.

We will intimate in advance the financial and other functions that we intend to use.

Key elements of modelling:

Understanding how cash comes in and it's allocated;
Allocation of cash for expenses, service fees and credit enhancements; Allocation of cash for investor payouts.

Basics building blocks of securitisation structures:

Credit enhancements; Pay down structures; Pass through and Bond Structures; Cash and Synthetic structures; Securitisation and Loan structures,

Introduction to individual projects:

Each participant is expected to execute a project.

Building models for classroom transactions:

Cashflow Schematics – Pass through structure with just one class of investment;
Understanding the payback structure of pass through transactions; Asset Liability mismatches in securitisation; Economic argument of the pass through structure; Bringing in credit enhancements; Stress testing the transaction.

Investor perspective of securitisation:

The payback structure; Impact of prepayments; Understanding of extension and contraction risk; Duration and weighted average maturities as investor analytics.

Modelling of real life transactions:

RMBS models; CMBS models; Auto Loan transactions and CDO modelling.

We will take each participant through the model building exercise and every participant will develop requisite understanding of securitisation modelling.

Who should attend

- Structured Finance Executives
- Securitisation Professionals
- Capital Markets Practitioners
- Heads of business divisions in any industry
- Corporate Financiers and other Professionals
- Derivatives experts who want to transfer into securitisation

Background Knowledge

Delegates must have experience in using spreadsheets and be comfortable with Excel's common functions. While knowledge of VBA is not mandatory, we intend to use simple macros to generate simulated scenarios.



Course Outline

Day 1

Session 1:

- Overview of securitisation: securitisation and corporate finance
- Key principles of securitisation:
 - Isolation of assets
 - Self-liquidating transaction nature
 - Leverage features
- Securitisation and cost of funding
- Key motivations in securitisation
- Limitations of securitisation
- Securitisation and investor experience so far

Session 2:

- The cash-flow model of a simple pass through transaction
- Impact of the pass through nature on the payback pattern for investors
- Impact of defaults, delays and prepayments
- Introducing cash re-investments and other asset liability mismatches; impact thereof on the transaction economics
- The disparity in seller and investor concerns: value of residual interest, weighted average cost of the transaction and the duration and investor returns
- Time tranching of liabilities and impact thereof
- Impact of different forms of credit enhancement and selecting the ideal mix

Session 3:

- Prepayment rates and default rates as a function of time and seasoning
- Determination of prepayment and default rates from historical data
- Stress-testing of the key variables determining the stress levels
- Rating agencies' approaches to rating reduction the tail risk
- Understanding prepayment as a function of interest rates
- Building interest rate sensitivity to the model

Session 4:

- Sizing of credit enhancements on retail pools
- Computation of expected losses
- Application of beta distribution on the parameters and working out required confidence levels of credit enhancement



Day 2

Session 5

- Testing the risk of wholesale portfolios
- Binomial distributions and Poisson distributions
- Apply Binomial and Monte Carlo approaches to probability of default
- Modelling of a CDO portfolio

Session 6

- Modelling of a real life RMBS transaction
- Modelling of a revolving transaction structure
- Credit Cards
- Consumer finance transactions

Session 7

- Investor Analysis
- Relevance of the duration and weighted average maturity
- Impact of prepayment rate on investor returns
- Understanding the implicit callability feature and computation of the option adjusted spread

Session 8

- Modelling of a future flow transaction
- Essential differences between the transaction structure and volatilities of a future flows transaction
- Modelling the future flows based on Weiner distributions
- Projecting future flows cash-flows and analyzing the risk of future flows transactions

Session 9

- Modelling of CBMS transactions
- CBMS transactions as loans against value of properties
- Relevance of LTV and D/I ratios in CBMS funding
- Modelling property incomes and CBMS repayment
- Understanding of Refinancing risks



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Structuring & Modelling of Securitisation TSA106

Workshop Venue : Protea Hotel, Midrand, South Africa

Date : 26 - 27 May 2008

Please complete Registration Form and fax back to: **Kelvin Ogle on fax: +27 (12) 993 0924**

Please quote delegate name and event codes as reference.

Methods of Payment:

Please note that payment is required no later than 7 days from date of invoice. In the event of non-payment, Training SA reserves the right to cancel the booking and the full amount owing under disagreement will be due and payable.

<p>Cheques to made payable to: KO Training cc t/a Training SA</p> <p>Bank Transfer/Deposit: KO Training cc t/a Training SA</p> <p>Bank: ABSA Centurion South Africa</p> <p>Branch Code: 632-005</p> <p>Account Number: 4069279202</p>	<p>Credit Card: Please debit my Visa/Master/Diners Club Card</p> <p>Card Holders Name: _____</p> <p>Card no: _____</p> <p>Expiry Date: _____ CVC no: _____</p> <p>Signature: _____</p>
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Confirmation Details:

If you do not receive a letter outlining participation details one week prior to the event, please contact the event coordinator on Tel: +27 (12) 998 2264

Cancellations and Transfers:

Delegates unable to attend the event may send a substitute delegate to the event. Cancellations received at this office in writing 15 working days before the event will qualify for a 50% refund. Cancellations received at this office in writing with less than 15 working days' notice of the event will carry full liability of payment. Programme and speakers are confirmed at time of going to press. However, Training SA reserves the right to alter this program without notice.

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<p>Group Discount: A 10% group discount applies if three or more delegates register from the same organisation.</p>	