



Vinod Kothari Workshop:
Securitisation Structuring & Modelling

Central London 27th / 28th February 2006

Highlights of Workshop:

- This is NOT a basic course. The participants must have basic understanding of securitisation structures.
- A 100% practical course that looks at the financial structure and cash flow models of securitisation transactions
- Builds models from issuers, servicers and investors viewpoint
- Participants would be expected to build models for real-life transactions
- Participants must have good knowledge of Excel. Knowledge of VBA is NOT required for this course.
- To derive the most out of this course, participants must bring their own laptops / portable computing devices.
- This course does NOT deal with securitisation law, accounting or taxation, except as may be required for understanding transaction structures.

Workshop Trainer: Vinod Kothari

Vinod Kothari is recognised globally as an international author, trainer and expert in the areas of Securitisation, Asset Based Financing, Credit Derivatives and Derivative Accounting. Vinod has delivered training workshops in more than 15 countries around the world, including South Africa, UK, Australia, Malaysia, Jordan, Egypt, Sri Lanka, Bangladesh, Zambia, South America and across India. Vinod is involved in Distance training in the USA, UK, Netherlands, Israel, South Africa, etc. Furthermore he owns the <http://www.vinodkothari.com> website which is a highly regarded research tool for banking and financial professionals across the world. Vinod Kothari has published books in the areas of Securitisation, Credit derivatives and leasing. His books include:

- **Securitisation: The Financial Instrument of the New Millennium**
- **Credit Derivatives and Synthetic Securitisation**
- **Lease Financing and Hire-purchase**
- **Securitisation, Asset Reconstruction and Enforcement of Security Interests**

His portfolio also includes a variety of published articles for various journals, including Euromoney's Securitisation Review, Duke Journal of Comparative and International Law, Journal of International Banking Law, Asset Finance, US Banker, El Exportador, MonitorDaily, and Equipment Finance Journal. Vinod is a Chartered Accountant, a Company Secretary, acts as the Executive Director of the Asian Securitisation Forum and holds the position of Director at the Association of Leasing and Financial Services Companies (a body of over 500 top leasing companies in India). Vinod Kothari is currently retained by the Asian Development Bank for a project related to secured lending reforms in India.

Workshop Programme 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

- **Introduction to transaction structure**
- **Pass through and pay-through bonds**
- **Structural credit enhancements**
- **Profit extraction devices**
- **Waterfall and its impact on the transaction structure**

Session 3

- **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 reinvestments 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 4

- **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' approach to rating – reduction of the tail risk**

Session 5

- **Testing the risk of wholesale portfolios**
- **Binomial distributions and Poisson distributions**
- **Applying binomial and Monte Carlo approaches to probability of default**
- **Modeling of a CDO portfolio**

Session 6

- **Modeling of a real life RMBS transaction**
- **Modeling of a revolving transaction structure:**

Credit cards

Consumer finance transactions

Day 2: Latest Developments:

Session 7

- **Forms of credit enhancement and their impact**
- **Excess spread versus over-collateralisation**
- **Excess spread as soft credit enhancement –do rating agencies give due credit to excess spread?**
- **Cash reserve – its impact**
- **Cash reserve versus overcollateralisation**
- **Minimisation of the weighted average cost of funding**

Session 8

- **Introduction to synthetic transactions**
- **Concept of credit derivatives – use of credit derivatives to create synthetic assets**
- **Illustration of applying the synthetic technology**

Session 9

- **Applying the synthetics technology to securitisation – splitting of risks from the funding of the assets**
- **Illustration of a synthetic balance sheet CDO**
- **Modeling of a synthetic balance sheet CDO**

Session 10

- **Synthetic arbitrage transactions**
- **Case study of a synthetic arbitrage CDO**
- **Modeling of a synthetic arbitrage CDO**

Session 11

- **Investor analytics**
- **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**

Participants will be expected to build models of several real life transactions.



Standard fee per delegate:

£1499.00 (+ UK VAT @ 17.5%)

Total cost: £1761.33

30% discount Academic delegates

Discount:

When a second person attends from the same company, there is a 10% discount available on the second delegate booking. A third delegate booking from the same company promotes the 10% discount to incorporate the total fee.

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To register please fax the completed booking form to:

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Flight details:

All delegates flying into London on the morning of the event are reminded that they should arrive 30 minutes before the workshop starts for registration. The hotels West End location is approximately 1 hour from all 3 main London airports, Heathrow, Gatwick and City. Returning flights should equally allow for the events finishing time.

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Prior to the two week deadline, cancellations are subject to a fee of 25% of the overall course cost.

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