CONCEPT

Structured Finance and Securitisation: ABS Structuring, Tranching and Pool Modelling

22 – 26 February 2027
Barcelona - Eixample district four-star



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Introduction:

Structured finance and securitisation deals fail when a pool is sold without a clean true sale, tranches are sized on optimistic default and prepayment assumptions, or credit enhancement is thinner than the waterfall needs. This Core Concept course takes structuring, treasury, credit and investment teams through the full securitisation chain: originator motives, special purpose vehicles, asset classes, waterfalls, tranching, credit enhancement, rating approach, pool modelling, conduit funding and crisis lessons. Participants build a Securitisation Pool Cash Flow Model and a Tranche Structuring Term Sheet on a receivables case.

Course Objectives:

- Evaluate why an originator securitises a loan or receivables pool and compare the funding, capital and risk transfer outcomes with on-balance-sheet funding
- Structure a true sale transfer to a bankruptcy-remote special purpose vehicle with the servicer, trustee and account bank roles defined
- Design a cash flow waterfall and tranche stack that allocates interest, principal and losses across senior, mezzanine and equity notes
- Size credit enhancement from subordination, overcollateralisation, excess spread and reserve accounts against a target rating level
- Build a pool cash flow model that projects defaults, prepayments, recoveries and tranche repayment under base and stress scenarios
- Compare securitisation with ABCP conduits, warehouse facilities, covered bonds and sukuk structures and explain the accounting and regulatory treatment at overview

Target Audience:

- Managers in bank structuring and debt capital markets teams who arrange securitisation and asset-backed funding
- Treasury and funding managers who use pooled assets to diversify funding sources
- Credit and underwriting managers who assess originator pools, servicing quality and tranche risk
- Portfolio managers who invest in or monitor asset-backed notes
- Risk management managers who oversee retained securitisation positions and concentration exposure
- Finance managers in consumer, leasing and trade finance companies that originate receivables pools

Course Outline:

Day 1: Securitisation Rationale, Parties and the Special Purpose Vehicle

- Originator Motives Matrix: Funding Diversification, Capital Relief and Risk Transfer
- Securitisation Party Map: Originator, Servicer, Trustee, Arranger, Account Bank and Noteholders
- True Sale Transfer Tests and Recharacterisation Risk
- Bankruptcy-Remote SPV Design: Ownership, Independent Directors and Separateness Covenants
- Pool Eligibility Criteria and Data Tape Review Checklist

Day 2: Asset Classes, Waterfalls, Tranching and Credit Enhancement

- Asset Class Profiles: Residential Mortgages, Auto Loans, Credit Card Receivables, Trade Receivables and SME Loans
- Static, Revolving and Master Trust Pool Structures with Early Amortisation Triggers
- Interest and Principal Waterfall: Sequential Versus Pro Rata Allocation
- Tranche Stack Design: Senior, Mezzanine and First-Loss Equity Notes
- Credit Enhancement Toolkit: Subordination, Overcollateralisation, Excess Spread and Reserve Accounts

Day 3: Rating Approach and Pool Cash Flow Modelling

- Rating Agency Approach at Overview: Loss Expectation, Stress Multiples and Counterparty Review
- Static Pool Vintage Analysis for Default and Loss Curve Assumptions
- Prepayment Rate Conventions: CPR and SMM Conversion
- Recovery Lag, Loss Severity and Delinquency Roll-Rate Inputs
- Pool Cash Flow Projection Build: Scheduled Balance, Defaults, Prepayments and Recoveries

Day 4: Short-Term Funding Structures, Comparisons and Crisis Lessons

- ABCP Conduit Structure: Sponsor Bank, Liquidity Facility and Commercial Paper Rollover
- Warehouse Facility Terms: Advance Rate, Eligibility Triggers and Takeout Securitisation
- Covered Bonds Versus Securitisation: Dual Recourse, Dynamic Cover Pool and Balance Sheet Position
- Sukuk Structure Comparison: Asset Ownership and Cash Flow Pass-Through at Overview
- Global Financial Crisis Lessons: Originate-to-Distribute Incentives, Risk Retention and Derecognition and Capital Treatment at Overview

Day 5: Modelling Build: Receivables Securitisation Case

- Case Data Tape: Auto Loan and Trade Receivables Pool with Performance History
- Tranche Sizing Workshop: Credit Enhancement Levels by Target Rating Scenario
- Stress Testing the Model: Default Spikes, Prepayment Shocks and Servicer Disruption
- Tranche Structuring Term Sheet Drafting: Notes, Triggers and Enhancement
- Securitisation Pool Cash Flow Model Presentation and Structuring Committee Challenge

Skills You Will Gain:

- True Sale Structuring
- SPV Design
- Waterfall Mechanics
- Tranche Sizing
- Credit Enhancement Calibration
- Static Pool Analysis
- Prepayment and Default Modelling
- Conduit Funding Assessment

Why Attend This Course:

- Return with a Securitisation Pool Cash Flow Model and a Tranche Structuring Term Sheet built and stress-tested on a receivables case
- Challenge arranger and originator assumptions on defaults, prepayments and recoveries with your own vintage and roll-rate evidence
- Negotiate triggers, enhancement levels and servicing terms knowing how each one shifts loss between noteholders
- Compare structuring practice with peers from banks, finance companies, investors and risk functions across several markets

Conclusion:

A securitisation holds up only when the asset transfer is clean, the vehicle is isolated from the originator and the waterfall is sized on pool performance evidence rather than hope. The week moves from originator motives and SPV design, through asset classes, waterfalls, tranching and credit enhancement, into rating approach and pool modelling, then conduits, warehouses, covered bonds, sukuk and crisis lessons. The final day turns these methods into a working pool model and tranche term sheet that participants can adapt to their own portfolios.