

Programme on Basel IRB Approach of Managing Credit Risk in Banks: Key Requirements and Roadmap

August 8 – 12, 2016



Coordinator
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**National Institute of
Bank Management
Pune, India**

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The Internal Ratings-Based (IRB) Approach to credit risk is one of the most novel elements of the new regulatory framework since it allows banks themselves to internally determine certain key risk elements in the calculation of their credit risk capital requirements. All institutions using the IRB Approach will be allowed to determine the borrowers' Probability of Default (PD) while those using the Advanced IRB Approach will also be permitted to rely on own estimates of Loss Given Default (LGD) and Exposure at Default (EAD) on an exposure-by-exposure basis. These risk measures are then converted into risk weights and minimum regulatory capital requirement by means of risk weight formulae specified by the Basel Committee.

BCBS also wants that the banks shall regularly perform a credit stress test and model validation check to assess the effect of certain specific conditions on its total capital requirements for credit risk to counter pro-cyclicality. The RBI in its Basel II IRB guidelines has advised the banks intending to move to IRB Approach for credit risk to assess their preparedness for the same with reference to the guidelines. Moving over to IRB advanced era could imply banks making the fullest use of its newly created IT backbone to capture relevant granular data on a timely and ongoing basis. In this context, it is important for banks and FIs to understand the Basel II/III IRB formulations and implementation exhaustively so that they can efficiently migrate to the new system in a phased manner.

Pedagogy

The training module will include classroom teaching, hands-on exercises, experience-sharing by banking experts and regulator.

Objective

The programme focuses on familiarizing the participants with the conceptual foundations, data and system requirements, and the underlying mathematical models pertaining to the calculation of minimum regulatory capital requirements for credit risk under the Basel II IRB Approach. The programme is intended to aid the bank to design a roadmap for effective implementation of Advanced IRB Approach.

Course Content

- Basel II – The Background and Evolution – Road towards IRB
- Proposed Revised Standardised Approach
- IRB Risk Weight Functions for Different Categories of Exposures
- Retail Pooling Models
- Explanation of IRB Risk Weights and Regulatory Capital Computation
- Credit Scoring Models for Corporates, Banks, SMEs and Retail Loans
- Credit Risk Building Blocks for IRB Migration
 - Probability of Default (PD)
 - Loss Given Default (LGD)
 - Exposure at Default (EAD)
 - Managing Concentration Risk: Asset Correlation, (AC), Default Correlation (DC), Granularity in Credit Portfolio and Estimating Marginal Risk Contribution (MRC) to Bank Capital of Expected Loss and Provisioning
 - EL-Based Provisioning
 - Unexpected Loss
 - Credit VaR and Economic Capital
 - RAROC – Capital Allocation and Risk-Based Pricing
- Validation and Calibration of Models and Use Tests
- Stress Testing Credit Risk Capital - Scenario Building and Assessing the Impact on Credit Risk Capital
- Minimum Requirements and Disclosure Requirements by Banks Adopting the IRB Approach
- Data Requirements for IRB Graduation
- IRB Implementation Challenges for Banks and FIs
- Regulatory Expectations and Review Process
- Quantitative Impact Studies (QIS): Capital Impact
- IRB Expectations from the Regulator
- Future Path of IRB Approach
- Basel III Requirements.

Target Group

The programme is intended for executives working in the risk management departments of banks and FIs, especially those who are/will be directly involved in the implementation of Basel II/III IRB framework in credit risk management.

Dates

August 8 – 12, 2016

The programme will commence at 9:00 am on August 8 and conclude by the evening of August 12, 2016. Participants are expected to reach the NIBM campus positively by the evening of August 7, 2016 and plan for their return journey after 6.00 pm on August 12, 2016.

Venue

NIBM Campus, Kondhwe Khurd, Pune, India.

Hostel Accommodation

The programme is fully residential. Participants will be provided well furnished single room AC accommodation in the Institute's hostel complex on the Campus. However, they will not be permitted to bring their family members to stay on the campus. In case any Officer / Executive with physical/medical disability is being nominated, kindly inform us in advance with particulars of disability to facilitate necessary arrangements.

The Institute has facilities for outdoor and indoor games and a large walking/jogging trail for physical fitness besides a yoga centre. Participants are, therefore, encouraged to bring the appropriate clothes/gears.

Programme Fee (per participant)

US \$ 2000 for foreign participant

(See fee structure on home page of the website for incentive)

	Fee	ST	SBAC	Fee+ST+SBAC	TDS
Mem. Banks :	35000	4900	175	40075	3500
Non-Mem. Banks :	41000	5740	205	46945	4100

The fee includes the cost of tuition, board and lodging facilities, teaching material, etc. (Service Tax (ST) @ 14%, Swachh Bharat Abhiyan Cess (SBAC) @ 0.5% and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

Mode of Payment for Indian Participants

- The fee may preferably be transferred by RTGS/NEFT/ECS to our A/c No. 20002400021 with Bank of Maharashtra, NIBM Branch, Pune (IFSC Code MAHB0001124). NIBM PAN No. AAATN0040P and ST No. AAATN0040PST001.
- National Institute of Bank Management
NIBM Post Office, Kondhwe Khurd, Pune 411 048, INDIA.

Mode of Payment for Foreign Participants

Mode of Remittance: SWIFT*

1. Name & Address of our Bankers : **Oriental Bank of Commerce**
C-2, Shop No. 4-5, Bramha Estate
Kondhwe Khurd, Pune 411 048
Maharashtra, India
2. Name of the Account : **National Institute of Bank Management**
3. NIBM's Bank Account No. : **Current A/C 11281131004402**
with Oriental Bank of Commerce
4. Bank's Swift Code : **ORBCINBBFCP**
5. Oriental Bank of Commerce A/c No. : **36152559**
with Correspondent Bank
6. Preferred currency : **USD**
7. Correspondent Bank : **CITIBANK N.A.**
8. Swift code for Citi Bank : **CITIUS33**

*** The Foreign Bank Charges/ SWIFT charges/Commission is to be borne by the remitter. The fees mentioned in the invoice/brochure is to be paid to NIBM, net of all bank charges.**

***Payments will be accepted only through electronic mode.
Cheques/DDs/Pay Orders will not be accepted.**

- **For all electronic remittances, kindly send a confirmatory e-mail at: accounts@nibmindia.org giving details of the remitter and participant, name and dates of programme, etc.**

Nominations and Enquiries

Please address your enquiries and nominations along with the fees to:

Dr Arindam Bandyopadhyay

Programme Coordinator

National Institute of Bank Management

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Pune 411 048, India

Tel : 0091-20-26716000 (EPABX)
26716451 (Direct)

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E-mail : arindam@nibmindia.org

Web : www.nibmindia.org

Last Date for

Receiving Nominations:

July 29, 2016

Last Date for

Availing Early Bird Incentive:

July 23, 2016

(See Fee Structure on home page of the website)

Please see programme fee structure on home page of the website for early bird incentive, incentives for SAARC and other developing countries, mode of remittance, Pune City route map and local conveyance.