Programme on

Credit Risk Modelling for ECL Provisioning and Capital Estimation under Basel IRB & IFRS9

June 19 – 23, 2017

Coordinators

Dr Arindam Bandyopadhyay
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National Institute of Bank Management
Pune, India

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Background

Events of the global financial crisis in 2007-08, led to the criticism of "Too Little, Too Late" for the accounting recognition of impairment losses on financial instruments under the IAS 39. In response, the International Financial Reporting Standards 9 (IFRS9) rule has introduced fundamental changes in credit impairment standards which are expected to have a significant impact on banks' financial statements. IFRS suggests a forward-looking approach for identification of credit impairment and the estimation of expected credit loss that will provide a timely and adequate accounting treatment of loss provisions.

The Basel Committee on Banking Supervision (BCBS) has advocated for a high quality implementation of IFRS 9 by banks, which will improve the linkage between the economics of risk management and financial accounting. Under the Basel II Internal Ratings Based (IRB) Approach, banks are required to measure expected loss for credit risk and demonstrate commensurate provisioning. Both the IRB Approach and IFRS 9 will allow banks to internally model the key elements of their credit risk related losses, viz, probability of default (PD) and loss given default (LGD) and thereby derive a more risk sensitive measure of Expected Credit Loss (ECL) against a range of macroeconomic scenarios. Additionally, the Basel regulations continue to impose regular model validations and credit risk stress tests. The IRB Approach and credit impairment standards under IFRS have many commonalities, which will enable banks to leverage on their databases and IT systems for a complementary preparedness and implementation.

As per the roadmap released by the Indian Ministry of Corporate Affairs (MCA), Scheduled commercial banks and insurance companies will be required to prepare Ind AS (largely converged with IFRS) based financial statements, from the accounting periods beginning from 1 April 2018 onwards. This makes it imperative for banks in India, as also International banks, striving for global best practices, to become familiar with the concepts underlying credit impairment and understand in-depth the ECL models.

Target group

The programme is intended for executives working in departments of Finance and Accounts, Risk management and Audit of Banks and FIs.

Objectives

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 expected loss for provision and minimum regulatory capital requirements for credit risk under the IFRS9 and Basel IRB approach. The programme is intended to aid the bank to design a road map for effective implementation of these systems. It aims at explaining how the IRB data, system and risk parameters can be effectively utilized to develop forward looking ECL models that meets the requirements of IFRS system.

Course Contents

- Modelling Requirements of IRB Approach under Basel II and III
- IFRS9 Impairment models
- Identifying "Significant Increase in Credit Risk" under IFRS9
- Pooling Models for Retail Portfolios
- Models for estimation of PD, EAD and LGD under the IRB Approaches
- Estimation of 12 Month PD and Life Time PD
- Forward looking PD and LGD models
- PIT PD vs TTC PD
- Distinction between PD, LGD and EAD under IFRS9 and Basel
- Model validation and calibration Techniques
- Measuring ECL for different credit facilities under IFRS9 and Basel IRB
- Accounting for loss provisions under IFRS
- Impact of ECL on banking business
- Key IFRS9 & IRB challenges for banks
- Regulatory expectations under IRB & IFRS9 system
- Regulatory capital estimation under the IRB approach

Pedagogy

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

Dates

June 19 – 23, 2017

The Programme will commence at 9.00 am on June 19 and conclude by 4.00 pm on June 23, 2017. Participants are requested to reach the NIBM Campus positively by the evening of June 18, 2017.

Venue

NIBM Campus, Kondhwe Khurd
Pune, India.

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 appropriate clothes/gear.

Programme Coordinators

Dr Arindam Bandyopadhyay
Associate Professor & Associate Dean
(Research & Consultancy)

Dr Tasneem Chherawala
Assistant Professor

(Finance Area Group)

Last Date for Receiving Nominations:
June 9, 2017

Last Date for Availing Early Bird Incentive of 5%:
June 3, 2017
(See fee structure on home page of the website)

Nominations and Enquiries

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

Dr Arindam Bandyopadhyay
Dr Tasneem Chherawala
Programme Coordinators

National Institute of Bank Management
NIBM Post Office, Kondhwe Khurd
Pune 411 048, INDIA
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Website : www.nibmindia.org

Programme Fee *(per participant)*

US $ 2000 for foreign participant
(See fee structure on home page of the website for incentive)

	Fee	*ST*	*SBAC*	*KKC*	*Fee+ST+ SBAC+KKC*	*TDS*
Mem. Banks :	**42000**	**5880**	**210**	**210**	**48300**	**4200**
Non-Mem. Banks :	**49200**	**6888**	**246**	**246**	**56580**	**4920**

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%, Krishi Kalyan Cess (KKC) @ 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. with Oriental Bank of Commerce	:	**Current A/C 11281131004402**
4. Bank's Swift Code	:	**ORBCINBBFCP**
5. Oriental Bank of Commerce A/c No. with Correspondent Bank	:	**36152559**
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.***

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.