FINANCIAL PORTFOLIO MODELLING

DAY 1

Introductions 09:00 - 09:15
(Coffee and biscuits in lobby from 08:45)

1. Modelling Profit: Means and Ends — 09:15 - 11:00
   - Profit drivers
   - Role of scores
   - How (not) to model?

Coffee break

2. Score cutoff models: the basic problems — 11:15 - 12:30
   - Bad Debt Cost
   - Revenue models
   - Early closure
   - Capital cost and discount rates
   - Using Scenarios

Lunch

2. Score cutoff models: the basic problems (cot'd) — 13:30 - 14:15

Coffee break

3. Triangular Matrices: capturing portfolio trends — 14:30 - 15:45
   - Reading a vintage matrix
   - Formulating the Problem
   - Building the Model
   - Portfolio projections

Coffee break

3. Triangular Matrices: capturing portfolio trends (cot'd) — 16:00 - 17:15

PLEASE BRING A CALCULATOR EACH DAY

FINANCIAL PORTFOLIO MODELLING

DAY 2

4. Regulatory Capital: the Basel accords — 09:00 - 10:30

- Who needs regulation?
- The Basel framework
- Expected losses
- Economic capital and unexpected losses
- Model requirements

Coffee break

5. Markov Models: Portfolio Dynamics — 10:45 - 12:45

- Roll rates
- Markov Chain Basics
- Defining states
- Combining numbers and values
- Applications

Lunch

6. Simulation Models: playing with portfolios — 13:45 - 15:00

- Account simulation
- Pricing for Risk
- Stress testing

Coffee break

7. General Discussion: Basel and the real world — 15:15 - 16:00

- Consumer credit and macroeconomics
- Stress testing
- Winners and losers

Close of seminar — 16:00

PLEASE BRING A CALCULATOR EACH DAY