BASEL MODELS AND VALIDATION
- Design and Delivery for Retail Credit Risk -

DAY 1

Introductions and Admin	**09:00 - 09:30**
1. Regulatory Capital: the journey (Session BMV01)	**09:30 - 12:15**
• Why Regulate?	
• Role of Credit in the Economy	
• The Basel Framework	
• Governance Framework	
Coffee break	*10:45 - 11:00*
Lunch	*12:15 - 13:00*
2. Regulatory Capital: Formulation under Basel (Session BMV02)	**13:00 - 16:00**
• Expected and Unexpected losses	
• Accounting Framework	
• Basel Capital Formula	
• Basel Model Requirements	
Coffee break	*14:30 - 14:45*
Coffee break	*16:00 - 16:15*
3. PD Modelling (Session BMV03) Part A	**16:15 - 17:30**
• Basel PD Model Requirements	
• Long Run PD model types	
• Point in Time Development	
• Hybrid Development	
• Through-the-Cycle Development	
• Variable Scalars	
End of day 1	*17:30*

Score Plus TRAINING

→ data → information → profit

RHINO RISK

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DAY 2

4. PD Modelling (Session BMV03) Part B **09:00 - 11:00**

- Basel PD Model Requirements
- Long Run PD model types
- Point in Time Development
- Hybrid Development
- Through-the-Cycle Development
- Variable Scalars

Coffee break *11:00 - 11:15*

5. EAD Modelling (Session BMV04) **11:15 - 13:00**

- EAD Model Requirements
- Credit Conversion Factor problems
- Model Development Steps
- Back Testing and Downturn Adjustments
- Empirical Values by PD segment
- Non-linear regression

Lunch *13:00 - 14:00*

6. LGD Modelling - Part A (Session BMV05) **14:00 - 17:15**

- LGD Model Requirements
- Model Types
- Cure / Non-cure Models
- Unsecured Retail Recoveries
- Mortgage Recoveries and Haircuts
- LGD Validation

Coffee Break *15:30 - 15:45*

End of day 2 *17:15*

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DAY 3

7. Basel Model Validation (Session BMV06)	**09:00 - 11:45**

- Validation Requirements
- Discriminant Power
- Predictors and Weights
- Model Calibration
- Model Consistency
- Validation Governance

Coffee break	*10:45 - 11:00*
8. Stress Testing (Session BMV07)	**11:45 - 12:45**

- Stress testing requirements
- Pillar 1 v Pillar 2
- Stress testing methods
- Capital Planning Buffers

Lunch	*12:45 - 13:45*
9. Low Default Portfolios (Session BMV08)	**13:45 - 15:30**

- What is a Low-Default Portfolio?
- Expert Scorecards
- Adjusting Models
- Calibrating without Defaults
- External Calibration

Coffee break	*15:30 - 15:45*
10. The Future of Basel (Session BMV09)	**15:45 - 17:00**

- Consistency across Banks
- Eating Buffers
- Management Impact ... or not
- Capital Management - Exercise

END OF SEMINAR	*17:00*