



# Live Online Programme on Internal Credit Risk Modelling for ECL Provisioning and Capital Estimation under Final Basel III and IFRS 9

September 26 – 30, 2022

(Online Course Duration: 20 hours)

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Amrit Mahotsav**

## Background

The International Financial Reporting Standards 9 (IFRS 9) rule has introduced fundamental changes in credit impairment standards and assessment of loss allowances, which are expected to have a significant impact on the financial statements of banks and FIs. IFRS 9 suggests a forward-looking approach for identification of credit impairment and estimation of Expected Credit Loss (ECL) 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 and capital management with the financial accounting of provisions. Under the Basel III Internal Ratings Based (IRB) Approach, banks are required to not just measure their credit risk capital as per internal models, but also estimate expected loss for credit risk and demonstrate commensurate provisioning. Thus, both the IRB Approach of Basel III and IFRS 9 will require banks to internally model the key elements of their credit risk related losses, viz., Probability Of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) and thereby derive more risk sensitive measures for expected credit loss and credit risk capital. Of course, regulatory and auditor oversight will require that these models are validated and subject to forward looking stress tests. The IRB Approach and IFRS 9 ECL Approach have many commonalities, which will enable banks to leverage on their databases and IT systems for complementary preparedness and implementation.

In India, as in many other countries, IFRS implementation has become imperative. The Reserve Bank of India has extended the implementation deadline for commercial banks beyond the original date of 1 April, 2018. Many NBFCs however, have already migrated to IFRS and started measuring and reporting ECL based provisions. It is essential for banks, FIs and NBFCs in emerging markets to become familiar with the credit risk concepts and grasp the nuances of credit risk modelling that drive ECL based provisions and IRB Approach capital estimation.

## Objectives

- Familiarize participants with the conceptual foundations and mathematical framework of ECL based provisioning under IFRS 9 and Basel III credit risk capital.
- Provide in-depth understanding of the credit risk models for PD, LGD and EAD with hands-on exercises.
- Explain how IRB data, systems, models and risk parameters can be effectively utilized to develop forward looking ECL models that meet IFRS requirements.

## Programme Content

- ❑ Introduction to IFRS 9 and Credit Risk Capital under Basel Norms
- ❑ Concept of Expected Credit Loss under IFRS 9 and IRB Approach
- ❑ PD Estimation Models for Basel IRB & IFRS 9 ECL (Scoring / Rating models & validation of models)
- ❑ Point in Time PD Estimates for Stage 1 and Stage 2 Accounts
- ❑ Forward Looking PDs by Incorporating Macroeconomic Conditions
- ❑ EAD Estimation Models for Basel IRB and IFRS 9 ECL
- ❑ Portfolio Approach of Managing Credit Risk under IRB Approach
- ❑ Hands-On Exercises for PD Estimation Approaches & Model Validation
- ❑ Measuring Significant Increase in Credit Risk (SICR) for Stage 2 Classification under IFRS 9
- ❑ LGD Estimation Models for Basel IRB and IFRS 9 ECL
- ❑ Hands-On Exercises for Portfolio Credit Risk & Capital Computation
- ❑ ECL Estimation-Implications on Provisioning & Capital by Banks: International Experiences
- ❑ Hands-On Exercises for Measuring ECL Based Provisions for Stage 1 and Stage 2 Accounts
- ❑ Impact of Covid 19 pandemic and post pandemic situations on ECL Estimation

## Target Group

The programme is intended for executives working in the departments of Finance, Accounts, Treasury, Risk Management and Audit of Banks, NBFCs and FIs, Chartered Accountants and Executive of Audit Firms.

## Pedagogy

The Programme will be delivered via online mode. It will comprise of:

- ❖ Daily reading material provided in pdf or through external links
- ❖ Daily excel files for hands-on
- ❖ Pre-recorded video Lectures sessions and screen records for hands-on instructions
- ❖ Live, interactive video sessions by NIBM and Guest Faculty
- ❖ Practice quizzes, assignments/online tests

## Modalities

The programme will commence at 10:00 AM on September 26, will involve total 20 study hours (spread over 5 days) during the course, and conclude by 5:00 PM on September 30, 2022.

Participants enrolled in the programme will be provided with login credentials to access the learning platform of NIBM. Guidance will be provided for navigating through the same.

The session schedule will be provided before the commencement of the programme which will include the timings of the live sessions and the schedule to be followed for watching the pre-recorded sessions.

To view the live/recorded sessions, participants must have a stable internet connection on a desktop or laptop with WebEx/Google Chrome.

## Completion Certificate

A completion certificate will be given to the participant at the end of the programme provided he/she attends the programme for at least the total number of engagement hours specified.

## Nominations and Enquiries

Nominations are invited from both institutions and individuals from India and abroad. Executives working in banks/financial institutions/ consulting firms/ technology firms in the banking and financial services domain can also apply for the programme in their individual capacity.

Please address your enquiries and nominations to:

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Dr Tasneem Chherawala  
Programme Directors  
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NIBM Post Office, Kondhwe Khurd  
Pune 411 048 (INDIA)

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tasneem@nibmindia.org

Website : www.nibmindia.org

**For nominations, please login using the following link:**

<https://erp.nibmindia.org/POApplication#/>

**Last Date for receiving nominations: September 24, 2022**

**Last date to avail Early Bird Discount: September 10, 2022**

## Programme Fee (per participant) for 20 hours programme

US \$ 800 for foreign participant

	Fee	GST	Fee+GST	TDS
Member Banks :	28800	5184	33984	2880
Non-Member Banks :	33600	6048	39648	3360
Individual Nominee :	33600	6048	39648	----

The fee includes the cost of tuition, access to reading material and recorded videos, etc. (Central Goods and Services Tax (GST) @ 18%, and TDS @ 10%. Kindly send the TDS Certificate on priority to NIBM).

### Discounts

1. 5% "Early Bird" discount for nominations received at least 15 days prior to commencement of programme.
2. **Bulk nominations:** the following discounts will be applicable :  
(a) 6-10 nominations – 5%    (b) 11-19 nominations – 10% and  
(c) 20 and above – 15%

#### 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 GST No. 27AAATN0040P1ZJ.
- 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 : Punjab National Bank  
C-2, Shop No. 4-5, Bramha Estate  
Kondhwe Khurd, Pune 411 048  
Maharashtra, India
2. Name of the Beneficiary : National Institute of Bank Management
3. NIBM's Bank Account No. with Punjab National Bank : 11281131004402
4. Bank's Swift Code : PUNBINBDDIB
5. Preferred Currency : USD
6. Correspondent Bank of Punjab National Bank : WELLS FARGO BANK NA
7. Punjab National Bank A/c No. with Correspondent Bank : 2000193007918
8. Swift Code with Wells Fargo Bank : PNBPU3NNYC
9. IFSC : PUNB0108810

\* 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](mailto:accounts@nibmindia.org) giving details of the remitter and participant, name and dates of programme, etc.**

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