ASPECT ADVISORY

ASPECT ADVISORY ACADEMY
TECHNICAL SEMINAR

21st, 22nd September, 2023

09:00 - 17:00 CET

Virtual | On-site

Refer pricing structure

Have a question? Send us a mail to: aaa.aspectadvisory.eu

Credit Scorecards, Rating Models, and Early Warning Systems

OVERVIEW:

Internal rating- and early warning models increase the efficiency of the internal risk management by reducing the required amount of capital and increasing the forward-looking character of the risk environment. This seminar gets participants acquainted with the most important terms, concepts and considerations to implement score cards, PD-, LGD-, and early warning models.

AGENDA OUTLINE:

Day 1: Definitions and Scorecards

Day 2: PD-, LGD- and Early warning models

WHO SHOULD ATTEND:

We believe that this seminar is most useful for participants from:

- Loan officers/Sales
- Risk management
- Regulators
- Risk controlling
- Internal audit
- Audit firms

SEMINAR FORMAT:

- This seminar will be conducted in English
- This session will be conducted via Microsoft Teams. On completion of your registration you will receive a link to the meeting

COURSE MATERAIL:

- Sessions are recorded and could be obtained on request at the end of the seminar
- Trainers presentation slide decks could be obtained on request at the end of the seminar
- Certificates will be awarded at the completion of the seminar

CERTIFICATE:

- Certificates will be emailed to the participants on completion of the seminar

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SEMINAR

Credit Scorecards, Rating Models, and Early Warning Systems

SAMPLE SCHEDULE

DAY 1

	Day 1 : Definitions and Scorecards
09:00 – 10:30	**1. Definitions and regulatory requirements** 1.1 Important terms for credit risk and rating models 1.2 Minimum requirements for Pillar 2 – credit assessments 1.3 Minimum requirements for internal rating models for regulatory reporting purposes 1.4 Revision of the standardized approach for credit risk 1.5 Likely modelling restrictions to increase comparability across banks **2. Internal risk rating process** 2.1 Use of credit risk scores, PDs, LGDs 2.2 Interaction of lending and risk management process
	Morning coffee break
10:45 – 12:15	**3. External ratings** 3.1 Banks' internal use of external ratings 3.2 Market overview 3.3 External rating process 3.4 Criteria of credit rating agencies

Please note:
This is a sample schedule and the session topics is illustrative and subject to change.

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SAMPLE SCHEDULE

DAY 1

Lunch Break

13:30 – 15:00

4. Internal rating models I

4.1 Design of a rating model
4.2 Long-list of potential rating factors
4.3 Data collection
4.4 Univariate analyes

Afternoon Coffee Break

15:15 – 17:00

5. Internal rating models II

5.1 Model choices and Multivariate Analyses
- Discrimination analysis
- Logistic regressions
- Classification and Regression trees

5.2 Examples of implemented scorecards

Close of Day 1 Sessions

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SAMPLE SCHEDULE

DAY 2

Day 2 : PD-, LGD- and Early warning models

09:00 – 10:30

6. Estimation of loss parameters

6.1 PD – models
- Regulatory requirements
- Default rates
- Statistical modelling

6.2 LGD – models
- Loss components to be taken into account
- Regulatory requirements
- (Non-)Cyclicality of LGDs

Morning coffee break

10:45 – 12:15

7. Validation of rating models I

7.1 Regulatory requirements for model validation

7.2 Example of a validation report

7.3 Qualitative validation
- Design
- Data quality
- Internal use

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SAMPLE SCHEDULE

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TECHNICAL SEMINAR

DAY 2

	Lunch Break
13:30 – 15:00	**8. Validation of rating models II** 8.1 Quantitative validation • Discriminatory power • Calibration • Stability
	Afternoon Coffee Break
15:15 – 17:00	**9. Early warning models** 9.1 Why some scoring models might produce outdated scores 9.2 Components of an early warning model 9.3 Early warning dashboard 9.4 Ensuring the actionability of the warning system
	Close of Day 2 Sessions

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