

15-18 February

Description

The entry into force of IFRS 9 entailed a paradigm shift in how loan loss provisions are calculated and has naturally drawn the prudential supervisor's attention to the calculation of collective allowances. Review of these provisions/allowances has highlighted the need to increase the knowledge and use of the quantitative tools available to inspectors. These tools are essential for reviewing internal credit risk measurement models (underwriting, pricing, monitoring, classification and others) and, in particular, collective estimation of loan loss provisions/allowances models.

Aim and content

Real examples from inspections will be used on: a) replication of calculations; b) various tests to assess the reasonability of the methodology and the databases used to construct the models; and c) quantitative revisions of the provisions/allowances calculated.

The course content will be divided into four blocks:

- Introduction:
 - Introduction to credit impairment measurement under IFRS 9.
 - Data request: loan tape, inventory tape, recovery tape.
 - Challenger models.
 - Introduction to R and R- Studio.
- Tools and techniques. Data processing and analysis using R Studio.
- Probability and risk modelling.
- Value and loss modelling.

Machines will have to have the “R” software installed for the practical exercises. It is open software and internal authorisation by each supervisor will probably be needed for its installation.

Professional profile of attendees

Banking supervision inspectors and junior analysts. The course includes an introduction to “R”, so no previous knowledge of the software is required.

Organisation, duration and format

The seminar is organised jointly by the Banco de España and ASBA (Association of Supervisors of Banks of the Americas). It will be held in Spanish and will be run by Banco de España expert trainers.

The seminar will be held virtually, with a total duration of 12 hours, divided between four sessions, combining off- and online work.

Participation is by invitation only from ASBA.