

Federal Reserve Board of Governors

# Course Description for Wholesale Credit Risk Seminar

Last Revised: January 16, 2019

## Wholesale Credit Risk Seminar

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### Course Overview

This two day course is for examiners and quantitative analysts who may have to provide qualitative assessment of BHC's stress testing approaches. This seminar supplements CCAR wholesale training. Upon completion, examiners will have intermediate knowledge of quantification concepts for wholesale activities. Additional training objectives include knowledge of key components of model structure (e.g., credit risk, probability of default, loss given default, exposure at default, estimated loss, correlation, unanticipated losses, and validation techniques).

### Overview of Curriculum

#### Day 1

- Basel and CCAR: Use of Basel Fundamentals in CCAR
- Wholesale Credit Landscape: C&I, CRE, HFS-FVO Loans
- Wholesale Portfolio: Supervisory Issues and Activities
- Rating Systems

#### Day 2

- PD Quantification
- LGD Quantification
- EAD Quantification
- CRE Loss Drivers and Estimation
- FVO Loss Drivers and Estimation
- Regulatory Capital

### Course Objectives

By the end of Wholesale Credit Risk Seminar, participants will be able to:

- Understand the evolution of capital requirement framework.
- Explain the concepts behind borrower and facility rating.
- Apply quantification principles to borrow and facility ratings.
- Describe common methods used in validation of internal risk ratings and its quantification such as PD and LGD.

### Type of Participant Targeted

This course is designed as a supplementary course for Safety and Soundness examiners and certain other supervision staff, such as quantitative analysts who have an interest in or anticipate assignments that require a good understanding of BHC's internal risk rating systems and wholesale risk parameters as a foundation for its wholesale credit stress testing processes and capabilities.

## **Prerequisites**

Prior to attending the course, participants are expected to complete the pre-course online study modules developed on FSI Connect. Access can be provided by contacting the learner's training department to obtain an FSI Connect account number.

## **Class Size and Instructors**

The course may be run with as few as 10 participants with a maximum of 30. There are usually 4-5 instructors for this course.