# IFRS 9 – EXPECTED CREDIT LOSS (ECL) MODELING



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# Introduction

IFRS 9  Expected Credit Loss (ECL) Modeling Training Course develops the modelling skills that risk, finance and audit professionals need to calculate impairment allowances under IFRS 9. Participants learn how to build staging logic, estimate probability of default, loss given default and exposure at default, and combine them into a defensible expected credit loss figure. The programme covers portfolio segmentation, macroeconomic scenario design, probability weighting, discounting and model validation. Furthermore, it addresses documentation, backtesting and the evidence auditors and supervisors expect. As a result, delegates can construct ECL models, test their sensitivity and explain every assumption. Gentex Training Center delivers the programme through hands-on modelling workshops.

# IFRS 9  Expected Credit Loss (ECL) Modeling Course Objectives

- Structure an ECL model covering staging, risk parameters and discounting.
- Calculate probability of default on point-in-time and through-the-cycle bases.
- Estimate loss given default, recovery rates and workout assumptions.
- Model exposure at default using amortisation and repayment profiles.
- Segment portfolios by product, rating, vintage and geography.
- Design and weight forward-looking macroeconomic scenarios.
- Apply overlays and expert judgement with clear justification.
- Validate models using backtesting and benchmarking techniques.
- Document model methodology, assumptions and data lineage.
- Prepare ECL movement analysis and disclosure schedules.

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## Course Methodology

The course combines technical briefings with extensive hands-on modelling workshops in Microsoft Excel. Participants build a working ECL model, run scenario sensitivity tests and validate their results. In addition, structured peer review and group discussion reinforce each technique, and every day closes with an applied modelling task.

## Who Should Take This Course

- Credit risk and model development analysts.
- Model validation and independent review professionals.
- Finance and financial reporting staff calculating impairment.
- Regulatory reporting and capital planning analysts.
- Internal and external auditors reviewing ECL models.
- Consultants implementing IFRS 9 systems and models.

## IFRS 9  Expected Credit Loss (ECL) Modeling Course Outlines

## Day 1: ECL Model Architecture and Data Requirements

- Model architecture: staging engine, parameter layer and calculation engine.
- Data requirements for loans, cards, overdrafts and leasing portfolios.
- Portfolio segmentation by product, rating, vintage and region.
- Data quality checks, missing values and historical depth.
- Model governance, version control and change management.
- Documentation standards and model inventory.

- Workshop: designing the structure of an ECL model.

## Day 2: Probability of Default and Staging Logic

- Point-in-time versus through-the-cycle probability of default.
- Transition matrices and migration analysis.
- Significant increase in credit risk triggers and staging rules.
- Days past due rebuttable presumption and cure period logic.
- Low credit risk exemption and its conditions.
- Credit-impaired assets and lifetime ECL application.
- Workshop: building staging logic and probability of default inputs.

## Day 3: Loss Given Default, Exposure at Default and Discounting

- Loss given default estimation: workout, recovery and collateral.
- Differentiated loss given default by product and stage.
- Exposure at default modelling with repayment and drawdown profiles.
- Prepayment assumptions and behavioural modelling.
- Discounting with the effective interest rate and ECL timing.
- Simplifications for trade receivables and short-term exposures.
- Workshop: calculating loss given default and exposure at default for a portfolio.

## Day 4: Macroeconomic Scenarios and Sensitivity Testing

- Scenario design: base, upside and downside narratives.

- Macroeconomic drivers including GDP, unemployment and property prices.
- Satellite models linking macro variables to risk parameters.
- Probability weighting and multiple scenario blending.
- Sensitivity testing and impact on allowances.
- Post-model adjustments and expert overlays.
- Workshop: building and weighting three macroeconomic scenarios.

## Day 5: Validation, Model Output and Reporting

- Backtesting approaches and performance monitoring metrics.
- Benchmarking against peer models and internal estimates.
- Model risk documentation and validation reports.
- ECL movement analysis by stage and driver.
- Disclosure schedules and impairment reporting.
- Presenting model results to audit and risk committees.
- Workshop: presenting a full ECL model and results for review.

## Conclusion

By successfully completing IFRS 9  Expected Credit Loss (ECL) Modeling Training Course, participants will have acquired the knowledge to build, test and explain expected credit loss models that meet accounting and supervisory expectations. They will understand staging logic, risk parameter estimation, scenario weighting, discounting and model validation, and they will know how to document every assumption. As a result, delegates produce impairment estimates that withstand audit and regulatory challenge. Gentex Training Center builds the programme around current modelling practice.

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# FAQs for the IFRS 9 Expected Credit Loss (ECL) Modeling course

## Q1 What is the "IFRS 9 Expected Credit Loss (ECL) Modeling" course about?

It teaches how to build the models behind IFRS 9 impairment allowances. You learn staging logic, probability of default, loss given default and exposure at default estimation, scenario weighting, discounting, validation and documentation, with practical Excel modelling.

## Q2 What are the key benefits of the "IFRS 9 Expected Credit Loss (ECL) Modeling" course?

You gain the ability to construct and defend ECL calculations rather than only reviewing system output. You also improve impairment accuracy, reduce audit and supervisory findings, strengthen scenario and overlay documentation, and respond faster to model validation challenges.

## Q3 What skills will I gain from the "IFRS 9 Expected Credit Loss (ECL) Modeling" course?

You will gain ECL model construction and architecture, risk parameter estimation for default, loss and exposure, scenario design and sensitivity testing, and model validation, documentation and impairment reporting.

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## Q4 What tools, methods, or standards are covered in the "IFRS 9 Expected Credit Loss (ECL) Modeling" course?

The course covers the IFRS 9 three-stage impairment model, point-in-time and through-the-cycle probability of default, transition matrices and migration analysis, loss given default and exposure at default estimation, effective interest rate discounting, satellite models for macroeconomic drivers, scenario probability weighting, backtesting and benchmarking, and model risk documentation standards.

## Q5 How is the "IFRS 9 Expected Credit Loss (ECL) Modeling" course applied in real-world practice?

Graduates apply it to build and refresh ECL models for lending portfolios, calculate monthly and quarterly impairment allowances, run scenario and sensitivity analysis for reporting, prepare model validation evidence, produce ECL movement and disclosure schedules, and support audit and regulator discussions on impairment estimates.