



**Assisted a large banking group in GCC to
achieve compliance with Basel II Credit Risk
Internal Rating Based (IRB) Approach**

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Basel II Credit Risk Internal Rating Based (IRB) Approach compliance

The Client

One of the largest Banking groups in GCC with asset size of more than USD 50 Bn, with presence in wholesale and retail businesses

Scope and Approach

The client wanted to implement Basel II Credit Risk IRB approach and sought Aptivaa's services to enable them in achieving this objective.

Aptivaa initially undertook a diagnostic study and prepared an IRB Gap Assessment and Recommendations Report. Aptivaa then formed three work streams – Policy/Procedure, Data management & IT and Rating Model work stream with a focus to ensure comprehensive coverage of all required components of IRB approach. Specific policies such as Risk Rating, Default Definition, Model Governance and Validation etc. were developed to ensure Board and Senior Management approved policies to be implemented. Aptivaa reviewed the existing data management standards and IT infrastructure with a view to ensure capital computation and risk component modelling requirements are met. As part of the Rating Models work steam, Aptivaa reviewed the existing rating landscape whereby existing models were validated / optimized and new models were built based on agreed methodologies (low default and statistical methods)

Results

The client was able to meet the deadlines and successfully submitted its IRB Application Pack to the local regulator for review.

Deliverables

- Diagnostic study and IRB Gap assessment & recommendations
- Review and enhancement of Credit Risk Policies (Risk Rating, Definition of default, model governance an validation)
- Development of FIRB compliance models (7 models – mid-market corporate mode, SME model, contract finance, HNW model, purchase receivables model)
- Development of FIRB Application Kit

About Us

Aptivaa is a vertically focused risk and compliance professional services firm offering risk consulting, solutions and analytical services to banks, insurers, as well as asset management and other financial services companies across the globe.

We have developed world-class competencies in high-stakes financial risk and compliance areas such as Enterprise Risk Management, IFRS 9, Credit, Market & Operational Risk, Basel II, Basel III, ICAAP, Risk Based Pricing, Risk Systems implementations etc. We strive to enhance our offerings in line with the latest regulatory updates and ever evolving risk management methodologies and frameworks across the industry.



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