



# Group-wide IFRS9 Credit Impairment Solution

IFRS 9 STAGE  
ATTRIBUTION & LLP  
CALCULATION

INTEGRATION  
WITH  
IRB COMPLIANT  
INTERNAL RATING  
SYSTEM

REGULATORY  
ACCOUNTING  
REPORTING



## Purpose of the project

The project was aimed at **supporting the Group in delivering IFRS9 compliance for Loan Loss Provisioning**, maximizing the synergy between IFRS9 preparations and IRB transition.

The project scope included **risk data aggregation**, development of a complete **internal rating system**, implementation of a **rating engine and validation tool**, all integrated to support decision-making and regulatory compliance.

More recently, the perimeter has been extended to ALM, ICAAP and stress test.

## Background

The adoption of IFRS 9 has radically changed the impairment methodology for financial assets, which is now based on expected credit losses.

The new accounting paradigm has generated an gradual conversion of Risk and Finance metrics, data processes and IT architectures.



## Challenges

- Implementation of a centralized DataMart for all group entities, including foreign and non-banking subsidiaries;
- Daily automatic booking of IFRS9 LLP before 6 a.m., processing over 50 million cash flows;
- Implementation of rating models for all customer segments and deployment of the algorithms into the credit decision engines.

## Why Prometeia

Prometeia was chosen thanks to its **extensive experience in Credit Risk modelling**, and for its **unique business model**, which combines proprietary FinTech solutions, quantitative advisory and end-to-end implementation support.

The strong **scalability of ERMAS™ platform** was also an important factor in the decision, considering the relevant synergies and the high cost optimization achievable in case of a potential expansion of project scope.

Leading Turkish state-owned bank, with a strong focus on retail and corporate segments:

~70bn USD of total asset;

~1000 branches across Turkey.

### Project reference

Chief Financial Officer

### Project sponsor

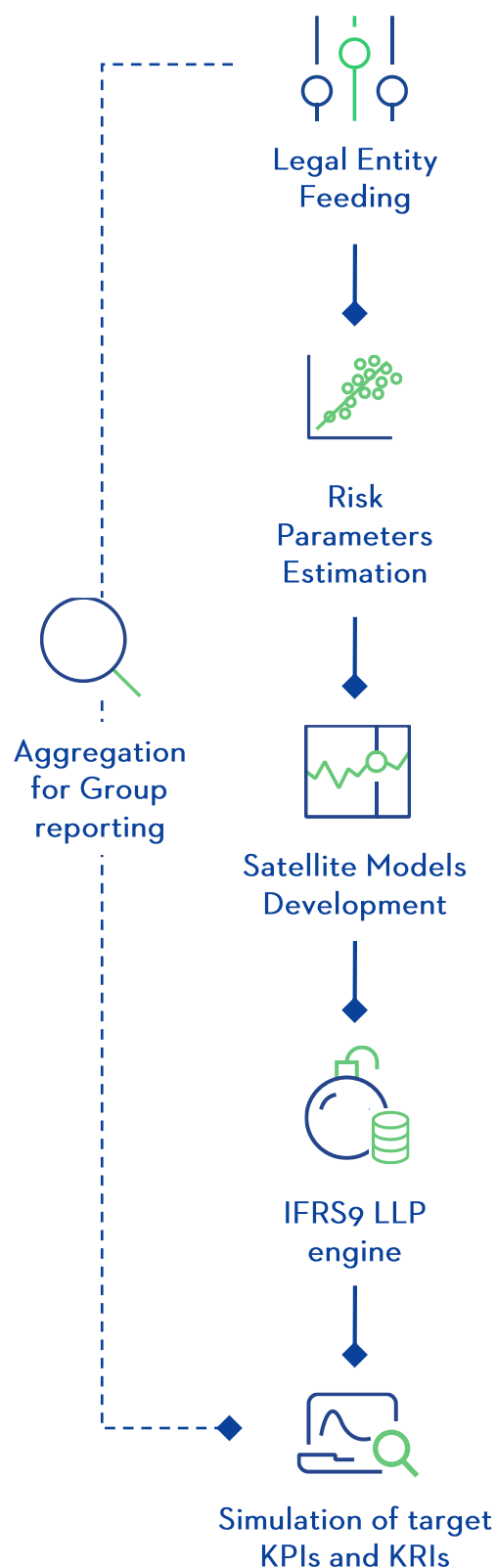
CRO and CFO departments

## Implemented architecture

- ERMAS™ Financial & Credit DataMart, structured according to a unified model at Group level, based on the proprietary Prometeia data dictionary.
- Deployment of Prometeia **Model Validation Tool** to digitalize the governance processes of PD models.
- Deployment of Prometeia **automated Rating Engine** for Corporate and Retail segments.
- **Deployment of IFRS9 LLP module** supporting staging attribution, what-if analysis, calculation of EL/LEL, production of accounting reporting.

## Deliverables

- Supply and implementation of a **Group IFRS9 Impairment Platform**, supporting the whole IFRS9 LLP process.
- **Estimation of credit risk parameters**, calibration, integration of forward looking indicators, validation framework, etc..
- This framework was delivered **for all customer segments**, both in Turkey and abroad.
- Support to **IFRS9 model validation** according to local and supranational regulatory framework.
- **Definition of Risk Policies and Guidelines**, Risk Based Pricing Framework, Income Estimation Models.



## Achieved benefits

- Automation of the whole IFRS9 framework, supporting the LLP calculation and standard regulatory reporting on a daily basis
- Unique platform covering the Group-wide perimeter, bringing efficiency and scalability in hardware infrastructure, application management, data governance
- Support to local regulatory compliance in foreign and non-banking subsidiaries
- Full scale credit transformation programme, to support Risk Based Pricing and Rating Attribution
- IRB pre-application submitted to the regulator

## Product features

- Advanced credit risk satellite models to forecast PD, LGD, EAD and transition matrix under base and adverse conditions
- User friendly and flexible rule based GUI to define different staging allocation strategies
- Comprehensive system setup supporting simulation of alternative scenarios and what-if conditions for impairment calculation
- Powerful multi-dimensional reporting, supporting compliance for accounting, disclosure and regulatory reporting

DAILY  
AUTOMATIC  
BOOKING OF  
IFRS 9  
PROVISIONS

CREDIT  
TRANSFORMATION  
PROGRAMME AND IRB  
ROLL OUT

UNIQUE  
PLATFORM  
ADDRESSING  
END-TO-END  
NEEDS

[www.prometeia.com](http://www.prometeia.com)

[risk.community@prometeia.com](mailto:risk.community@prometeia.com)

+44 (0) 207 786 3525