

## **Agenda for Australian Meeting** **hosted by Commonwealth Bank, Sydney**

- Location:** Commonwealth Bank  
201 Sussex Street  
Tower 1  
Sydney, NSW, 2000
- Date:** Monday 12 January 2015
- Time:** Starting 0900, ending 1700
- Purpose:** Review of material and discussions from PECDC's December conference in Den Haag and special discussions of working groups and other special topics for Australian members.
- Topics:** (please note that the order and length of discussions will be determined by the participants on the day)
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|-------|----|---|
| 0900  | 1. | Introduction (LF, PW),  |
| 0915  | 2. | Information from GMM (PW)   |
| 1000  |    | issues by telephone from IM as Board Director of PECDC, including:<br>a. board representation<br>b. working groups and methcom, special Australian issues?<br>c. anti competition laws  |
| 1030  | 3. | Volumetrics of the PECDC databases (PW)   |
| 1130  | 4. | Discussion topics (All banks)<br>a. Regulatory views on models developed using PECDC data<br>b. IIF LGD survey results  |
| 1230  |    | c. Yellow goods (equipment financing)   |
| Lunch |    | d. Secured vs unsecured, why don't we see much differentiation?<br>e. Typical DTLGD methodologies applied using PECDC data  |
| 1330  | 5. | Working Group Updates (PW), including:<br>a. Commercial Real Estate<br>b. Trade and Commodities Finance<br>c. Asset Backed Lending  |
| 1430  | 6. | Modelling Discussion Groups (Stephan Jortzik, LF, PW and others)<br>a. CRE + Stress Testing<br>b. LGD Modelling Methodology   |
| 1530  | 7. | Specific modelling issues raised by member banks, including:<br>a. Definition of default – Treatment of exits, Technical defaults, materiality thresholds and aggregation level (legal entity vs. Group). Treatment and definition of cures.<br>b. Corporate Credit Conversion Factors – Regulatory CCFs are 100% in Australia for Corporates but there is evidence to suggest this is overly conservative. BCBS EAD survey progress? |

c. Alternative approaches to CCF modelling (momentum approach?).  
What data to exclude from CCF models?

d. Unsecured LGD Benchmarking. Aggregation level? Treatment of  
cross collateralised assets?

e. The Financial Stability inquiry and the impact on risk estimates and  
RWA <http://fsi.gov.au/>

f. IFRS 9

1630 8. Any other topics, including Australian special issues and feedback to  
.. PECDC

1700 Close and drinks

**Contact:** Philip.winckle@pecdc.org phone: + 46 70 7847654  
luan.ferreira@cba.com.au phone: 043 418 7586