Accredited Africa Training Institute for Capacity Development
Unit F0409, Hatfield Plaza · 1122 Burnett St, Hatfield 0028 · Pretoria, Gauteng · South Africa
Tel: +27 12 004 8389 · Mobile: +27 65 077 6310
Email: apply@aaticd.co.za · Website: www.aaticd.co.za

COURSE BROCHURE

Design a Loss Provision Funding Model

Business, Commerce and Management Studies / Finance, Economics and Accounting

Unit Standard 242583 · NQF Level 5 · 10 Credits · 7 Days

COURSE OVERVIEW

This course equips learners with the knowledge and skills to design a funding model that makes provision for the financial consequences of losses in an entity. Learners will understand the principles of risk financing, loss provisioning, and capital adequacy, enabling them to develop robust financial strategies that safeguard the entity against unexpected losses.

Category	Business, Commerce and Management Studies
Subfield	Finance, Economics and Accounting
Unit Standard	242583
Accreditation	SAQA Accredited · NQF Level 5 · 10 Credits
Duration	7 days
Training Method	Online, On-Campus, In-House
Certificate	Issued via AATICD LMS — verifiable online

LEARNING OUTCOMES

- Analyse the financial consequences of potential losses on an entity and determine the required provisions.
- Evaluate different funding model options for loss provisioning, including self-insurance, captive insurance, and external insurance.
- Design a funding model that aligns with the entity's risk appetite, regulatory requirements, and financial capacity.
- Implement the funding model by developing policies, procedures, and monitoring mechanisms.
- Demonstrate the ability to review and adjust the funding model in response to changing risk profiles and financial conditions.

WHO SHOULD ATTEND

- This course is intended for financial managers, risk managers, accountants, and senior professionals responsible for financial planning and risk management within an entity.

COURSE OUTLINE

Day 1: Introduction to Loss Provisioning and Regulatory Framework

- Overview of credit risk and loss provisioning
- Regulatory landscape: IFRS 9, Basel III, and SAQA requirements
- Key concepts: probability of default (PD), loss given default (LGD), exposure at default (EAD
- Distinction between incurred loss and expected loss models
- Importance of funding models for capital adequacy
- Introduction to model governance and validation

Day 2: Data Requirements and Preparation for Loss Provisioning

- Data sources: internal historical data, external benchmarks, macroeconomic indicators
- Data quality assessment: completeness, accuracy, consistency
- Data cleansing techniques: handling missing values, outliers, and errors
- Exploratory data analysis (EDA) using statistical summaries and visualizations
- Segmentation of portfolios for modeling
- Data transformation and feature engineering

Day 3: Statistical and Econometric Foundations for Loss Modeling

- Probability distributions: Bernoulli, binomial, Poisson, and loss distributions
- Regression analysis: linear and logistic regression
- Modeling probability of default (PD): logistic regression, decision trees
- Modeling loss given default (LGD): linear regression, beta regression
- Modeling exposure at default (EAD): credit conversion factors, utilization models
- Goodness-of-fit and model diagnostics

Day 4: Building the Loss Provision Funding Model – Stage Allocation

- IFRS 9 three-stage model: stage 1, stage 2, stage 3
- Criteria for staging: days past due, credit rating changes, qualitative factors
- Calculating 12-month ECL (stage 1) and lifetime ECL (stages 2 and 3
- Incorporating macroeconomic scenarios: baseline, optimistic, pessimistic
- Probability-weighted ECL calculations
- Handling purchased or originated credit-impaired (POCI) assets

Day 5: Model Validation, Backtesting, and Stress Testing

- Model validation framework: conceptual soundness, outcomes analysis, ongoing monitoring
- Backtesting methods: binomial test, traffic light approach, accuracy ratio
- Stress testing scenarios: historical, hypothetical, and reverse stress tests
- Sensitivity analysis: impact of changes in PD, LGD, EAD
- Benchmarking against industry standards
- Documentation and reporting for regulatory compliance

Day 6: Model Implementation and Integration into Financial Systems

- System architecture for loss provisioning: data flow, calculations, reporting
- Integration with general ledger and financial reporting systems
- Automation of data extraction, transformation, and loading (ETL
- Model governance: version control, audit trails, change management
- Reporting templates for management and regulators

- User acceptance testing and deployment strategies

Day 7: **Advanced Topics, Case Studies, and Course Wrap-up**

- Machine learning approaches: random forests, gradient boosting for credit risk
- Modeling for IFRS 9 in low-default portfolios
- Case study: Designing a funding model for a retail bank
- Case study: Loss provisioning for a corporate loan book
- Regulatory updates: expected changes in IFRS 9 and Basel
- Capstone exercise: Build a simplified loss provision funding model from scratch

ASSESSMENT & CERTIFICATION

Delegates are assessed through exercises and a final test. A mark of **50% or above** earns an **AATICD Certificate of Completion**, issued digitally with a unique verification code. This course carries **10 NQF credits** at **NQF Level 5**.

PRICING (PER DELEGATE, EX-VAT)

Delegates	Training Method	Price per Delegate	Total
1	Online	R 29,600.00	**R 29,600.00**
1	In-House	R 38,500.00	**R 38,500.00**
1	On-Campus (Pretoria)	R 44,400.00	**R 44,400.00**

UPCOMING SESSIONS

Start	End	Method	Venue
10 Aug 2026	18 Aug 2026	On-Campus	Pretoria, South Africa
11 Aug 2026	19 Aug 2026	On-Campus	Abu Dhabi, UAE
12 Aug 2026	20 Aug 2026	On-Campus	Durban, South Africa
12 Aug 2026	20 Aug 2026	On-Campus	Mauritius
13 Aug 2026	21 Aug 2026	On-Campus	Cape Town, South Africa
14 Aug 2026	24 Aug 2026	On-Campus	Dubai, UAE
17 Aug 2026	25 Aug 2026	On-Campus	Abu Dhabi, UAE
18 Aug 2026	26 Aug 2026	On-Campus	Durban, South Africa

Contact us if no suitable date is listed — on-demand sessions can be arranged for groups.

HOW TO GET A QUOTE OR APPLY

1. **Get an instant quotation online:** visit **www.aaticd.co.za**, open the page for this course (Unit Standard 242583) and click **Get A Quote / Apply**. Select your training method and number of delegates — your quotation is generated immediately and emailed to you with the course brochure attached.
2. **Apply by email:** send the course title, your preferred training method (Online, In-House or On-Campus Pretoria), the number of delegates and your preferred dates to **apply@aaticd.co.za** — our team will reply with a formal quotation.
3. **Apply by phone or WhatsApp:** call **+27 12 004 8389** or WhatsApp **+27 65 077 6310** and we will prepare your quotation and reserve your seats.
4. **Confirm your booking:** accept the quotation and settle the invoice. As soon as payment is confirmed your delegates are enrolled and receive their AATICD LMS login details by email, along with joining instructions for their chosen training method.

Group discounts apply automatically — the more delegates you enrol, the lower the price per delegate. No payment is required to request a quotation.

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