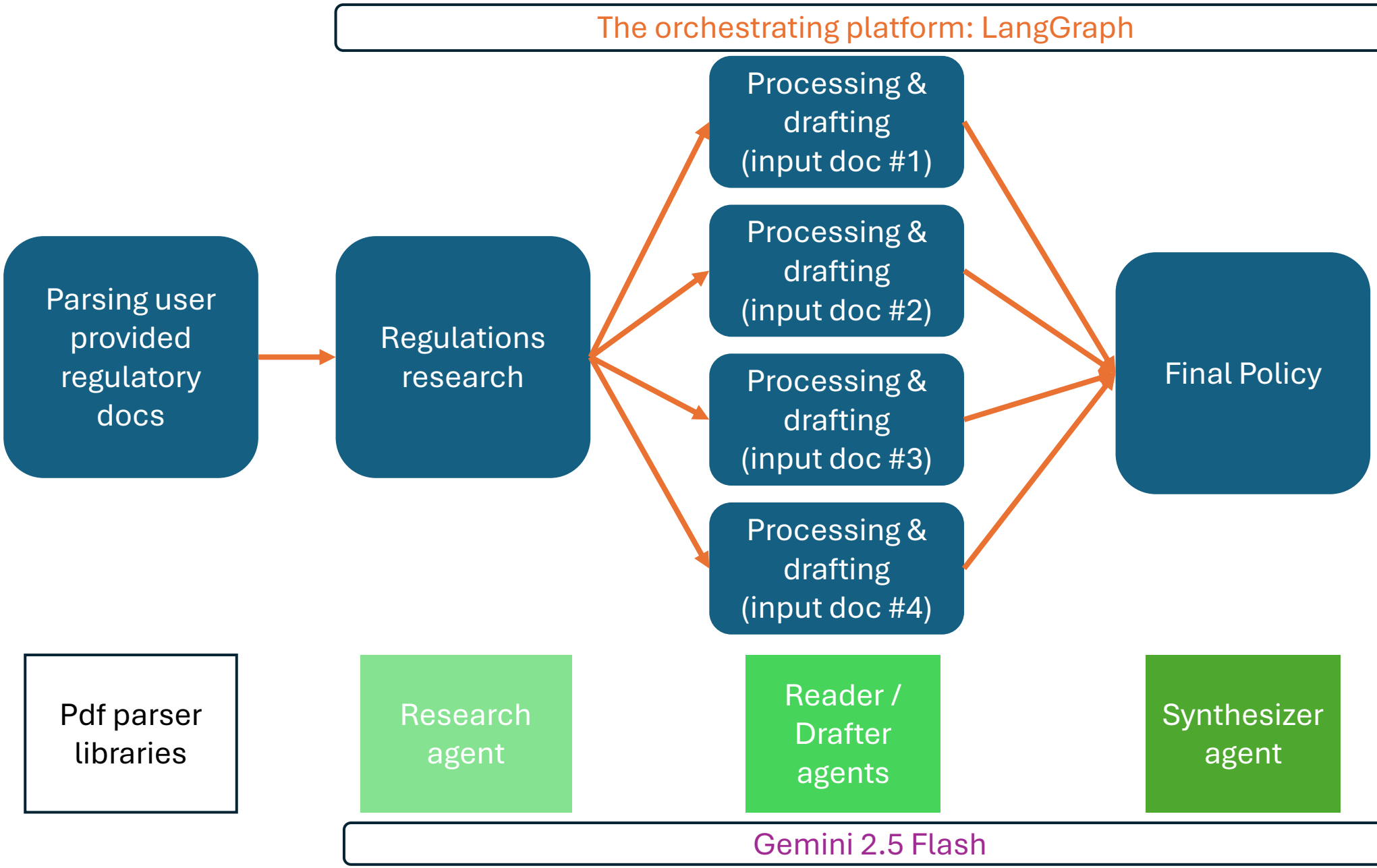
Policy creator and regulatory research agents

AI agentic architecture:

- Regulatory research agent
- Parallel reader / drafter agents
- Synthesizer agent

Agentic workflow – dealing with long documents



Snippets from generated model development policy

Internal Credit Risk Modelling Policy

Internal Policy on IRB Model Development and Management for Residential Mortgage Portfolios

Document Reference: [Bank's Internal Document ID]
Version: 1.0
Effective Date: [Date]
Review Date: [Date + 1 Year]
Approval Authority: Management Body

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3.3. Data Representativeness and Vetting

A robust process for vetting all data inputs into the models shall be in place, encompassing an assessment of data accuracy, completeness, and appropriateness (CRR Article 174(b); ECB Guide, Credit Risk, Section 8.4, para 130).

* **General Representativeness:** The Bank shall maintain sound policies, processes, and methods for assessing the representativeness of data used in both model development and calibration (EBA GL on PD and LGD, Section 4.2.2, para 17). This assessment shall consider the model's scope, definition of default, distribution of relevant risk drivers, and lending/recovery policies (EBA GL on PD and LGD, Section 4.2.3, para 21, and Section 4.2.4, para 28).
* **Model Development Data:** Data used for model development must be highly representative of the application portfolio to ensure effective risk differentiation. For residential mortgages, this includes analyzing the distribution of risk drivers such as region, property type, LTV, and obligor-specific characteristics. Material differences in key risk characteristics between the development data sample and the application portfolio shall be avoided (EBA GL on PD and LGD, Section 4.2.3, para 20, 25).
* **Calibration Data:** Data used for calibration (e.g., historical default rates, LGDs) must strictly reflect the requirements of CRR Article 178 DoD (EBA GL on PD and LGD, Section

4.2. Risk Drivers Selection and Ageing of Information

Estimates shall be based on material drivers of the risk parameters (CRR Article 179(1)(a)). The selection of risk drivers and rating criteria for residential mortgages shall be based on statistical analysis and consultation with relevant business experts to ensure business rationale and risk contribution (EBA GL on PD and LGD, Section 5.2.2, para 58; ECB Guide, Credit Risk, Section 16.1.1, para 202).

* **Specific Risk Drivers for Residential Mortgages:** For PD models, relevant risk drivers shall include, but not be limited to, region, type of real estate (e.g., residential), past delinquency, and maturity (ECB Guide, Credit Risk, Section 16.1.1, para 204(c)). For LGD models, risk drivers should also consider Loan-to-Value (LtV) ratio and geographical location of the collateral (EBA GL on PD and LGD, Section 6.2.1, para 121(a)).