VALIDATION

We amplify the discriminatory power of your rating models

CredaRate
EXPERTS FOR CREDIT RISK & ESG

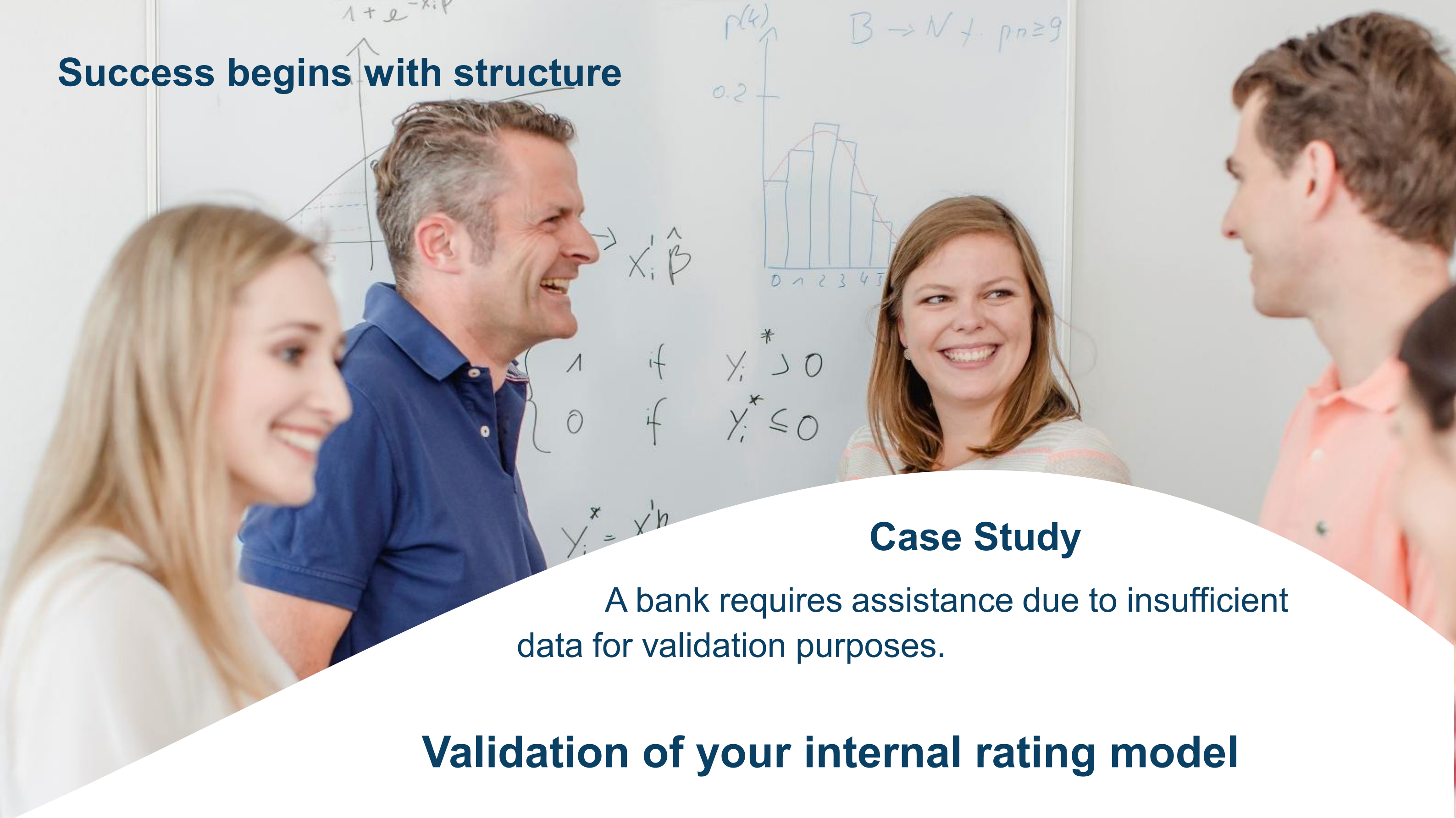
Our competence, your advantage

- ✓ Carrying out regulatory validation
- ✓ Developing challenger models using pool/client data
- ✓ Assessing the quality of individual ratings
- ✓ Benchmarking against CredaRate's models
- ✓ Design of regulatory-compliant validation frameworks
- ✓ Preparing aligned validation documentation
- ✓ Optimisation of your models

Benefit from our expertise

- ► More than 20 years of **experience** with complex validation cycles
- ► Extensive, **quality-assured pooled data**, continuously growing since 2005
- ► Efficient validation of external models using our established **infrastructure**
- ► Regulatory-tested **support** and assistance during audits and supervisory exams

With a team of more then 60 experts spanning IT, credit risk, statistics and compliance, we serve over 45 clients, including institutions under ECB supervision and within the IRBA.



Success begins with structure

Case Study

A bank requires assistance due to insufficient data for validation purposes.

Validation of your internal rating model

1

Provision of technical documentation and a formula system to replicate the model

The documents include the following:

- ► Scope of application
- ► Risk factors including description
- ► Institution-specific model

2

Replication of the formula system

The replication is carried out using our data pool and established infrastructure through:

- ► Development of mapping rules
- ► Compilation of a representative validation sample
- ► Calculation of the probability of default using the institution-specific rating model

3

Quantitative validation analyses

In addition to descriptive analyses the procedures include, for instance:

- ► Correlation analyses
- ► Discriminatory power
- ► Model stability
- ► Calibration

4

Projekt completion and documentation

Upon completion of the project, you will receive:

- ► A regulatory-compliant validation report, including documentation of the methodology and results
- ► A best-practice framework for future validation activities

Let 's talk about your opportunities:

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