Credit Assessment Scorecards

THREE IMPORTANT THINGS YOU NEED TO IMPROVE CREDIT DECISION-MAKING.

Staying on top of today’s constantly evolving credit markets and the regulatory environment is challenging. Identifying and managing potential default risks in your portfolio requires access to up-to-date data, sophisticated analytical tools and a consistent framework for analysis. See how our Scorecards can help.

A Probability of Default Scoring Framework
S&P Capital IQ™’s Scorecards provide credit professionals with the ability to score private, publicly traded or rated companies (obligors) of any size, in any geography in virtually any sector.

Using a rigorous development process, our credit assessment Scorecards integrate quantitative and qualitative risk factors to help you refine your expert assessments of credit risk. The output of the Scorecard is mapped to Standard & Poor’s Ratings Services historically observed defaults. S&P Capital IQ Scorecards have achieved regulatory acceptance worldwide and deliver a fully documented and transparent credit scoring process, including:

A Scorecard with Quantitative and Qualitative Inputs which include all the risk factors, weights, benchmarks and scoring algorithms delivered in a “glass box” environment.

A User Guide that explains in detail how to score a company and the underlying credit assessment methodology.

Technical Documentation which describes the analytical/statistical processes used to develop the Scorecard, identifies the data used in the construction and provides testing performance results.

Sample Corporate Scorecard*

*Simplified version for illustrative purposes
**CICRA = Corporate Industry and Country Risk Assessment
A Complete and Ongoing Service

MAPPING OF THE SCORE
The output of each Scorecard is either a numerical score or a lower case letter that is mapped to a Standard & Poor’s Ratings Services letter grade and historically observed default rates, or your internal risk rating scale.

ANNUAL UPDATE AND MAINTENANCE
Through a rigorous annual methodological review and testing we ensure that each Scorecard remains analytically sound, has strong performance and that the scoring criteria and User Guide are kept up-to-date.

TRAINING WORKSHOPS
S&P Capital IQ experts provide credit risk analysis training using an interactive case study format.

Ensure Full Coverage of Your Portfolio
We provide broad sector and unlimited geographic coverage with 60+ Scorecards for private, public traded and rated companies. Some of the sectors included are noted below.
Access Support Overlays

Many ratings are not only a function of their own “stand-alone” credit strength, but can be positively or negatively impacted by external entities which can have a material impact on the ultimate credit strength. Available with all Scorecards are support overlays for Parent/Subsidiaries, Government-related entities, holding companies and sovereign intervention.

A Powerful Combination: Precision and Convenience

The S&P Capital IQ Scorecards undergo a rigorous development and annual maintenance process enabling an outstanding level of analytical precision as evidenced by:

- Minimum performance testing standard that results in 90% of Scorecard output within two notches of the public ratings
- The identification of default risk through a granular 20-point rating scale
- Scorecard output that can be mapped to the Standard & Poor’s Ratings Services letter scale, 33 years of historically observed defaults or your own internal scale

Scorecards provide an easy-to-use and convenient framework where the credit risk scoring process provides a high degree of consistency and replicability as demonstrated by:

- The ability to automate the spreading of financial ratios data for public companies/banks using the S&P Capital IQ “plug-in” feature
- Industry and Country Risk Scores that are developed and maintained by S&P Capital IQ
- Detailed industry scoring guidelines that provide logical structure to scoring business risk factors

All Scorecards can be deployed on a standalone basis or incorporated into your internal or third-party credit risk platform.

Training

We provide extensive training for each Scorecard that we offer. Training facilitates knowledge transfer on the application of the Scorecards and the methodology behind them and enables you to interact with the S&P Capital IQ Risk Management Specialists during the delivery of the Scorecards.

Meet Your Regulatory Requirements and More

Complete your credit risk assessments with recovery analysis. Evaluate potential economic losses for a range of exposures in various asset classes with an extensive suite of Loss Given Default (LGD) benchmark data, models and services.

- Develop and implement LGD methodologies to support the Advanced Internal Ratings Based approach (AIRB) under Basel II, or to simply comply with industry best practices
- Validate and benchmark internally developed LGD models
### SAMPLE SCORECARD SECTORS & SUBSECTORS

#### SECTORS
- Automotive
- Construction
- Generic Corporate
- Leasing
- Heavy Industries
- Media
- Oil & Gas
- Real Estate
- Services
- Telecom
- Trade
- Transportation
- Regulated Utilities

#### SUBSECTORS
- Auto Manufacturers, Automobile Retail, Auto Suppliers
- Construction Materials & Building Products, Construction Companies
- Large Corporate, Mid Market Corporate, Small [SME] Corporate
- Operational Leasing
- Capital Goods, Chemicals, Metals & Mining
- Publishing, Radio & TV Broadcast
- Exploration & Production, Midstream [Transportation & Storage], Refining & Marketing
- Recourse & Non-Recourse Transactions; Development & Investment Companies
- Business and Consumer Services
- Wireless Telecoms, Diversified Telecoms, Cable and Satellite
- Retail: Food & Non-food, Wholesale
- Airlines, Shipping, Trucking, Railroads
- Water, Generation & Supply, Transmission & Distribution

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