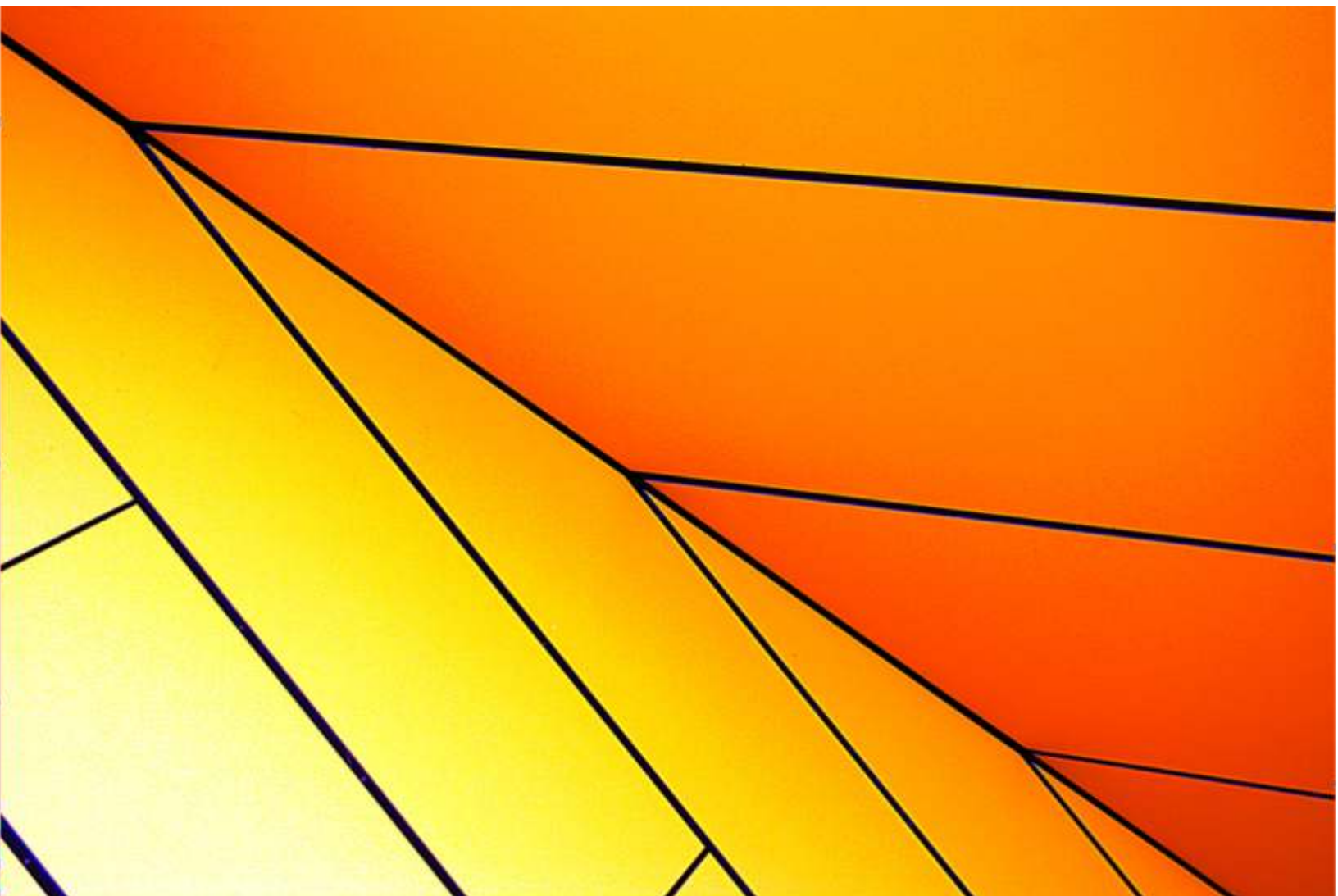


**For a significant commercial real estate portfolio, develop rating models for both construction and stabilized portfolios.**



## The Client

A large Banking Group in USA with a total asset size of USD 130 bn, with a network of 1,500+ branches and approximately 21,400 employees.

## Scope and Approach

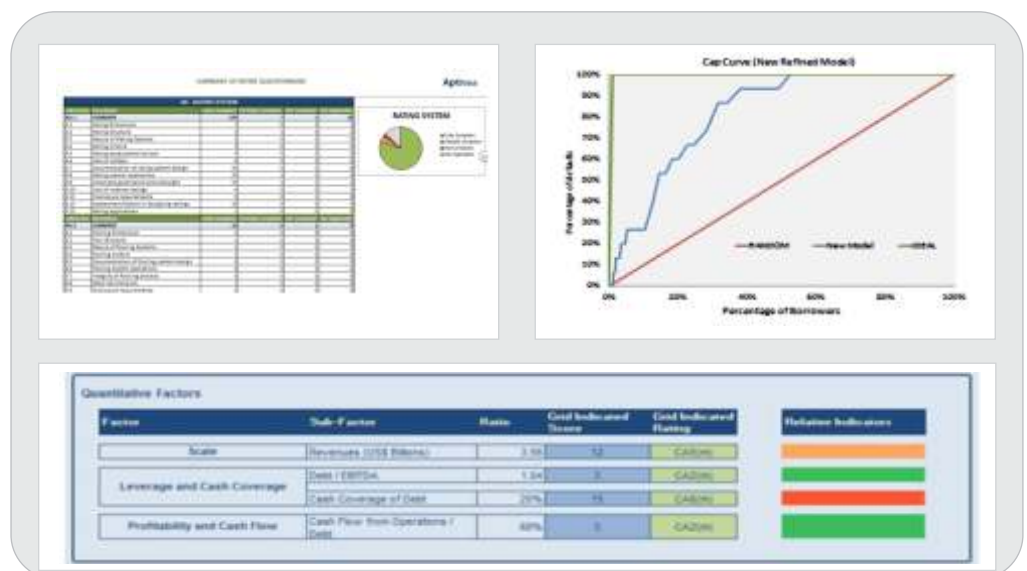
The Client wanted Aptivaa to develop PD and LGD models for its Commercial Real Estate portfolio for capital computation under the A-IRB approach. Conducted extensive discussions with the business users over the existing model performance issues both conceptual and operational. Conducted workshops to drive consensus on 'build vs buy' strategy for the rating model. Once it was decided that model would be developed internally, collected data for the same –both qualitative and quantitative and developed both PD and LGD models for the portfolio. The PDs and LGDs thus generated were calibrated for both one year and for life of the loan. It was ensured that the rating models that were developed were consistent with the guidelines as specified under 'OCC 2011-12: Sound Practices for Model Risk Management'.

## Results

The reports delivered to the client included the validation and review reports of the existing models, along with the specifications of the updated model document for both PD and LGD as well as prototypes of the model for easy implementation.

## Deliverables

- + Documentations detailing the modeling methodology followed for the PD and LGD models, as well as the final model structure
- + Validation and review reports of the existing models



# About Us

Aptivaa is a dedicated risk and compliance consulting firm delivering risk management solutions to the financial services industry.

We offer risk consulting, solutions and analytical services to banks, insurers, as well as asset management and other financial services companies. Our domain expertise covers risk and compliance across credit risk, market risk and operational risk.

