



**Credit Rating Model Development for a
major Bank in Africa**

The Client

Large Bank in Egypt with one of the biggest Corporate Finance, Project Finance and Structured Trade Finance lending portfolios.

Scope and Approach

Bank was using rule based approach for approving Corporate, Project and Structured Trade Finance transactions and was facing challenges due to large number of Defaults, as well as restructuring of facilities. Recent oil crisis made the situation even worse for the bank requiring them to develop revised credit risk assessment models. The Bank decided to develop robust credit rating models for complete portfolio and also wanted to develop a master rating scale that could be used across portfolios to aid consistent decision making purposes.

Aptivaa was aptly placed to provide support, given its expertise in Rating Model Development and Risk assessment methodologies. The Aptivaa team brought in experience to identify key portfolios and analyzed the different type of assessment being carried out for different kind of transactions. The limitations in historical data also posed challenges for determining a suitable quantitative rating methodology, hence Expert judgment based models were developed using Factor importance Surveys,, Candidate models generation and maximization of concordance between models and expert judgment.

Aptivaa also developed a Master Rating scale that would be used across portfolios.

Results

The Client was able to generate a quantifiable credit risk rating for corporate finance, Project finance and Structured Trade finance transaction with greater level of confidence. The bank further used this Credit Risk Rating for acquisition of new customers.

Deliverables

- Credit Risk Rating Models and Development documents
- Master Rating Scale for the Bank.

About Us

Aptivaa is a vertically focused risk and compliance professional services firm offering risk consulting, solutions and analytical services to banks, insurers, as well as asset management and other financial services companies across the globe.

We have developed world-class competencies in high-stakes financial risk and compliance areas such as Enterprise Risk Management, IFRS 9, Credit, Market & Operational Risk, Basel II, Basel III, ICAAP, Risk Based Pricing, Risk Systems implementations etc. We strive to enhance our offerings in line with the latest regulatory updates and ever evolving risk management methodologies and frameworks across the industry.



Abu Dhabi | Mumbai | London | New York

Contact: info@aptivaa.com | Website: www.aptivaa.com | [LinkedIn](https://www.linkedin.com/company/aptivaa) <https://www.linkedin.com/company/aptivaa>