



## Credit Assessment Service

### Independent credit scoring to support internal rating assessment

Reliable independent credit assessments are an important input to measuring compliance with capital requirements at financial institutions. Banks require clear quantitative information on risk to supplement their own qualitatively internal assessments of credit risk.

IHS Markit provides customers with credit scores for unrated debt instruments and assessments of counterparty risks to help you develop an integrated approach to risk management. Our independent assessments provide you with objective measurement of risk while also reducing demand on your internal teams. The results enable you to better allocate resources with trusted data and superior coverage.

We bring together quantitative and qualitative measures of default risk, including world-class credit market data, fundamental analysis frameworks, and uniquely extensive country risk information. Our credit assessment service methodology includes both quantitative and qualitative factors based on multiple inputs and includes human judgment. We perform industry research to validate our key qualitative and quantitative factors to ensure that they continue to be in line with market best practice. Our credit score methodology is consistent with the Basel guidelines.

#### Independent

Objective and independent assessment of issuer and issue credit risk

#### Transparent

Methodology documentation provided on securities scored

#### Expertise

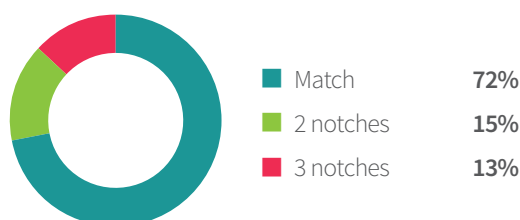
Extensive experience in illiquid debt valuations and credit risk assessment

#### Operational efficiency

Objective scoring based on standardized methodology

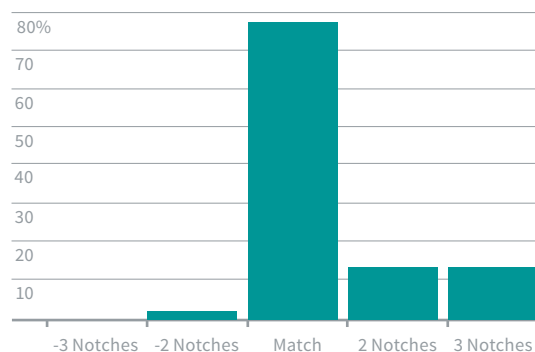
## Back testing

Results from back testing the scoring system based on a sample of positions selected from a publically rated population are shown below. Each position was scored annually for the past three years. The results were compared with the available public ratings for these positions (where a “match” is defined as being within +/- 1 rating notch of the available public ratings):



The distribution of the test results compared with the available public ratings is shown below:

Distribution of results



## Two tiered credit assessment system

### Issuer credit assessment

Financial Condition	Economic and financial situation
	Leverage
	Profitability
	Cash flows
Management and ownership structure	Ownership structure
	Management and quality of internal controls
	Promptness/assessment of the willingness to pay
	Strength of sponsors
Qualitative factors	CIB report
	Sector of business
	Industry properties and its future prospects
Others	Country risk
	Comparison to external ratings
	Credit information from other sources

### Instrument credit assessment

Instrument	Nature and purpose of loan
	Loan structure
	Product type
	Priority of rights in case of bankruptcy
	Degree of collateralization
	Composition of collateral
Collateral	Nature
	Quality
	Liquidity
	Market value
	Exposure of the collateral to different risks
	Quality of the charge
	Legal status of rights
	Legal enforceability
	Time required to dispose of

## More information on IHS Markit products and services

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