



## energycredit Scoring

In today's rapidly changing marketplace it is imperative to know your counterparty and to effectively evaluate counterparty credit quality in order to manage existing credit exposures and to properly evaluate any exposures inherent in potential transactions.

It is critical to evaluate a counterparty on the relevant criteria specifically selected and weighted for its particular industry. A rules-based credit review process ensures consistent policies and results whilst employing multiple customised scoring models.

Credit professionals must consider both qualitative and quantitative elements of their customers and counterparties in order to set policy-driven credit limits. *energycredit* Scoring utilises decision-tree architecture that allows credit departments to independently establish effective, consistent scoring methodologies in order to calculate credit limits and includes a set of standard, yet modifiable, calculation logic to meet the ever-changing portfolio scoring requirements.

### Scoring dictionary and logic

*energycredit* Scoring comes preloaded with a comprehensive dictionary of questions, framed answers, and financial ratios that facilitates the creation of a custom portfolio decision tree. Credit departments can independently define additional questions, answers, and proprietary financial ratios known only to the organisation. The decision tree path is highly flexible and allows results to be scored against a credit policy, a peer group, or a combination of both.

### Reconciliation

*energycredit* Scoring allows template modifications to be implemented, tracked and re-scored against both existing and historical portfolio data. The system tracks variances between the current and previous scoring models, and provides an auditable summary of changes by relevant area.

### Benefits of *energycredit* Scoring

#### • Increased market share and risk diversification

Consistent, timely credit reviews allow companies to evaluate new or existing customers and counterparties when appropriate. Removing potentially subjective credit elements from the credit decision process assures management that the company is complying with corporate credit policies and/or regulatory governances.

#### • Efficiency

Eliminating separate and disconnected spreadsheet models allows for changes to be input at the credit scoring control-centre. Database links reduce the re-keying of static and real-time data elements, allowing for increased data precision. The Workflow module interfaces with credit scoring, resulting in an electronic monitoring and measurement of user-defined key exception indicators. This allows companies to concentrate resources effectively on new and higher-risk counterparty credit decisions.

#### • Predictive default monitoring

*energycredit* Scoring connects seamlessly to on-line, third party, financial and capital market data as well as predictive default models in an effort to provide early warning default indicators. Whether it is company name or product specific, it allows the user to consider specific trends and analysis for the credit limit calculation.

### Key Features:

- Industry specific scoring models as standard;
- Peer group scoring;
- Financial trend analysis and projection;
- Automatic upload of multiple live sources of financial data;
- Design mode to enable users to enhance models without code changes;
- Seamlessly links into *energycredit* for counterparty on-boarding and approval process.

*energycredit* is Financial Objects' market leading enterprise-wide credit risk management solution for energy. Financial Objects is at the forefront of component based software development, using industry standard technology platforms to deliver flexible, robust and cost effective solutions. Financial Objects is committed to delivering future-proofed solutions.

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