This file describes the calculation logic for the example scorecard template that is included in the CRMP.

# Calculation Logic PD Scorecard

## Scoring qualitative factors

### Mapping of factors to scores

|  |  |  |  |
| --- | --- | --- | --- |
| Factor | Value | Score | Weight |
| Management | Strong vision and execution | 2 | 0.3 |
| Strong vision and average execution | 4 |
| Average vision and average execution | 10 |
| Average vision and poor execution | 15 |
| Poor vision and execution | 20 |
| else | 15 |
| Corporate Strategy | Strong | 2 | 0.3 |
|  | Average | 6 |
|  | Poor | 10 |
|  | else | 15 |
| Competitive positioning in market | Leading | 2 | 0.3 |
| Tier 1 | 8 |
| Tier 2 | 12 |
| Laggard | 17 |
| else | 15 |
| Payment History | Strong | 2 | 0.3 |
|  | Average | 8 |
|  | Poor | 12 |
|  | else | 15 |
| Product Differentiation | Strong | 2 | 0.3 |
|  | Average | 5 |  |
|  | Poor | 12 |  |
|  | else | 15 |  |

Score of qualitative assessment =

n = number of factors

## Scoring quantitative factors

### Mapping of financial factors to scores

|  |  |  |  |
| --- | --- | --- | --- |
| Factor | Value | Score | Weight |
| Total Debt / EBITDA x's (reported) | < 2 | 2 | 0.25 |
| 2-3 | 10 |
| 3-4 | 15 |
| > 4 | 15 |
| EBITDA Margin % (adjusted) | < 1% | 16 | 0.10 |
| 1 – 5 % | 12 |
| 5 – 10 % | 8 |
| > 10 % | 2 |
|  |  |  |  |
|  |  |  |  |

Score of quantitative assessment = 

n = number of factors

## External rating

If there exists an external rating for the client, use the following table to map the external rating scale to the internal scale. Otherwise the score 20 is used in the further calculation.

|  |  |
| --- | --- |
| External rating scale | Internal rating scale |
| AAA | 1 |
| AA | 3 |
| A | 5 |
| BBB | 8 |
| BB | 10 |
| B | 12 |
| CCC | 17 |
| R | 20 |

## Calculation overall score

### Category Weights

|  |  |  |
| --- | --- | --- |
| External rating available | Category | Weight |
| Yes | Qualitative Factors | 0.15 |
|  | Quantitative Factors | 0.55 |
|  | External Rating | 0.30 |
| No | Qualitative Factors | 0.20 |
|  | Quantitative Factors | 0.70 |
|  | External Rating | 0.00 |

### Aggregate category scores

Total score = Score qualitative factor \* weight qualitative factor

+ score quantitative factor \* weight quantitative factor

+ score external rating \* weight external rating

### Mapping of total score to PD

|  |  |  |
| --- | --- | --- |
| Total score | PD | Internal rating scale |
| [0 , 1] | 0.003 % | 1 |
| ]1 , 2] | 0.013 % | 2 |
| ]2 , 3] | 0.018 % | 3 |
| ]3 , 4] | 0.025 % | 4 |
| ]4 , 5] | 0.035 % | 5 |
| ]5 , 6] | 0.045 % | 6 |
| ]6 , 7] | 0.065 % | 7 |
| ]7 , 8] | 0.1 % | 8 |
| ]8 , 9] | 0.16 % | 9 |
| ]9 , 10] | 0.25 % | 10 |
| ]10 , 11] | 0.375 % | 11 |
| ]11 , 12] | 0.575 % | 12 |
| ]12 , 13] | 0.85 % | 13 |
| ]13 , 14] | 1.2 % | 14 |
| ]14 , 15] | 1.7 % | 15 |
| ]15 , 16] | 2.5 % | 16 |
| ]16 , 17] | 3.75 % | 17 |
| ]17 , 18] | 6.5 % | 18 |
| ]18 , 19] | 14.25 % | 19 |
| ]19 , 20] | 50 % | 20 |