DATA SCIENCE AND MACHINE LEARNING IN CREDIT RISK MANAGEMENT

DataPro®
Credit Rating Agency

modefinance

A Collaboration between Two Credit Rating Agencies

roadmap

Kick off
modefinance

2009   2012

s-peek launch

1 mln € round
of equity
2015

esma — European Securities and Markets Authority

Credit Rating Agency registration by ESMA: 2015, corporates 2016, banks

2016

Tigran's forefather born

A for Value chosen as exclusive distributor for Africa and Asia

2018

Most active rating agency in Italy (minibonds)

2019

2021

Cap table changes: TeamSystem enters as a major shareholder

tigran

Tigran Risk Platform is officially patented

Q4 2021

modefinance international launch

DataPro partners with modefinance international for the Nigerian Market

tigran for DataPro

Q1 2022

Credit Risk Management Today: The Data Gap

SO MUCH DATA, SO LITTLE VALUE

- Outdated information with no consistent update
- Inactivity and *status quo* attitude
- Very low predictive value
- Unable to leverage newsflows and nowcasting

ANALOG OPERATIONS IN A DIGITAL WORLD

- Complex manual, paper-based procedures
- Miscommunication
- Npls increase

UNABLE TO COMPETE IN A GLOBAL, LONG-TERM MARKET

- Time-consuming loan request processing
- Poor customer experience
- Lack of custom and flexible solutions

"How to organize a more coherent risk assessment process?"

"Where does the value come from?"

"How to automate and digitalize current operations?"

"Saving time and resources means focusing on single problematic events?"

"ARE WE ABLE TO BE MORE COMPETITIVE?"

Market Trends: The Data Science Perspective

NOWCASTING

- New Data & New Regulatory Environment Will Open The Way To "Realtime" Risk-Assessment.

DATA AUTOMATION

- Data Preparation And Data Analysis Automation Are Improving Current Operations And Reducing Costs

DATA VALUE CAPTURE

- Data Science Tools Favor A Higher Value Capture Thanks To Data Management Standardization

UNSTRUCTURED DATA INTEGRATION

- Data From Unstructured Sources Are Increasingly Managed Via Big Data & Analytics Solutions

INCREASED RISK COVERAGE

- New Data/Big Data Offer The Opportunity To Risk-Assess A Larger Number Of Companies

Different Market, Different Solutions

- *Banking & financial institutions*
- *Investment funds & capital markets*
- *Large corporates*

Tigran-for-DataPro Risk Platform, the Rating-as-a-Service

- Patented
- Global approach
- AI platform, flexible and customizable
- Automate and digitalize processes
- Ratings and financial forecast
- PD, CL, debt capacity, VaR, LGD

Verticalization and Custom Models

- Thanks to a lean structure, it is possible to request and develop jointly custom models, verticalized on specific needs
- Custom Score model, custom Credit Limit, etc.

On the strength of its recognition as a CRA and ECAI, and thanks to the results obtained on the market, with millions of scores and evaluations sold, modefinance is a reference point for the FinTech world

Official Credit Rating Agency, on a European level

s-peek app

DataPro also brings to bear its over a decade long experience as a CRA duly registered by SEC.

Modefinance Technology Core

Modefinance has developed a set of **proprietary** big data methodologies and machine learning algorithms:

MORE evaluates any company and financial institution in the world, without geographic, sector or country limits. It permits the user to access real-time data, sector & qualitative extract more value and automatize their current   market infoinfo internal analyses.

- Applicable To >300m Corporates And 60k Banks Worldwide
- Reviewed And Tested in Real-Time
- Certified By Esma
- Capable Of Quantitative/Qualitative Data Integration
- Transparent, No Black-Box Approach, Full Visibility On Explanatory Factors

Country Info

Private Info

Sector & Market Info

modefinance
MORE

Qualitative Info

Financial Info

Other Info
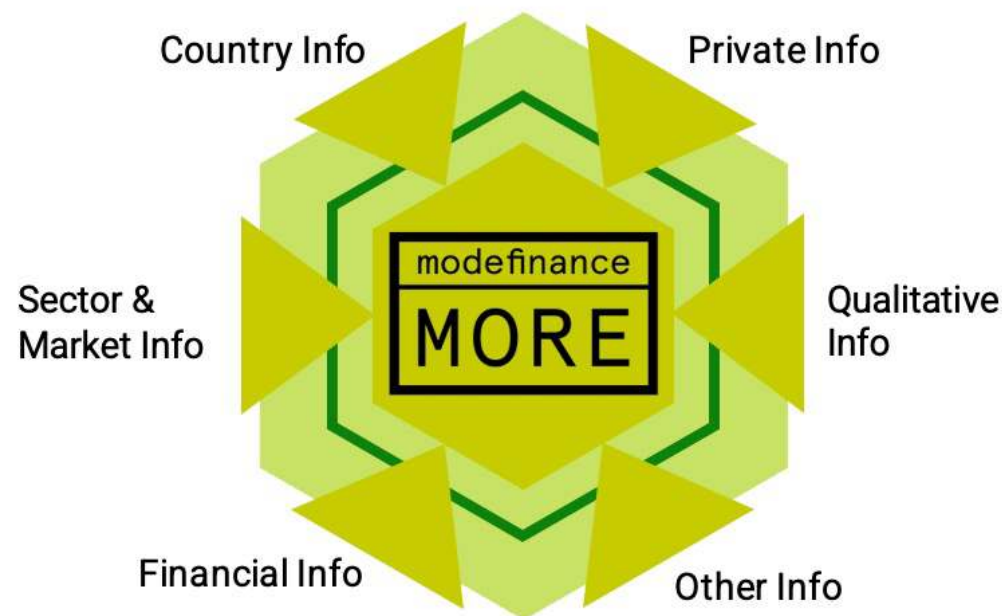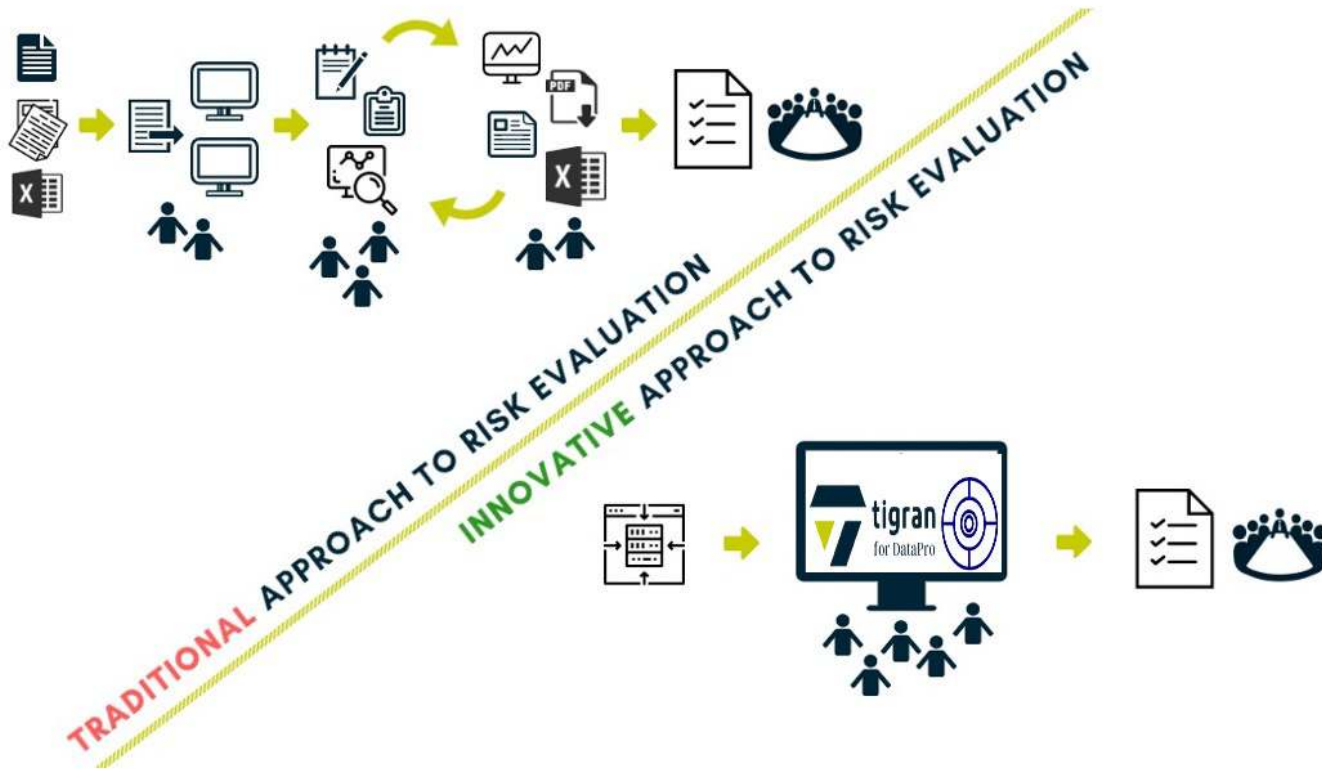
Tigran-for-DataPro

Tigran-for-DataPro is a **patented software**, the first RaaS platform, **Rating as a Service**, a powerful and reliable AI risk platform whose goal is to secure exposure from counterparty risk, automating internal procedures.

Key benefits:
- Workflow automation and simplification
- Decision making process' time and cost reduction
- Tailored custom models
- Full cycle management: from pre-feasibility to approval

Key Competitive Advantages

tigran for DataPro

MULTI-SECTOR APPROACH

CUSTOMIZED DATA INTEGRATION

CLOUD-BASED MODULAR TOOLS

NOWCASTING DATA APPROACH

IMPROVED RISK MANAGEMENT

- A credit rating and risk management model for both corporates and financial institutions

- Rating and analytics on the entire portfolio with customized qualitative analysis when needed

- Easy onboarding

- Adaptive and customizable tools rooted on core fundamental analysis

- Real-time access to data, to detect trends, value & assets

- Significant reduction of companies' analysis process

- Internal risk management policies and procedures adaptability

Prudent credit risk taking and management

Consumer protection

tigran
for DataPro

OUTLINE OF THE GUIDELINES

INTERNAL GOVERNANCE ✓

Credit decision-making

Risk management and control

IT and data infrastructure

Automated models and model governance

CREDITWORTHINESS ASSESSMENT ✓

Consumers, SME and corporates

Automated models

PRICING ✓

Risk-based pricing

MONITORING FRAMEWORK ✓

Exposures and borrowers

Regular credit review of corporate borrowers

IT and data infrastructure

LOAN ORIGINATION PROCEDURES ✓

Automated models

Environmentally sustainable lending

ESG factors

AML/CFT

VALUATION OF COLLATERAL

Immovable and movable property

Initial valuation, re-valuation and monitoring

Requirements for valuers

Advanced statistical models

A patented platform

which incorporates major institutional guidelines

on credit risk management and consumer protection

All information shall be treated as strictly confidential.

Collaboration Between Two Credit Rating Agency

DataPro
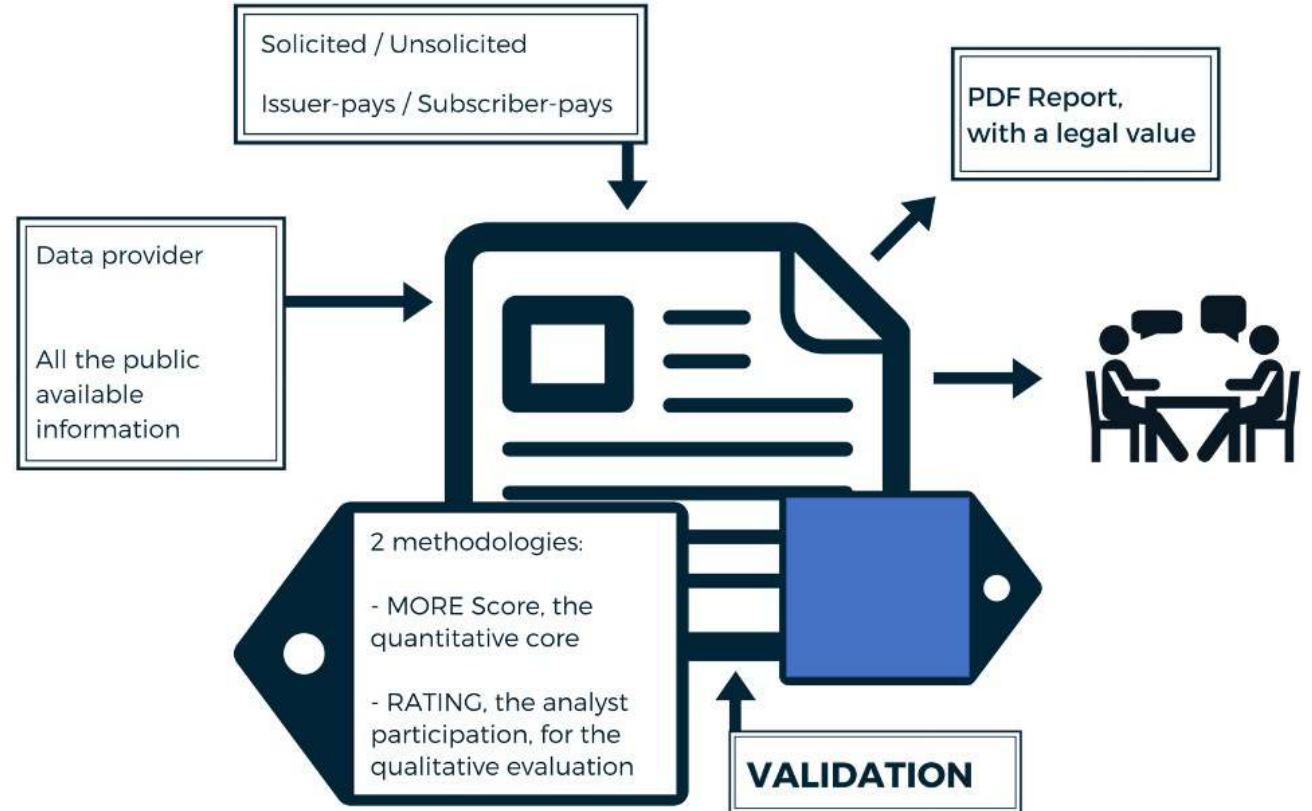
Securities and Exchange
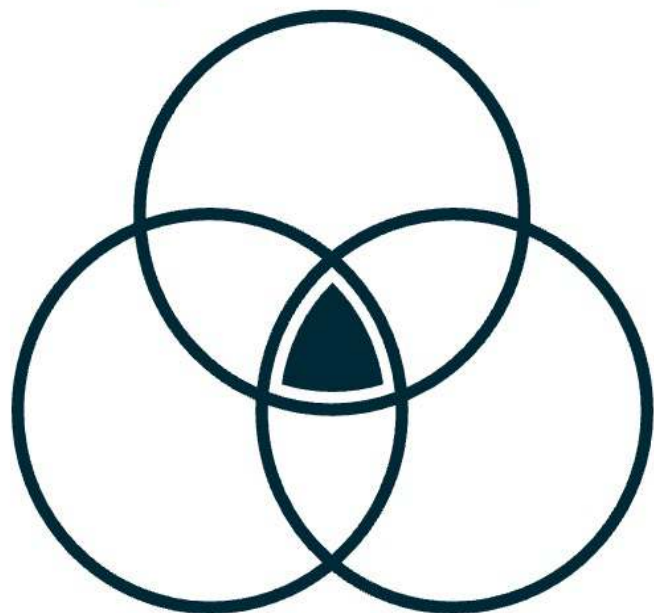Commission, Nigeria

Date: 2004

SEC/1028

modefinance

esma European Securities and
Markets Authority

Date: 10 July 2015
ESMA/2015/1127

Solicited / Unsolicited

Issuer-pays / Subscriber-pays

PDF Report,
with a legal value

Data provider

All the public
available
information

2 methodologies:

- MORE Score, the
quantitative core

- RATING, the analyst
participation, for the
qualitative evaluation

VALIDATION

Fintech Team Integration and Development

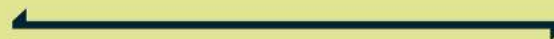**Finance Team Rating analysis**

IT Team Technology

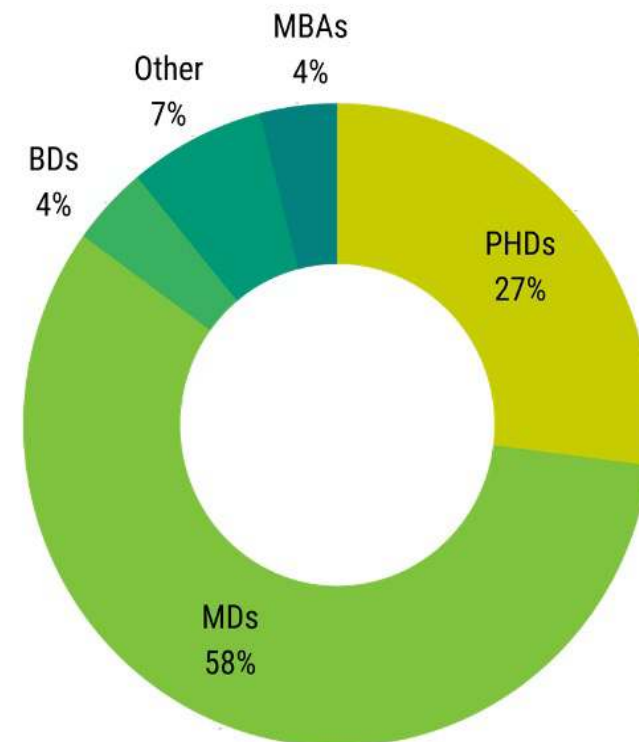lean approach with strong integration among IT, Fintech and Finance

→

inter-disciplinary competences and resources development

→

real-time information sharing and update to best serve the clients

Employees expertize:

MBAs 4%

Other 7%

BDs 4%

PHDs 27%

MDs 58%

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Credit Rating Agency

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