

## Rating-Flex

### Creating own rating modules



### Overview

*Rating-Flex* enables institutions to incorporate their own rating systems into LB-Rating. Usually institutions would like to continue to use their tried and tested systems in a state-of-the-art IT environment. These systems can be incorporated into LB-Rating.

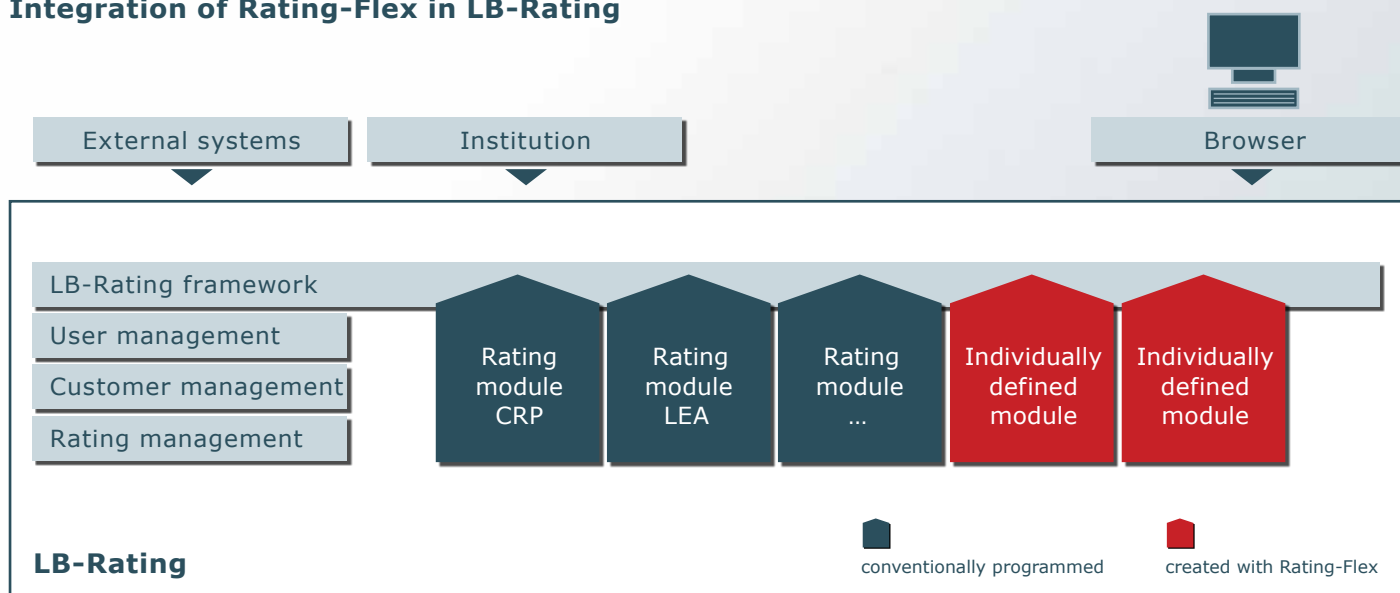
As a result users are provided with a secure, web-based software application, which is centrally operated by RSU. New rating modules can be created without substantial technical resources and can later be changed without internal IT support. Ratings created are securely stored in the system and may be retrieved at any time.

The basic components of individually defined modules are the same as those of RSU's modules; there is no difference in the handling. All standard GUI elements including selection menus, drop-down lists, and context help functions may be freely defined. Texts are stored in Unicode so that modules can be created in all common languages. Complete rating reports containing all input values and intermediate results are also generated for individually defined modules. Thus *Rating-Flex* provides the very interesting possibility to use both individual algorithms and standardized, IRBA-compliant systems via a single application.

### Area of Use

- *Rating-Flex* is designed for the technical implementation of scorecard-based rating systems, i.e. systems which combine quantitative and qualitative factors using appropriate weightings.
- Regulatory requirements can be met. The conditions defined by the BaFin for rating models and qualitative risk management pursuant to § 10 (1) and § 25b of the German Kreditwesengesetz are fully implemented.
- The author of the system retains responsibility for all specialist and methodological matters. Modules created with *Rating-Flex* are only visible to the institution that created them, not to any other users. The ratings can be referenced from other modules and can be exported from the application together with all intermediate results.

## Integration of Rating-Flex in LB-Rating



## Modeling

Institutions provide their own descriptions of their individual rating modules. As a first step, a model is defined in a test environment using the *Rating-Flex* module editor.

Once the module operates correctly, it is transferred to the production environment, where it must be released by a second person. Now rating data can be entered and ratings can be computed and released.

In case the system needs to be recalibrated, the algorithm may be changed at any time. Any changes to an existing module are indicated by new version numbers to ensure traceability.

## Rating Infrastructure

All LB-Rating interfaces are also available for individually defined modules. Thus, when creating a rating, it is possible to incorporate external data, such as master data from the bank's customer information system. Export interfaces facilitate the transfer of the rating results to other systems.

Other functionalities, such as the integrated search function or the check of a finished rating by a second person, are also extended to the individually defined modules. Like in RSU modules, mutual referencing of ratings is possible. As a result, individually defined methods can be seamlessly integrated into the LB-Rating environment.

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