
S&P Global

Market Intelligence

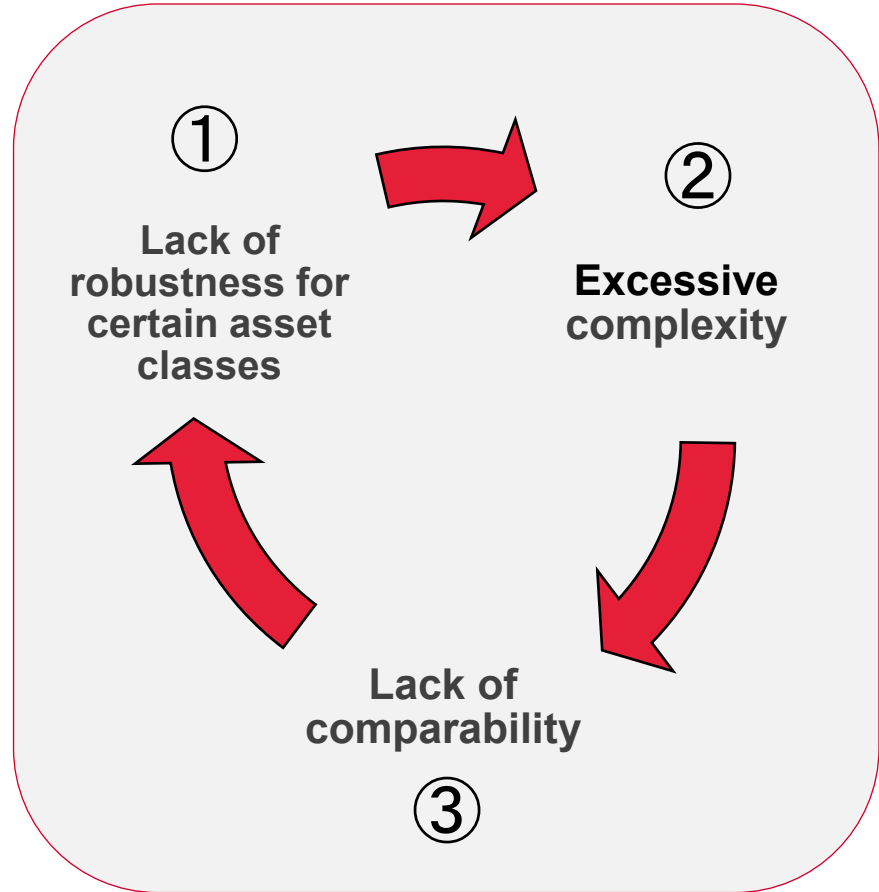
Come Adattare Modelli di Rischio Credito alle Evoluzioni del Quadro di Mercato e Regolamentare

June 9th, 2026



Basel 3.1: Stronger Banking System through Enhanced Risk-Weighting

The major weaknesses of IRB approach identified by Basel:



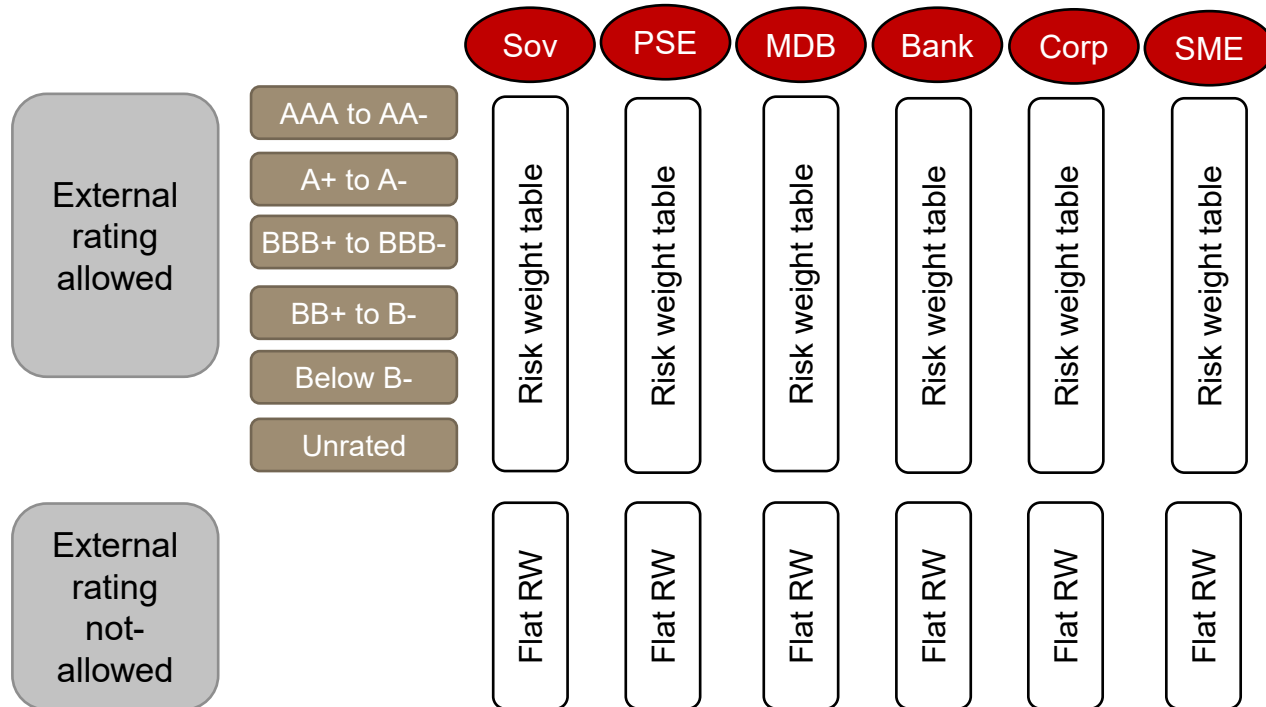
S&P models against market shortcomings

- ① **Robustness of S&P Scorecard models**
 - Combination of various qualitative and quantitative risk drivers to increase robustness of the model
 - Calibration based on S&P's default database dating back to 1981
 - Credit expertise for asset classes where statistical modelling is not possible
- ② **Complexity of S&P Scorecard models**
 - Shadow-rating methodology which reduces complexity
 - Simple, open-form and technology agnostic – easy to implement in client internal system.
- ③ **Comparability of S&P Scorecard models**
 - Consistent rules on how to assess credit rating
 - Comparability of risk drivers with S&P rated universe

Basel 3.1: Standardization ≠ Simplification

Supporting role of S&P Scorecards

STANDARDISED APPROACH vs DUE DILIGENCE



- ❑ Banks must perform due diligence to ensure that the external ratings appropriately reflect the creditworthiness of the counterparties.
- ❑ Due diligence analysis must never result in a lower risk weight vs the external rating. (*Basel, CRE 20*)

- ❑ Reliance on external ratings/regulatory risk weights does not remove the need for a conservative, counterparty-specific internal risk assessment for management and reporting

Basel 3.1: Shadow Rating vs Statistical Models

Rethinking Risk in **Low-Default Portfolios**

Low-Default Portfolios

- LDPs: data scarcity, complexity, and higher potential losses
- Shadow-rating models fit better LDP portfolios: prioritize stability and resilience combining data-driven analytics with expert judgment in complex credit segments.

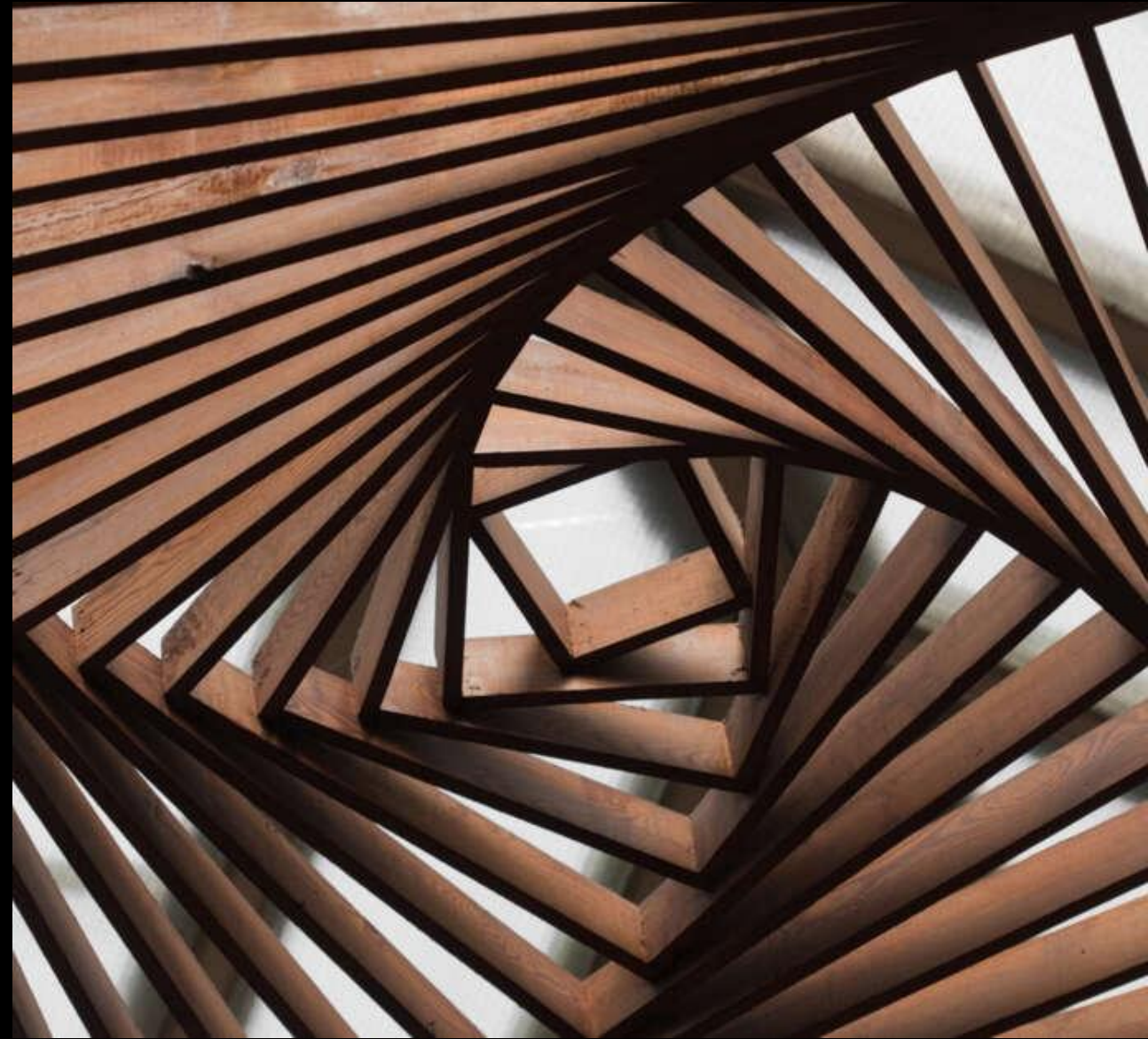
Some Limitations of Traditional Statistical Model

- Overfitting
- Inability to discriminate in rating tails
- Static coefficients and limited flexibility
- Reliance on incomplete historical datasets, with gaps in qualitative drivers.

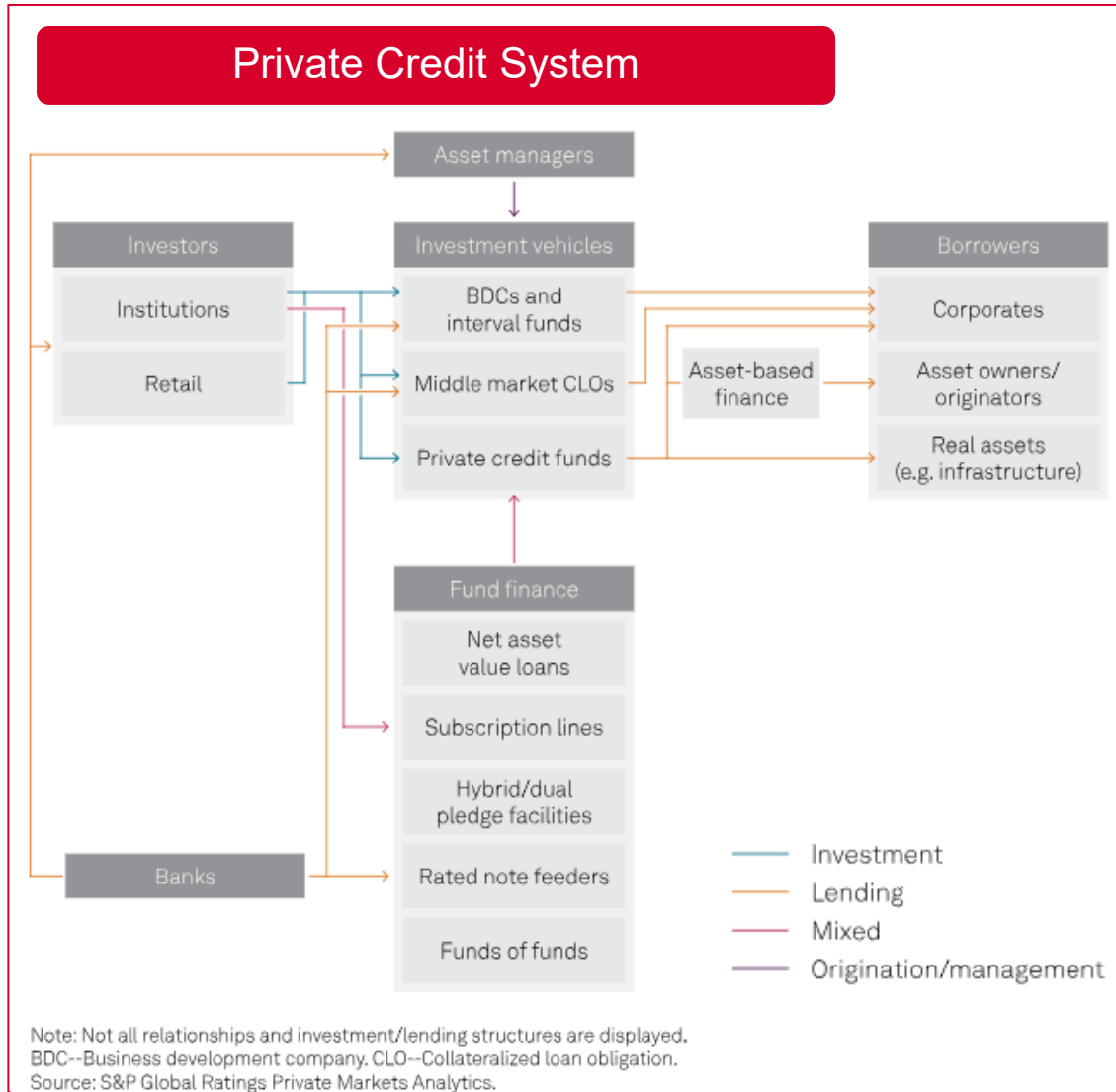
Shadow Rating Model: scalable and regulatory solid solution

- Integrating qualitative insights and forward-looking risk drivers.
- Allowing dynamic weighting and sector-specific tailoring.
- Anchoring to globally consistent rating scales and default histories
- Enforcing non-compensatory judgment rules

The Rise of Private Credit Risk: How To Measure It

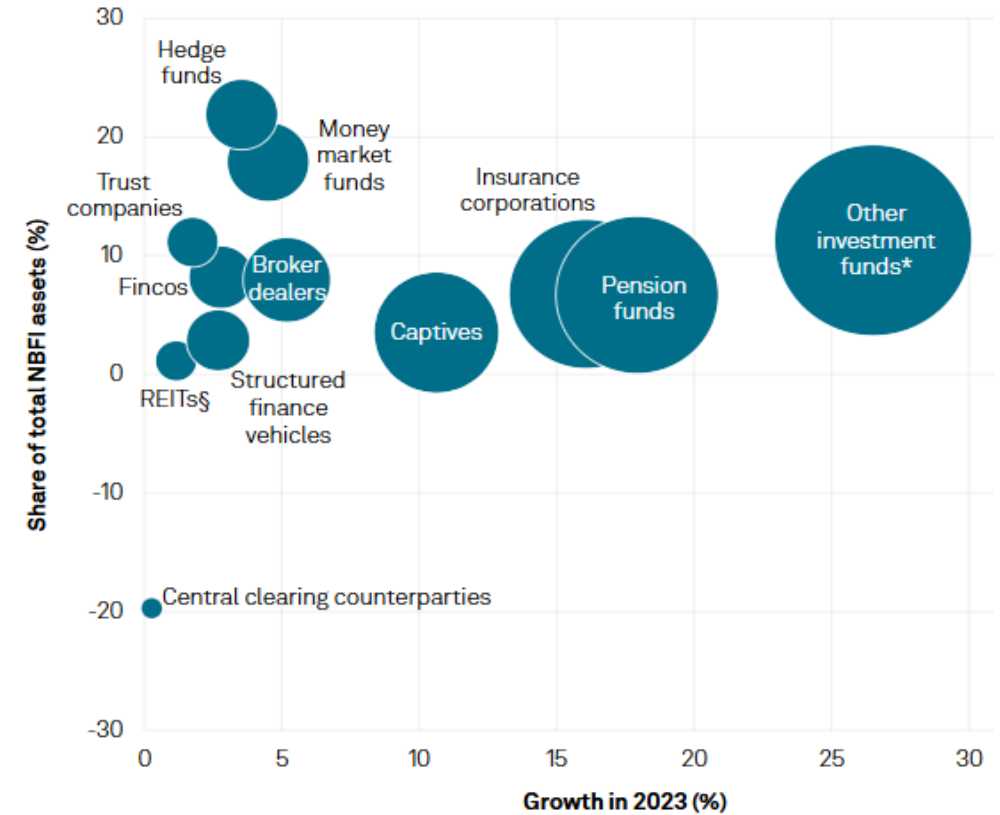


Private credit is here to stay



Alternative funds continue to expand in the low double-digits

The global funds finance sector is large and growing fast
Relative size and growth rates of NBFIs subsectors (2023)



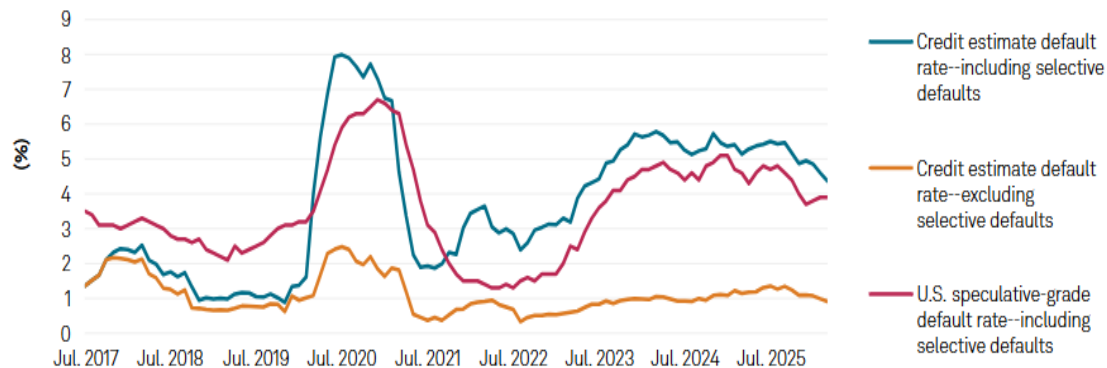
Source: FSB, S&P Global Ratings

Private credit creditworthiness is under scrutiny

Defaults are not absent, are obscured: once "selective defaults" are included, the risk profile is closely aligned with speculative grade.

Credit Ratings on private credit borrowers are in the single 'B' category and lower

Private Credit – Default vs Selective Defaults Rate

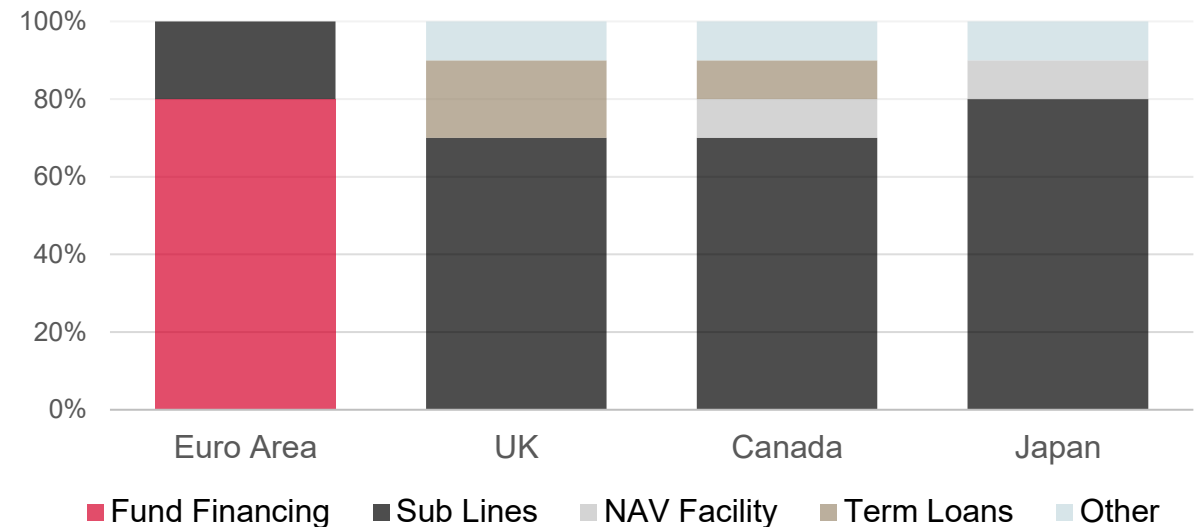


Source: S&P Global Ratings.

Private credit outlook: What lies ahead in 2026?

- **Diversification and Innovation:** Private credit has moved beyond traditional middle-market lending to financing large corporate, digital infrastructure, and energy assets
- **Heightened Scrutiny and Transparency Concerns**
- **Standardization and Regulation:** regulators are starting to adapt, and the industry is expected to increase standardization of fund structures and financing over time.

Bank Lending to Private Credit Funds by Facility Type



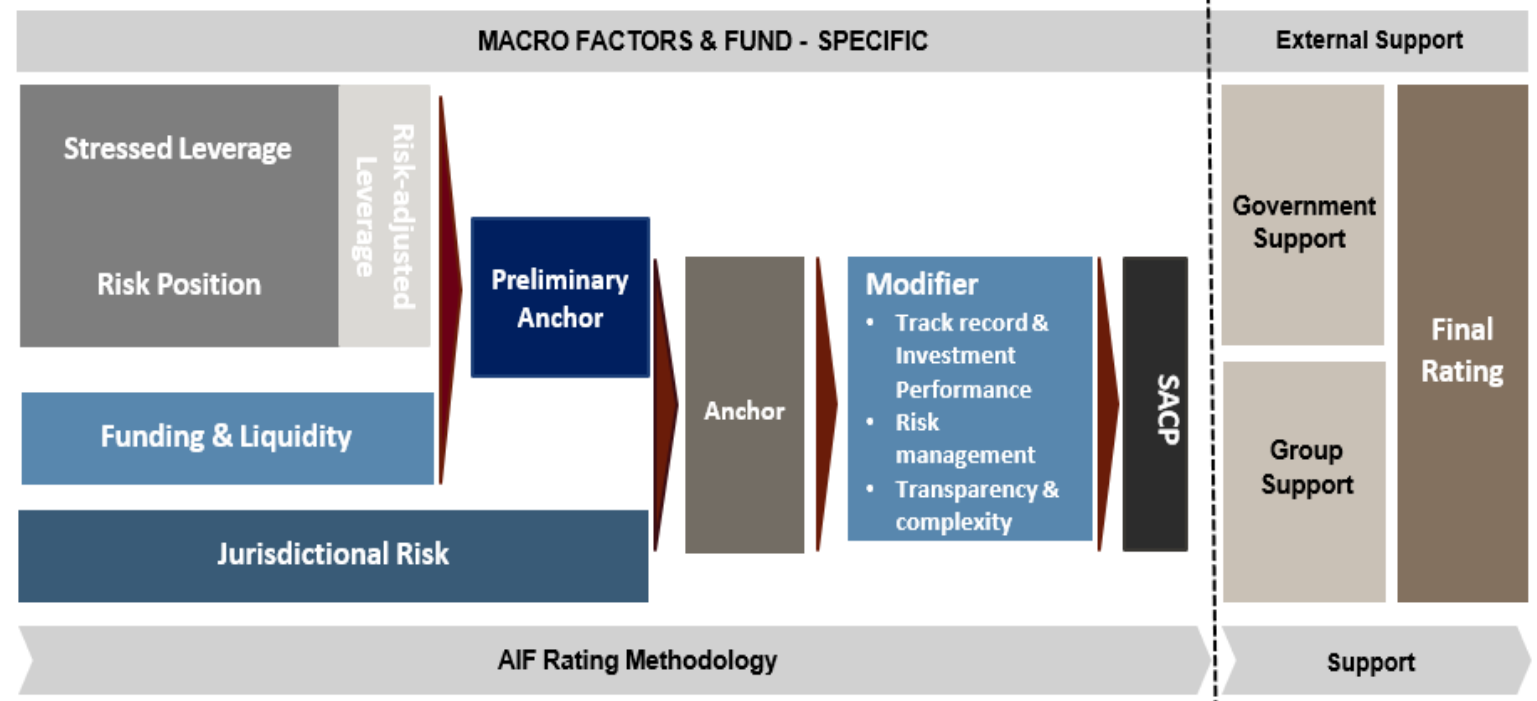
Alternative Investment Funds (AIF) – PD Scorecard

- Even in the face of elevated volatility, the volume of alternative assets under management is set to grow further to \$29 trillion* by 2029 from approx. \$10 trillion in 2019.
- In the current context, AIFs will be under pressure due to uneven valuations, slowing fundraising and higher liquidity needs. Some might return to debt to invest.

In a sector where transparency and illiquid assets are an issue, the AIF Scorecard provides an easy-to-use tool to evaluate the creditworthiness of funds and their debt instruments.

Key Credit Factors

- **Stressed leverage** (investments are stressed by pre-defined rates)
- Market, concentration, strategy, and portfolio volatility risks
- **Funding** risks (e.g. redemption risks)
- **Liquidity** risks (e.g. asset liquidity)
- **Jurisdiction** risks (e.g. rule of law)
- **GP** track record, risk management, info disclosures
- Overcollateralization & creditor-friendly mechanisms (e.g. **NAV lines**)



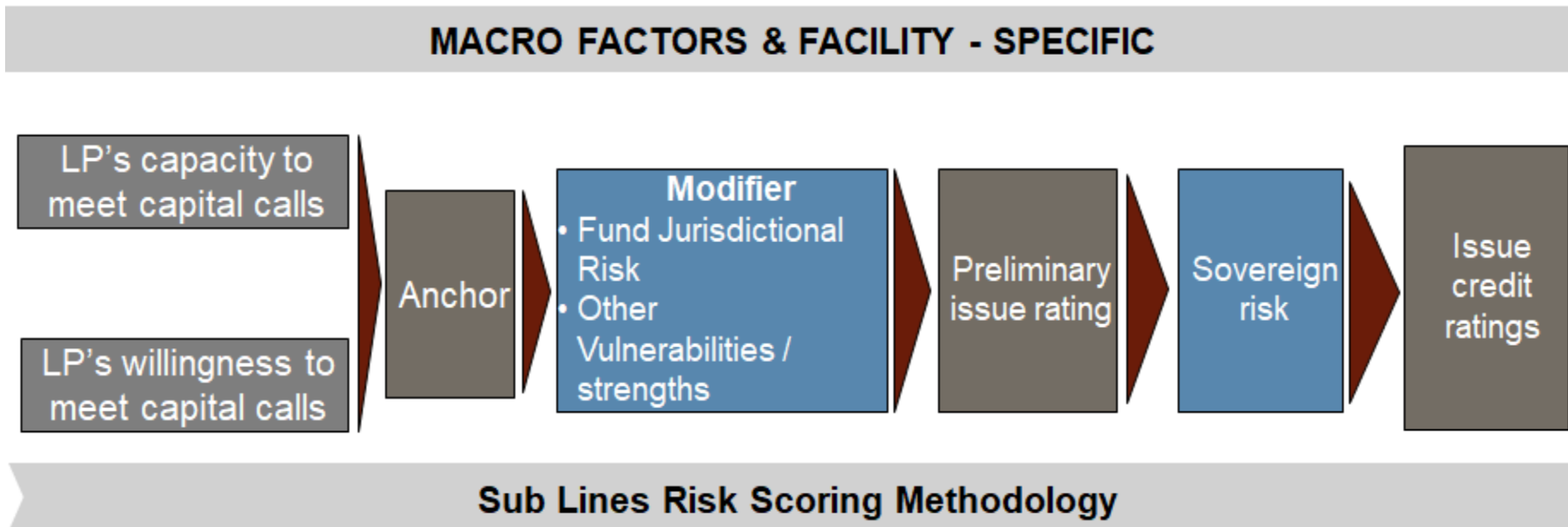
* Source: Preqin

Capital Calls (Subscription Lines) – PD Scorecard

A capital call facility is a credit/loan facility provided to a closed-end fund secured by the unfunded committed capital of the fund's investors.

Key Credit Factors

- ❑ **LP capacity assessment** estimates how much funding an LP investor can provide at a given implied rating. It uses Monte Carlo simulations to model adverse scenarios, estimating how much LP funding could shrink under stress.
- ❑ **LP willingness** to meet 'capital calls': evaluates incentives and fund performance and profile; the general partner (GP) profile; legal features and jurisdictional risk.



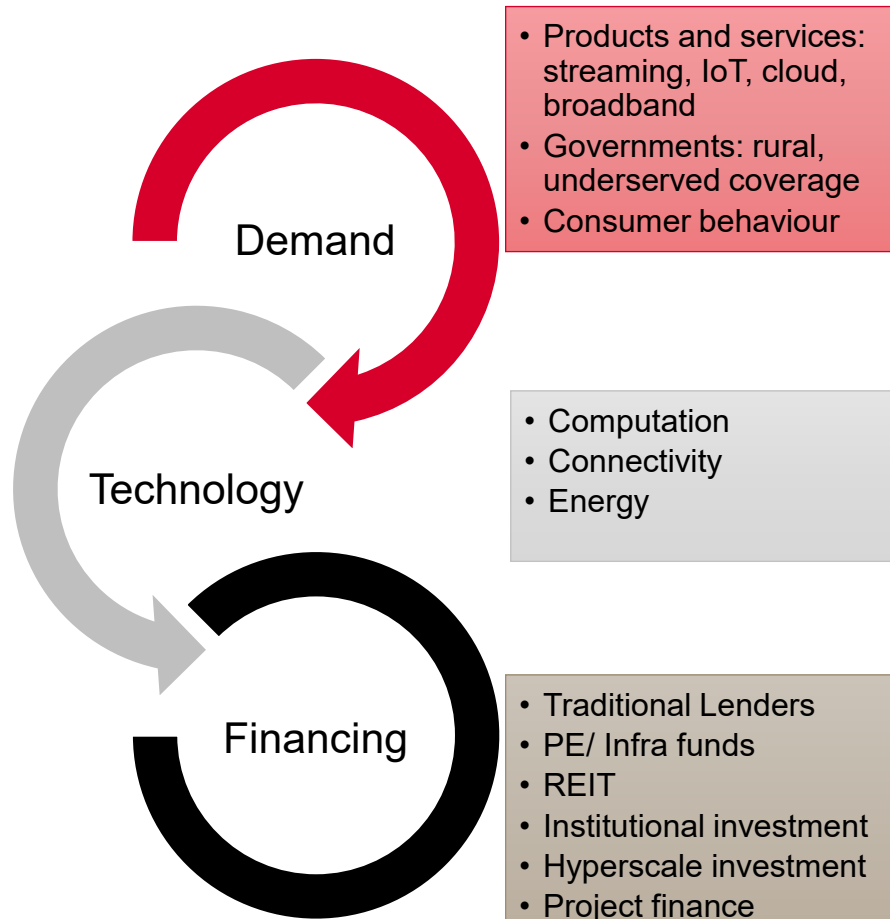
Growing Exposures to Digital Infrastructure: The Credit Risk Angle



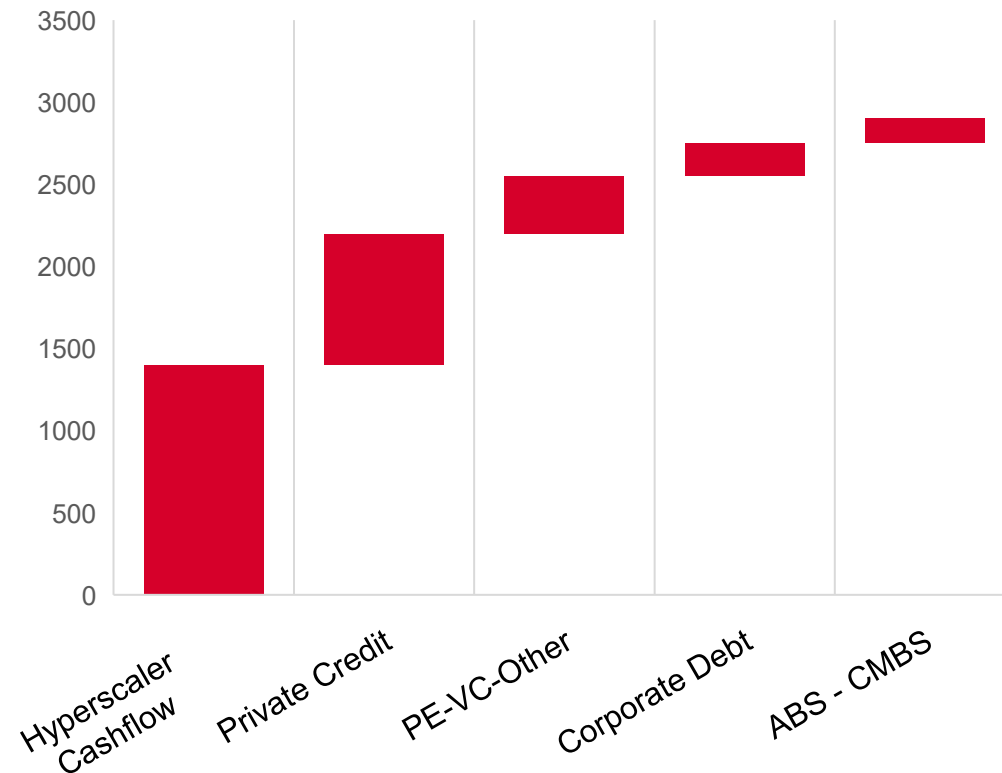
Digital Infrastructure Trends: Data Centres, Fiber Networks, Telco Towers

“Today’s digital infrastructure is falling short of rising demand, with an estimated \$19 trillion in investment required by 2040 to meet these needs*”

** Source: McKinsey & Company, The Infrastructure Moment*



AI-related Infrastructure Funding 2025-28 projected at \$2.9 trillion

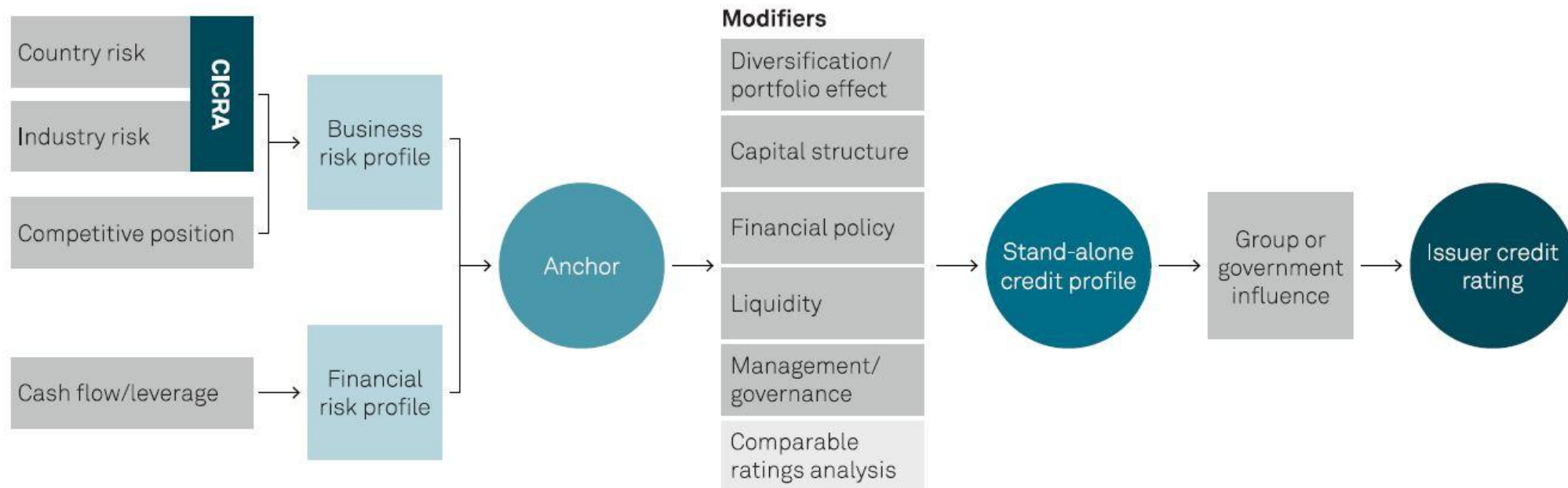


Source: Bank of England, MS, S&P Global

Understanding credit strength and default risk across digital infrastructure (1)

Digital Infrastructure Corporates

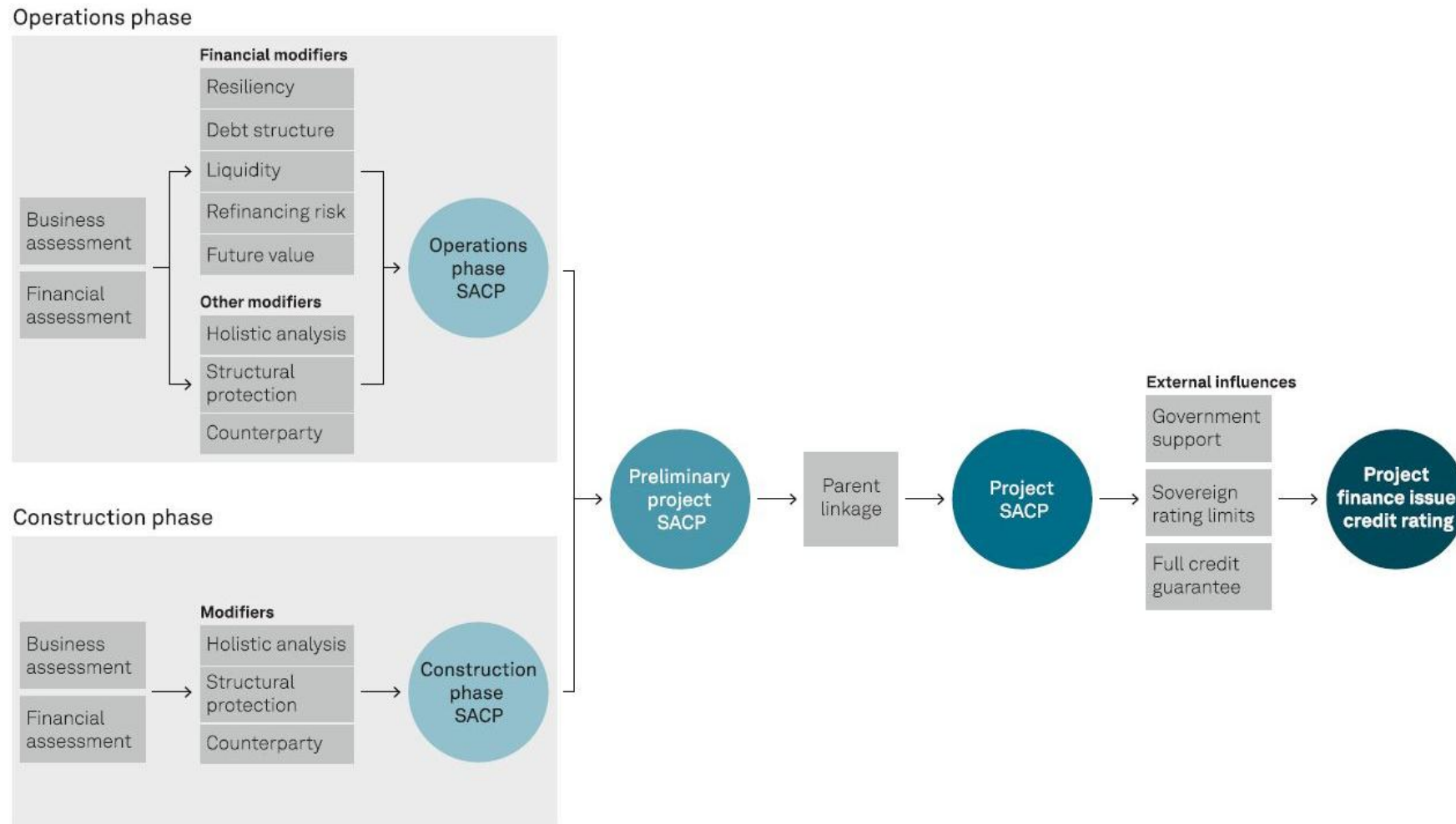
Corporate criteria framework



CICRA--Corporate industry and country risk assessment. Source: S&P Global Ratings. Copyright © 2024 by Standard & Poor's Financial Services LLC. All rights reserved.

Understanding credit strength and default risk across digital infrastructure (2)

The Rise of Project Finance



SACP--Stand-alone credit profile.
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General Project Finance Rating Methodology Published in Dec 2022 and available on RatingsDirect® on CIQ Pro.

Any questions?



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