

MARS Credit Risk

Providing actionable obligor and obligation credit analytics.

Multiple financial stresses have continued to alter the ways that firms think about credit risk.

Widening spreads and elevated volatility since mid-February 2020 have substantially increased pressures across credit markets. With the global economic downturn, continuing COVID-19 concerns and impacts and an oil price war, it is critical to identify signs of stress that may impact a borrower's capacity to repay debt, or a customer or supplier's capacity to meet its obligations.

Bloomberg's analytical solution: MARS Credit Risk

MARS Credit Risk leverages Bloomberg's extensive risk analytics and rich data sets to provide obligor and obligation-level credit analytics that incorporate both market and fundamental information and:

- Delivers a full term structure of default probabilities and model-implied credit default swap spreads
- Produces an early warning signal about an obligor's credit quality (and relevant obligations, such as bonds and loans)
- Evaluates the potential Loss Given Default and Recovery for all covered obligations
- Assesses a large universe of obligors and obligations
- Integrates with MARS Risk Management products, to provide a robust risk management solution

Methodology and Approach: How are these analytics produced?

MARS Credit Risk utilizes state-of-the-art credit models and a wealth of data to provide extensive coverage at obligor and obligation levels:

- Leverages credit risk models to calculate distance to default and probability of default and model-implied CDS spreads, for public and private firms and even those firms not in Bloomberg's ecosystem
- Incorporates market and fundamental information at the same time to enable a detailed and unbiased current and point-in-time future view of a firm's creditworthiness
- Provides an enhanced and unbiased view on the potential Loss Given Default and Recovery, informed by evaluation of each firm and historical experiences across each region and sector.

Use Cases and Workflows

Trading and Portfolio Management

- Portfolio construction
- Underwriting and syndication
- Outlier identification
- Credit screening and monitoring
- Credit benchmarking vs. index or portfolio

Risk Management

- Counterparty risk management
- Risk profile assessment
- Credit risk monitoring and escalation
- Concentration risk
- Limits management
- Model validation / benchmarking

Finance / Treasury

- Evaluate counterparties
- Manage supplier relationships
- Manage customer relationships
- Evaluate loss reserves

Delivery Channels

MARS Credit Risk analytics are available for enterprise use via:

- **MARS UI** – For customers who use the Bloomberg and desire to review specific analytics for specific obligors and/or obligations
- **MARS API** – For customers who would like to ingest the analytics, to include in firm workflows and customized reporting. This is available to all customers in a firm, as long as there is at least one Bloomberg user.

Coverage: Why MARS Credit Risk?

- **Global** – Coverage of over 385,000 companies and millions of obligations, across over 100 countries globally, updated daily.
- **Transparent** – Access to multiple analytics, with rigorous market methodologies
- **Predictive** – Testing shows accuracy ratios of 90%+ over a long timeframe, meaning signals are unlikely to be swayed by market idiosyncrasies, e.g. illiquidity, or even lack of market
- **Comprehensive** – Multiple analytics available in one place, at the same time, containing the costs while efficiently delivering these analytics timely.

Region	Private	Public	Grand total
Africa	251	1,699	1,950
Asia	26,777	32,587	59,364
Eastern Europe	17,353	5,447	22,800
Latin America	3,614	1,768	5,382
Middle East	323	2,393	2,716
North America	64,255	20,277	84,532
Western Europe	195,928	12,625	208,553
Grand total	308,501	76,796	385,297

As of 29 January 2020

Take the next step.

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