

Uncover counterparty default risk with PD Fundamentals.

It is not uncommon for private firms to comprise more than half of one's risk exposures. With financials being typically hard to obtain, it's often very challenging to consistently assess the credit risk of these global counterparties. Your ability to understand the risk can be the difference between success, and failure in today's markets. Our suite of cutting-edge probability of default (PD) models, and a database of over 730,000 pre-calculated PDs, going back more than 15 years, offers you the insight you need to stay one step ahead of credit risk.

Essential analytics

- Measure the likelihood of default over a number of time horizons by utilizing financial statement, proprietary risk metrics, and one of the world's largest financial databases.
- Evaluate the 1-5 year default risk of public and private banks, corporations, and REITS of any size. Map PDs to lowercase letter credit scores¹ (i.e. 'bbb') for increased comparability. Global coverage is driven by models covering over 250 countries and more than 20 segments, regions, and industries.
- Optimize your workflow with access to our pre-scored database leveraging comprehensive, timely and robust data from S&P Global Market Intelligence platforms, for over 730,000² companies globally. Alternatively, access the model engine directly to assess any proprietary information seamlessly and securely.

Model Transparency

- Estimate future credit movements by using sensitivity analysis to determine anticipated paths to creditworthiness improvement or deterioration.
- Understand risk factor contribution to determine where the risk lies in a company's fundamentals, and where to focus attention for analysis, from both an absolute and relative perspective.

Flexible Delivery

- Access PD Fundamentals model, and pre-calculated scores via the S&P Capital IQ Platform or our Microsoft® Excel Plugin.
- Embed the analytics, and data into your internal platforms with our API solutions, or receive a bulk feed of all our pre-calculated scores through XpressFeed™, alongside credit ratings, financials, market data and more.

Rigorous methodology

- Using vigorous variable selection processes, our models maintain reliability whilst maximizing coverage across public and private company financial data. Our models incorporate both financial and business risk dimensions to generate an overall PD value, and an innovative approach that captures important credit risk drivers as identified by S&P Global Ratings' extensive experience in corporate and financial sector credit assessments.
- Trained on a database of public and private company defaults, our models employ a sophisticated Maximum Expected Utility (MEU) methodology to outperform simple logistic regression approaches. We also select variables according to a 'k-fold Greedy Forward Approach' which ensures good out-of-sample and out-of-time model performance.
- Leveraging advanced imputation logic, our models help you to better estimate missing financials and improve risk assessment in cases of limited data.

Powerful data

- Evaluate the financial picture of public and private companies globally through one of the largest datasets of company financial information available, including standardized, transparent and analytically-enhanced data.
- For public companies, we collect more than 5,000 unique financial data items and 2,500 industry-specific terms and include "click-through" features to trace adjustments and line item details to original source documents. All financials for private companies are standardized for full comparison against public company financials.

¹S&P Global Ratings does not contribute to or participate in the creation of credit scores generated by S&P Global Market Intelligence. Lowercase nomenclature is used to differentiate S&P Global Market Intelligence PD credit model scores from the credit ratings issued by S&P Global Ratings.

²Coverage as of 4th May 2017

Relevant insights to help you make critical decisions.

Financial Institutions	Corporations	Asset Managers and Hedge Funds
<ul style="list-style-type: none"> - Efficiently screen rated and unrated borrowers, counterparties, customers, suppliers, vendors and more - Streamline surveillance and identify weakest or marginal credits for review - Determine the default risk of a single company or a portfolio of companies - Perform sensitivity and contribution analysis for rated or unrated counterparties of any size - Map default risk to an implied letter grade score to compare consistently across rated and unrated universes - Generate proactive credit memos for executives, shareholders and regulators - Create simulation scenarios and evaluate the cost of capital after a M&A or private equity deal 		
<ul style="list-style-type: none"> - Benchmark internal credit ratings against a globally recognized metric - Calculate the credit contribution for the pricing of loans, credit insurance, trade credit terms and general credit exposures 		<ul style="list-style-type: none"> - Identify distressed and special situation investment opportunities
<ul style="list-style-type: none"> - Enhance risk surveillance frameworks, protect capital and optimize provisioning 	<ul style="list-style-type: none"> - Support transfer pricing, trade credit and supply chain management 	<ul style="list-style-type: none"> - Incorporate fundamental credit risk in the investment idea generation process

About S&P Global Market Intelligence

S&P Global Market Intelligence integrates financial and industry data, research, and news into tools that help track performance, generate alpha, identify investment ideas, understand competitive and industry dynamics, perform valuation, and assess risk.

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