Default risk data for enterprise

Leveraging Bloomberg Data License
to manage default risk challenges

Background

Since the financial crisis of 2008, more stringent regulatory requirements have forced firms to enhance their risk management processes. The new regulatory environment introduced a range of reforms designed to force the financial industry to implement better risk management practices. The result has been a pervasive market need for independent, objective, and transparent evaluation of an issuer's credit health.

Bloomberg's solution

Bloomberg's default risk models meet this need using scrubbed fundamental data and cutting-edge quantitative models to estimate an issuer's implied CDS spreads and default probabilities over a variety of tenors.

While you may be most familiar with this data on the Bloomberg Professional® service at DRSK <GO>, SRSK <GO> and MRSK <GO>, this data is available through the Data License platform to integrate into your workflows and systems. This data helps clients meet a variety of use cases, including market risk, counterparty risk, trading, regulatory and accounting use cases.

Why Bloomberg's default data?

* **It's objective** – so you have an unbiased view of a company's credit health
* **It's transparent** – so you have an understanding of what drives credit health
* **It's flexible** – so you can understand credit health in a constantly changing market
* **It updates every day** – so you can react to the earliest signs of changes in credit health
* **And it's global** – with nearly 400,000 corporate issuers and over 110 sovereignties covered

Global Coverage (# of issuers)

Region	Private	Public	Grand Total
Western Europe	195,492	12,623	208,115
North America	64,092	20,235	84,327
Asia	26,731	32,550	59,281
Eastern Europe	17,324	5,446	22,770
Latin America	3,611	1,768	5,379
Middle East	323	2,393	2,716
Africa	251	1,699	1,950
Grand Total	307,824	76,714	384,538

Bloomberg

How does Bloomberg Data License work?

Why Bloomberg Data License?

Bloomberg Data License allows you to leverage the high-quality data provided by the Bloomberg Professional® service, but in your enterprise applications. With Bloomberg Data License, every function and system across your firm can use exactly the same data, without discrepancies. Data requested via Data License can be shared with your organization's majority-owned subsidiaries using internal applications. This allows decision makers in various parts of your organization (within the same business division) to have a single data source to make comparisons.

Data can be accesses via three separate modes:

- **Bulk** – for customers who require a large universe of instruments and a pre-defined field set delivered at a pre-determined end of day time

- **Scheduled** – for customers who have consistent requests for content and require the flexibility to determine how their data requests are constructed and when they are delivered

- **Ad Hoc** – for customers who require access to content in an inconsistent, non-deterministic request pattern such as new-security setup requirements

Easy integrations with compatible data sets

Default risk data can be requested and used in combination with more than 3,000 other Bloomberg content sets currently listed in the Data License catalog, including the data sets below.

Default risk data
for enterprise
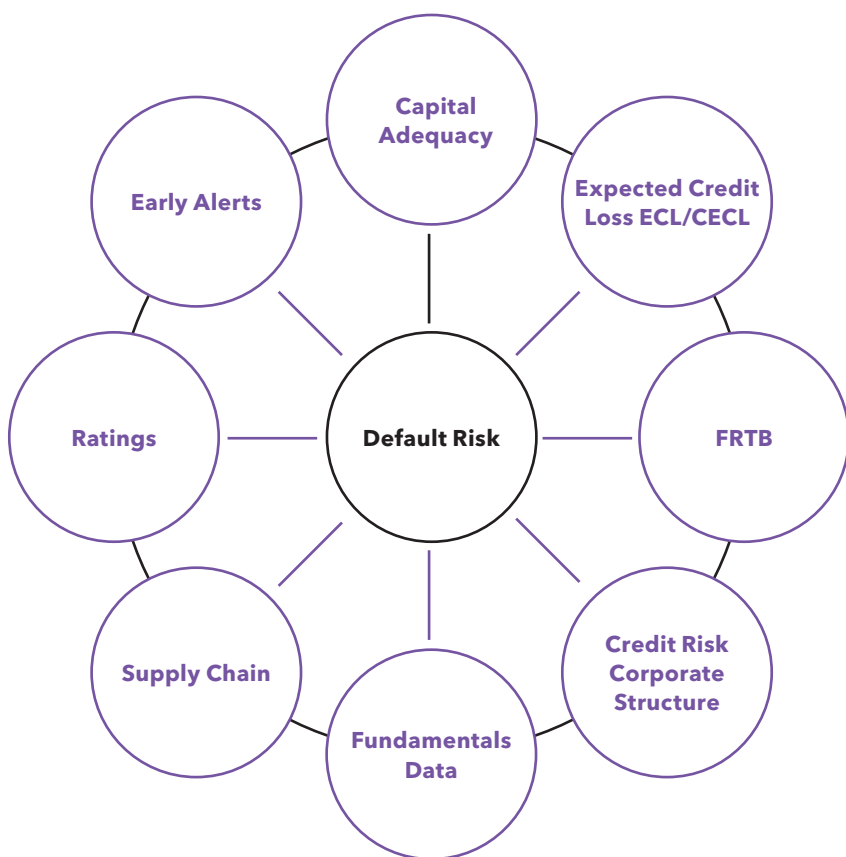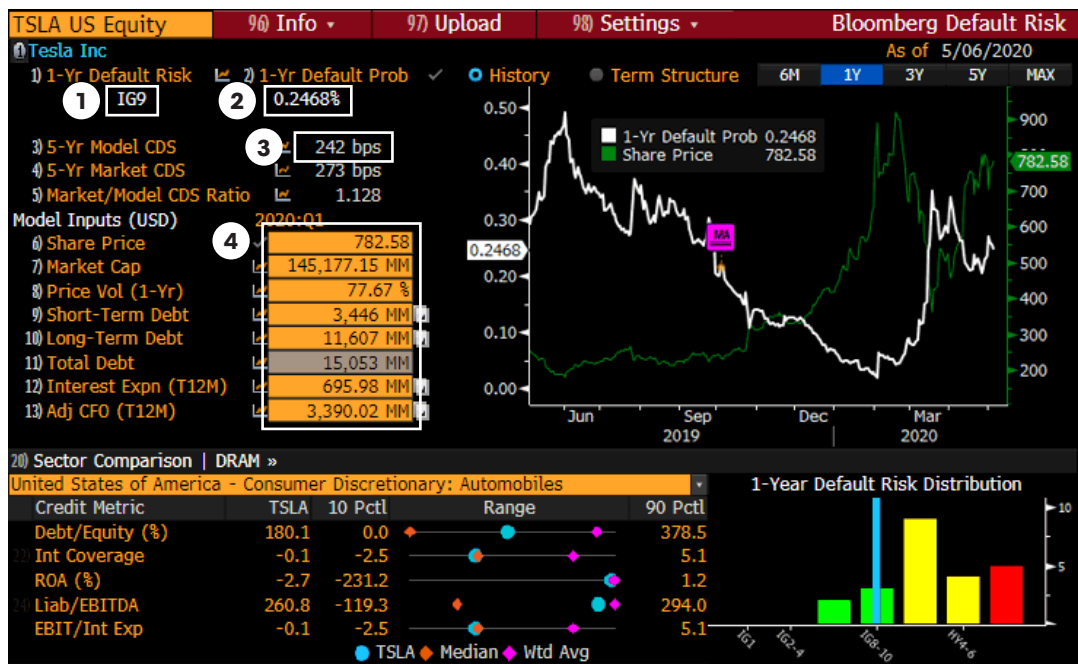
1. **1 year risk scale**

2. **1 year probability of default**

3. **5 year implied CDS spread**

4. **Model inputs**

Use cases & workflows

Default risk data is one Bloomberg's most universal and ubiquitous data sets. The uses for this data are nearly endless and cross functional lines, spanning both the sell side and the buy side.

Sell Side use cases

Trading Book
- FRTB Market Risk Default Risk Charge (DRC)
- Counterparty Credit Risk Management
- CVA Management & Fair Value Adjustment
- Structured Products & Pricing

Banking Book
- Counterparty Credit Risk Management
- Credit Risk Internal Ratings Based Approach
- Model Validation/Monitoring
- Treasury & Collateral Management
- Single Exposure Limits & Connected Counterparties
- Wholesale Loan Origination

Capital, Accounting and Balance Sheet Management
- Fund Transfer Pricing
- IFRS 9 & CECL Expected Credit Loss
- ICAAP Capital Planning: Additional Pillar 2 Capital

Buy Side use cases

Front Office Investment Research
- Fundamental Analysis
- Relative Analysis
- Concentrated Positions

Portfolio Management
- Optimizing Portfolio Construction
- Fund Constituents Credit Risk Limits
- Sovereign Country Limits
- Early Alerts and Signaling

Accounting
- IFRS 9 & CECL Expected Credit Loss
- IFRS 17: Construction of Sector/Region Credit Spreads for Discount Curves

Bloomberg for enterprise

To succeed today, financial institutions must respond to challenges that are not addressed by traditional approaches. They require world-class solutions that integrate people, processes, information and technology across the front, middle and back office. Bloomberg partners with these institutions to protect and capitalize on data, manage risk, deliver transparency and control costs. Through enterprise-level expertise and three decades of deep industry experience, Bloomberg creates real value through the use of innovative technology that turns data into a strategic asset and optimizes workflows and operations.

Take the next step.

For additional information, press the <HELP> key twice on the Bloomberg Terminal®.

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