Marsh

Marsh Credit Risk Assessment

More informed strategic credit risk decisions

Businesses with exposure to counterparty risk need ways to identify credits that may be vulnerable to deterioration, helping them to protect themselves from possible financial losses. The Marsh Credit Risk Assessment (MCRA) provides the greater clarity decision-makers need to assess credit risk on their counterparty portfolios.

Credit risk assessment scale

Built on a simple scale, the MCRA incorporates various financial and market data into one insightful and usable source. Using various inputs — including credit metrics from external rating agency analytics and qualitative risk factors — the MCRA makes risk assessment simple, scalable, and ready to use in real-world decisions.

1	Counterparties of the highest quality, demonstrating minimal to low credit risk metrics
2	Counterparties of high or medium grade with moderate credit risk metrics, investment grade level but may possess certain speculative grade characteristics
3	Counterparties that are generally financially sound, demonstrating speculative elements and subject to material credit risk
4	Counterparties that are speculative grade, demonstrating high credit risk metrics
5	Counterparties of lower grade quality, demonstrating high credit risk with a variety of concerning credit metrics
6	Counterparties of weaker grade quality, demonstrating very high credit risk and/or material uncertainty around their financial health
7	Counterparties of the weakest/lowest level, demonstrating very high credit metrics that reflect potential pending default and/or material uncertainty around their financial health
Incomplete data	Score computed on benchmark group data, missing counterparty-specific financial data
Outdated financial information	Score computed using financial statement data that is more than 2 years from the date of assessment
Certain data from parent entity	Score computed utilizing certain inputs from parent entity (other inputs from counterparty)

BENEFITS

Greater clarity in credit risk assessment. Simplifies complex credit information into one clear, easy-to-understand score.

Portfolio intelligence. Gain visibility into concentration risks and migration trends across your portfolio, enabling you to identify areas of heightened exposure at a glance.

Ability to optimize credit exposure. Streamlined analysis supports more efficient credit risk management processes, facilitating the allocation of resources and credit limits more effectively.

Proactive intervention opportunities. Communicate credit risk in clear and credible ways across your organization.

Data-driven decision-making. Dynamic results to help make more informed credit decisions that can reduce the likelihood of credit losses and improve financial stability.

Methodology

Agency ratings and outlooks (if any) + Various credit metrics + Peer and industry data + Country risk

+/- Other considerations

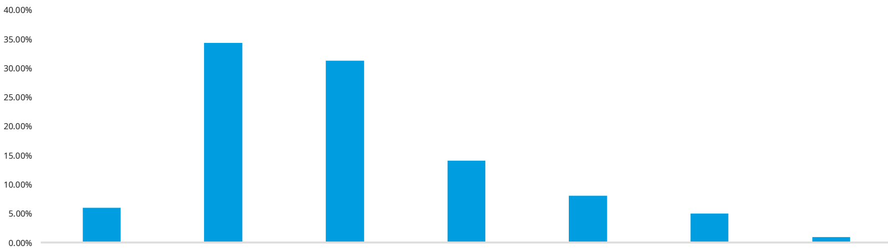
Marsh Credit Risk Assessment results

Final Marsh Credit Risk Assessment

Sample deliverables

Sample Porfolio

# of customers	# of countries	# of industries	Median MCRA rating
100	29	28	3



Sample portfolio distribution by Marsh credit score

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Marsh Credit Risk Assessment results

Customer name	Country	Region	Industry	MCRA
COMPANY A	IRELAND	WESTERN EUROPE	FOOD & BEVERAGE	2
COMPANY B	NETHERLANDS	WESTERN EUROPE	BUSINESS SERVICES	6
COMPANY C	GERMANY	WESTERN EUROPE	ELECTRICAL EQUIPMENT	1
COMPANY D	POLAND	EAST EUROPE	STEEL & METAL PRODUCTS	2
COMPANY E	GERMANY	WESTERN EUROPE	CONSUMER DURABLES	2
COMPANY F	SWEDEN	WESTERN EUROPE	BUSINESS SERVICES	2
COMPANY G	CHINA	NORTH ASIA	BUSINESS PRODUCTS WHSL	5
COMPANY H	GREECE	WESTERN EUROPE	STEEL & METAL PRODUCTS	2
COMPANY I	GERMANY	WESTERN EUROPE	FOOD & BEVERAGE RETL/WHSL	2
COMPANY J	FINLAND	WESTERN EUROPE	STEEL & METAL PRODUCTS	3
COMPANY K	ITALY	WESTERN EUROPE	HOTELS & RESTAURANTS	2
COMPANY L	INDIA	SOUTH ASIA	UNASSIGNED	6
COMPANY M	FRANCE	WESTERN EUROPE	BUSINESS SERVICES	3
COMPANY N	CZECH REPUBLIC	EAST EUROPE	ELECTRICAL EQUIPMENT	3
COMPANY O	POLAND	EAST EUROPE	BUSINESS SERVICES	2
COMPANY P	POLAND	EAST EUROPE	BUSINESS PRODUCTS WHSL	2
COMPANY Q	GERMANY	WESTERN EUROPE	BUSINESS PRODUCTS WHSL	2
COMPANY R	GERMANY	WESTERN EUROPE	STEEL & METAL PRODUCTS	4
COMPANY S	ALGERIA	MIDDLE EAST & NORTH AFRICA	BUSINESS PRODUCTS WHSL	6
COMPANY T	GERMANY	WESTERN EUROPE	BUSINESS SERVICES	2

The MCRA complements Marsh's broader credit risk consulting offerings that might be more appropriate for organizations seeking deeper insights, bespoke analysis, and strategic recommendations.

For more information about Marsh's Alternative Credit Solutions and Marsh Credit Specialties contact your Marsh representative or:

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About Marsh

Marsh, a business of Marsh McLennan (NYSE: MMC), is the world's top insurance broker and risk advisor. Marsh McLennan is a global leader in risk, strategy and people, advising clients in 130 countries across four businesses: Marsh, Guy Carpenter, Mercer and Oliver Wyman. With annual revenue of $23 billion and more than 85,000 colleagues, Marsh McLennan helps build the confidence to thrive through the power of perspective. For more information, visit marsh.com, or follow on LinkedIn and X.