(creditor)watch

CreditorWatch
RiskScore

Foreword from the CEO

RiskScore is the latest commercial credit risk solution to emerge from CreditorWatch.

A first for Australia, RiskScore is built from multiple subsets of data and adopts a more open and collaborative approach. It's the result of a decade of tireless innovation. Powered by our talented development team, more than nine million tradelines and sophisticated machine learning techniques, RiskScore is the most predictive and insightful credit score in the market.

Credit underwriting in the modern day requires a transparent and intuitive approach over traditional 'black box' methods. Our model is built from a variety of sources, including tradeline behavioural data, text mining and business demographic risk factors, to provide you with insights that can't be found by any other credit bureau.

It encompasses more data and a more advanced and inclusive algorithm that creates a granular risk profile of entities and industries. Overall, the score enables you to make smarter decisions about who you do business with.

CreditorWatch has always been open about the data that is involved in creating our products and features. RiskScore is no exception. We're committed to offering you data you can rely on when making credit risk decisions for your business.

I hope our new and improved RiskScore helps you trade with confidence. It's a pleasure to have you part of the CreditorWatch community.

Patrick Coghlan
CreditorWatch CEO

The CreditorWatch RiskScore

RiskScore indicates a business' creditworthiness and predicts the likelihood of default in the next 12 months. Our new score also ranks entities based on their riskiness with one of 14 credit ratings (from A1 to F) and a numerical score from 0-850. The higher the score, the lower risk the entity poses.

RiskScore

Credit Score Information
- **612** out of 850 points
- **B1** credit rating grade
- Risk level **Low**

612

Average for similar entities

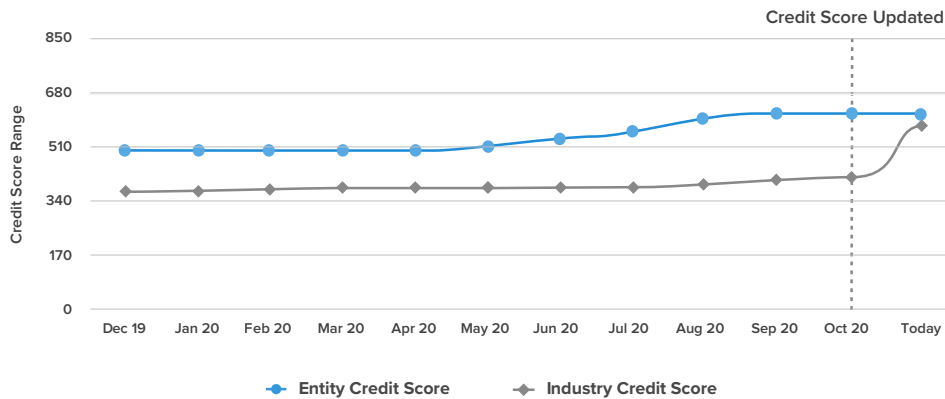◄ Higher Risk

Lower Risk ►
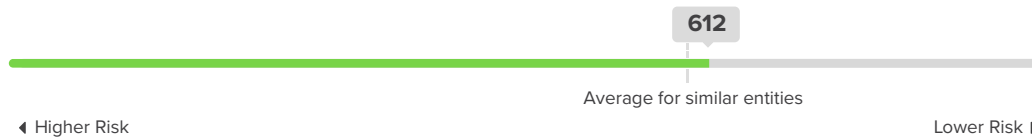
B1
Rating

Credit Advice for B1 Rating

Entity has a strong aptitude to meet credit commitments. Unfavourable economic conditions may lead to a weakened capability to meet financial commitments. Extend terms within consideration.

Entity has a **1.20% chance of default** within the next 12 months.

Credit Score Historical Information
Within the last 12 Months

Credit Score Updated

Credit Score Range

| | Dec 19 | Jan 20 | Feb 20 | Mar 20 | Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Today |

🔵 **Entity Credit Score**   ◆ **Industry Credit Score**

The CreditorWatch RiskScore

RiskScore has been developed with five distinct segments, each based on an entity type and calculated by a separate algorithm. This high level of segmentation provides you with the most accurate data no matter what kind of entity you're performing a credit check on, including sole traders, public companies and trusts.

Rating Recommendations

Credit Rating	Risk Category	Recommendation
A1, A2, A3	Very Low	Entity has a very strong aptitude to meet credit commitments. Extend terms within consideration.
B1, B2	Low	Entity has a strong aptitude to meet credit commitments. Unfavourable economic conditions may lead to a weakened capability to meet financial commitments. Extend terms within consideration.
B3, C1	Neutral	Entity currently has the aptitude to meet credit commitments. Unfavourable business, financial, or economic conditions may impair ability to meet financial commitments. Extend terms and monitor ongoing payment behaviour.
C2	Acceptable	Entity has an adequate aptitude to meet credit commitments. Unfavourable business, financial, or economic conditions will likely impair the capacity or willingness to meet financial commitments. Extend terms, closely monitor ongoing payment behaviour.
C3	Borderline	Entity is vulnerable and the aptitude to meet credit commitments is dependent upon favourable business, financial, and economic conditions. Trade with caution, closely monitor and consider your payment terms.
D1, D2, D3	High	Entity is currently highly vulnerable. COD trading highly recommended.
E	Impaired	Entity is currently highly vulnerable to non-payment and default. Trading eligibility must be considered.
F	Default	Entity has become insolvent or does not have the ability to trade.

Please note that the rating and recommendation should be used in parternship with your company's internal credit procedures and policies. The rating should not be used as the sole reason in making decision about the entity.

Our Data Sources

RiskScore utilises three distinct categories of data.

1. Tradeline Behavioural Data

CreditorWatch's 50,000+ customers deliver over nine million monthly tradelines from small, medium and large businesses. This unique business-to-business transaction data includes both positive and negative repayment behaviour from two sources: corporate ATB uploads and SME payment data from Xero and MYOB.

CreditorWatch is the only Australian bureau to gather payment information directly from small businesses and was the first bureau globally to create a one-click integration with Xero and MYOB for our customers. The unique trade payment data gathered through this integration is the most predictive early warning indicator for future defaults and credit risk.

2. Business Demographic Risk Data

CreditorWatch uses machine learning to enrich our business demographic data and make a more comprehensive range of predictors available, including:

➤ Geographical risk clusters that capture economic stress associated with business location, including unemployment and commercial rental costs to a postcode level.

➤ Natural language processing is applied to business names in order to classify high-risk business types. This offers a more granular look at industry risk whilst complementing our ANZSIC industry classifications database.

➤ A wide range of additional risk factors that assess the entity maturity (such as its age and the length of time at its current address), type of entity and number of directors are also included in the algorithm.

3. Traditional Credit Risk Drivers

Our model also includes traditional adverse risk information that are proven predictors of future entity failure. CreditorWatch customers are alerted to this data via our 24/7 monitoring feature. Some key predictors include:

➤ Payment defaults, our most predictive piece of adverse information

➤ Court actions from all reporting courts in Australia

➤ High-risk ASIC documents (such as strike-off action and director changes)

➤ Mercantile enquiries, which indicate potential future court actions

➤ Insolvency notices

➤ Credit enquiries, including frequency and ordered by industry and date

➤ Director behaviour and their previously failed businesses to help identify risk and phoenixing activity

About CreditorWatch

CreditorWatch is an award-winning and innovative commercial credit reporting bureau that empowers users to perform due diligence and determine risk to their business.

With over 50,000 customers who range from sole traders through to ASX listed companies, CreditorWatch offers credit management tools and credit risk information on any entity in Australia (including sole traders, trusts and partnerships).

We're the first commercial credit bureau to integrate with Xero and MYOB. This accounting integration feeds our customers valuable and highly predictive SME trade payment you won't be able to find anywhere else. This data is refreshed every five minutes and offers a real-time look into how businesses are paying some of their smallest suppliers.

We monitor over two million unique businesses across Australia on behalf of our customers. CreditorWatch's online platform and integrated products save customers time and help them make affordable, informed credit decisions.

Stay in Touch

General Questions and Product Enquiries

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