

## **REPORT SUMMARY - BUSINESS IDENTIFICATION INFORMATION**

The first page provides a quick view of the risk and payment patterns of the report as well as identification information.

Every file always contains a Business name, business address, the date the file was activated, an Equifax unique file number and an Equifax unique subject number.

When available the following demographic information is supplied: business phone and fax number, SIC (standard industrial classification) number with a description of that number, annual sales, total number of employees, the date a company was incorporated, a business contact name (usually the chief executive) and their title.

## **CREDIT INFORMATION SCORE**

The current Credit Information Score is provided in the summary section with a graph showing its trend over as many as 9 historical quarters. An interpretation of the risk associated with the score is also provided here.

The CI - (Credit Information Score) is easy to understand. The higher the score, the greater the risk factor. The degree of risk becomes less and less as the score approaches zero. Zero is a perfect score. A company with a zero CI would represent the lowest possible risk. 99.7% of all businesses score higher than a zero score. A company with a score greater than 40 would be considered a high risk. Only 1.06% of all businesses score higher than 40.

New companies automatically default to a CI score of 20 which means they are neither "good" nor "bad". As time goes by and no negatives are received the score will drop and thus indicate lowered risk. Companies reported to us by the Superintendent of Bankruptcy automatically score 70 to draw your attention to the insolvency proceedings.

Any company scoring between 1 and 10 would be a very good risk. 85.2% of businesses are higher risks than this group. Over 20 the risk increases as the score rises. 17.5% of businesses listed score over 20.

The score is calculated on the 7 elements shown in the matrix. For example, the longer a company is in business the less of a risk they are. The faster they pay bills the less of a risk they are, etc...

## **PAYMENT INDEX**

Adjacent to the CI is the current PI (Payment Index score), which takes the amounts in the current, 1st, 2nd and 3rd periods past due and calculates the amounts as percentages of the total amount owed. It then uses a formula to work out what equates to the average days beyond terms that a business is taking to pay suppliers. In Canada the average score is 22. Accounts often start getting placed out to third party collection agencies when the PI hits about 60. The highest you will see is 100. To reach a PI of 100, everything owing would

have to be in the 3rd Period Past Due. To have a zero PI score all the trade payment experiences would have to be current.

The PI is calculated if only one trade payment has been received in the last 13 months. If no trade lines have been received then "NA" is shown to signify that not enough information is available to calculate the Payment Index.

How the scores are trending over the last few years is often of more importance than how they score at the moment. Is the risk increasing or decreasing? We show up to 9 quarters of historical trended scores in the graph that is provided. The PI score is also interpreted for you.

### **IMPORTANT REPORT HIGHLIGHTS**

This is a summary of how many suppliers are owed money in the third period past due and also what percentage of the dollars owed they represent. Although 30 day terms are common in commercial credit some suppliers sell on much shorter terms and others on much longer. We take what the supplier reports to us as being in their current, first, second and third period past due and show it in our current, first, second and third period past due. Anything owed beyond the third period past due is shown in the third period past due.

How many Derogatory items received in the last **24 months** are also shown and for what amount. These consist of collection claims, legal suits, legal judgments, returned cheques and bankruptcies.

### **OVERALL REPORT CONTENTS**

The derogatory items are presented in more detail for the last five years and the trade payments are analyzed in greater depth.

### **DECISION**

Decision Power combines valuable information from multiple Equifax databases to deliver instant decisions. Leverage the customer identification, fraud protection and custom risk assessment tools to optimize your account approval and cross-selling decisions. For more information contact your sales representative.

### **CREDIT INFORMATION SCORE HISTORY AND TRENDS**

How the current CI score was calculated and how to interpret score categories by degree of risk are explained in depth .

### **CREDIT INFORMATION SCORE IS CALCULATED USING THE FOLLOWING MATRIX**

Often our members have to explain how the CI score works. This matrix shows how each of the 7 information sources are weighted between zero and 10. When they are added, the CI score is determined.

### **THE RISK TREND NUMBERS OVER THE LAST THREE YEARS**

How the total amount owed to suppliers and how it is aged, is displayed with the CI score for the previous 9 calendar quarters. The trends of the amounts owed and the CI score are often more important than the current CI score. Stability and improvement is important.

### **PAYMENT INDEX HISTORY AND TRENDS**

How the amount owed to suppliers and how it is aged, is graphically displayed. An interpretation of the PI score is also provided. The payment trends over the last nine quarters, when available, are also displayed in a matrix.

### **CREDIT REFERENCES**

Up to 10 trade payment references are displayed for the most recent suppliers and also the 10 largest suppliers. If fewer than 10 are available then all 10 are displayed. Suppliers are given an option as to whether they wish to be identified in this report or be anonymous. Usually those who wish to be anonymous in the report will identify themselves to you if a special request is made by Equifax's Customer Care department.

### **BANKING INFORMATION**

Equifax's Investigation team compiles bank reports only on a specific request from a member. The results of these special investigations appear in the credit reports for all members to see. Confirmation of the banking relationship, the presence of returned cheques, deposits, borrowing and security arrangements can appear.

### **OTHER FILES INCLUDED IN THIS REPORT**

Companies can operate under multiple trade styles. When they learn of them Equifax links these trade styles together so that no matter what name you enquire on you will obtain the same report with all the information combined. Companies located on street corners can often have two addresses that have to be linked. French and English versions of a company name often need to be joined. This section shows all the links that have been established so far.

### **DEROGATORY ITEMS**

Any registrations with the Superintendent of Bankruptcy are displayed first, followed by Returned Cheques, Collection Claims, Legal Suits and Judgments. The information supplied is detailed enough so that copies of legal items can be obtained by file number from a specific court house if required. Other legal filings such as discontinuances and security arrangements are shown under a separate heading of "Other Legal Information". They are excluded from score calculations.

### **INCORPORATION**

Equifax's investigation team are also asked to gather incorporation details from provincial registries. This information is stored in the credit report for all members to see.

### **PREMISES, EMPLOYEES, FINANCES, ASSETS AND OFFICERS/OWNERS**

When available information about the companies locations, number of employees, ownership and financial details are added to the report.

### **INQUIRIES ON THIS FILE**

Who has enquired on this business in the last year is detailed. In many cases the company is identified by name and a contact phone number is given in case you wish to obtain more information from the Equifax member. In some cases the member may wish to remain anonymous and only the industry of the enquirer is provided.