



## Equifax Business Failure Risk Score

### Identify Business Customers with a Higher Risk of Failure

Would you like to know if the next customer walking through your door will still be in business a year from now? Are you not only concerned with when a company will pay you, but IF a company will pay you? Knowing this additional piece of valuable information would allow you to set risk strategies based not only on delinquency, but on the risk of failure as well.

The Equifax Business Failure Risk Score™ predicts the likelihood that a business will fail (formal or informal bankruptcies) within a 12-month period. The score enables you to easily identify those businesses that pose a greater risk for failure so that you can apply targeted treatment strategies.

Score features include:

- A numeric score ranging from 1000 - 1880, with a lower score indicating higher probability for business failure.
- A score of 0 indicates a bankruptcy on file.
- Up to four reason codes are provided indicating top factors that impacted the score.
- Can be used for both account acquisition and account management purposes.

- **Assess most severe level of risk: failure**

Unlike other risk scores that indicate likelihood of delinquency, the Business Failure Risk Score focuses on the likelihood that the business will cease to exist in the next 12 months. Leveraging unique financial information from the Small Business Financial Exchange, along with supplier trade data, firmographics and public record information from the Equifax Commercial database, improves the predictability of the score, enabling you to better identify those accounts more likely to fail.

- **Set appropriate deposits or terms for new customers**

Apply targeted treatment strategies to those new accounts showing a higher likelihood for failure in order to minimize future charge-offs.

- **Adjust terms for existing customers trending toward failure**

Monitor existing business customers for changes in the score and take timely action on those trending toward a higher potential for failure by adjusting minimum payments, payment terms, credit lines, etc.

- **Enhance customer service**

Easily incorporate this score into your existing processes to make decisions faster and improve response times.

### Make more-informed business credit decisions.

The Business Failure Risk Score is part of a suite of products that help companies evaluate, manage, and grow their commercial accounts. Contact Equifax to learn about the unique risk assessment tools available to you. Call 1-888-201-6879 or visit us at [www.equifaxcommercial.com](http://www.equifaxcommercial.com).

## Performance Projection Table

### Equifax Business Failure Risk Score™

Marginal Score Range	Approval Rate	Failure Rate	Odds of Non-Failed Businesses to One Failed Business	Failure Rate within Score Range
1500+	5%	0.1%	835	0.1%
1481-1499	10%	0.2%	627	0.2%
1467-1480	15%	0.2%	513	0.3%
1455-1466	20%	0.2%	445	0.3%
1448-1454	30%	0.3%	364	0.4%
1440-1447	35%	0.3%	337	0.4%
1432-1439	40%	0.3%	308	0.5%
1422-1431	45%	0.4%	281	0.6%
1417-1421	50%	0.4%	266	0.7%
1414-1416	55%	0.4%	245	0.7%
1412-1413	60%	0.4%	224	0.7%
1407-1411	65%	0.5%	212	0.8%
1399-1406	70%	0.5%	199	0.9%
1397-1398	75%	0.5%	187	1.0%
1383-1396	80%	0.6%	176	1.1%
1353-1382	85%	0.6%	159	1.6%
1306-1352	90%	0.8%	131	3.2%
1248-1305	95%	1.1%	91	7.6%
1000-1247	100%	2.5%	39	52.1%

<b>Percent of Population:</b>	Percent of failed businesses in the universe of businesses that score at or above the score range. For example, a credit policy with an 80% Approval Rate requires accepting accounts scoring 1383 and above.
<b>Failure Rate:</b>	Proportion of businesses that have failed. For example, the Failure Rate for a credit policy that approves all businesses with a score of 1383 or above is expected to be around 0.6%, and the Failure Rate Within Score Range for businesses that score between 1383 and 1396 is around 1.1%.
<b>Odds of Goods to One Bad:</b>	Ratio of Non-Failed Businesses to Failed Businesses among those businesses that score at or above the score range. For example, a credit policy that approves all accounts scoring at or above 1383 should result in a portfolio Odds of Non-Failed Businesses to One Failed Business of 176, that is, with 176 Non-Failed Businesses for every Failed Business.
<b>Bankruptcy on File:</b>	If a bankruptcy is on file, a score of 0 will be assigned.

*This Performance Projection Table is based on the Equifax universe. Performance may vary for an individual customer's portfolio, therefore, validation of the score (i.e. the generation of a customer-specific Performance Projection Table) is recommended.*