

## Risk scores and ratings tables

D&B's risk scores provide a deeper and more reliable insight into a business's risk profile, enabling you to make more informed decisions that reduce risk and maximise opportunity.

Below you will find information about D&B's Failure Risk Score, Late Payment Risk Score, Small Business Risk Score, and the Ratings Interpretation Table.

**D&B's Failure Risk Score** is applied to more than 3 million credit active entities in Australia and New Zealand and provides immediate insight to whether an entity is likely to seek legal relief from its creditors or cease operations without paying all its creditors in full in the next 12 months.

### Australia

Score Range	Distress Probability	Relative Risk Level	Dun & Bradstreet Recommendation
1508 - 1999	0.09%	Minimal	Extend terms to encourage growth
1474 - 1507	0.21%	Very Low	Extend terms to encourage growth
1424 - 1473	0.40%	Low	Extend terms
1359 - 1423	1.09%	Average	Extend terms
1323 - 1358	2.35%	Moderate	Extend terms and monitor
1298 - 1322	4.12%	High	Review terms and monitor
1232 - 1297	9.66%	Very High	Review terms and monitor closely
1001 - 1231	30.93%	Severe	C.O.D

### New Zealand

Score Range	Distress Probability	Relative Risk Level	Dun & Bradstreet Recommendation
1482-1999	0.15%	Minimal	Extend terms to encourage growth
1448-1481	0.26%	Very Low	Extend terms to encourage growth
1421-1447	0.49%	Low	Extend terms
1387-1420	0.86%	Average	Extend terms
1373-1386	1.26%	Moderate	Extend terms and monitor
1329-1372	2.26%	High	Review terms and monitor
1279-1328	5.74%	Very High	Review terms and monitor closely
1001-1278	10.80%	Severe	C.O.D

**The Late Payment Risk Score** predicts the likelihood of delinquent payment over the next 12 months and benchmarks the behaviours of firms against their industry peers, enabling the identification of high risk customers at the outset of a credit relationship and the early detection of risk throughout the customer lifecycle.

### Australia

Score Range	Risk Class	Relative Risk Level	Probability of Severely Delinquent Payment
587 -799	A	Minimal	1.04%
546 -586	B	Very Low	1.94%
495 - 545	C	Low	4.15%
422 - 494	D	Average	12.21%
387 - 421	E	Moderate	23.47%
340 - 386	F	High	37.90%
286 - 339	G	Very High	59.63%
101 - 285	H	Severe	78.28%

### New Zealand

Score Range	Risk Class	Relative Risk Level	Probability of Severely Delinquent Payment
651 - 799	A	Minimal	0.30%
619 - 650	B	Very Low	0.59%
566 - 618	C	Low	1.24%
492 - 565	D	Average	4.23%
441 - 491	E	Moderate	9.52%
390 - 440	F	High	19.82%
338 - 389	G	Very High	39.48%
101 - 337	H	Severe	62.60%

**The Small Business Risk Score (SBRS)** is a statistically based score using a combination of both consumer and commercial information to provide a complete representation of an unincorporated entity. It predicts the likelihood of a credit active unincorporated entity, entering bankruptcy within the next 12 months.

D&B definitions:

- a) *Credit Active*: The unincorporated business is registered for GST
- b) *Unincorporated businesses*: Strictly Sole Traders, Family Partnerships and Other Partnerships
- c) *Bankruptcy*: Includes Debt Agreement, Sequestration Orders, Personal Insolvency Agreements and Bankruptcy.

Score Range	Relative Risk Level	Probability of Bankruptcy	Dun & Bradstreet Recommendation
1542 - 1702	Minimal	0.07%	Extend terms to encourage growth
1509 - 1541	Very Low	0.12%	Extend terms to encourage growth
1488 - 1508	Low	0.18%	Extend terms
1463 - 1487	Average	0.24%	Extend terms
1440 - 1462	Moderate	0.37%	Extend terms and monitor
1374 - 1439	High	0.70%	Review terms and monitor
1257 - 1373	Very High	3.20%	Review terms and monitor closely
1001 - 1256	Severe	10.12%	Cash on Delivery (C.O.D)

**The D&B Rating Interpretation Table** shows our global rating system comprising of a financial strength rating and a risk indicator.

- The financial strength rating '5A' through 'G' reflects the strength of an entity base on its tangible net worth.
- A financial rating of 'N' denotes a negative tangible net worth
- A financial rating of 'O' denotes that the net worth is undetermined.
- A financial rating of 'NQ' represents no scores are available.
- The Risk Indicator represents the risk associated with an entity experiencing financial distress in the next 12 months.
- A risk indicator of '1' represents a minimal risk of financial distress and a composite appraisal of '4' represents a severe risk of business failure.

Financial Strength	
Rating	AUD\$
5A	50,000,000 and over
4A	10,000,000 to 49,999,999
3A	5,000,000 to 9,999,999
2A	1,000,000 to 4,999,999
A	600,000 to 999,999
B	300,000 to 599,999
C	100,000 to 299,999
D	40,000 to 99,999
E	12,000 to 39,999
F	4,000 to 11,999
G	up to 3,999
O	Net worth undetermined. Accounts unavailable or older than 18 months
N	Negative tangible net worth. Negative balance of equity after deduction of intangibles
NQ	No Score Available

Risk Indicator	Condition	Level of Risk	Guide to Interpretation
1	Strong	Minimal Risk	Proceed with transaction - offer extended terms if required
2	Good	Low Risk	Proceed with transaction
3	Fair	Moderate Risk	Proceed with transaction but monitor closely
4	Limited	Severe Risk	Review each case before extending credit and obtain more information. Take suitable assurances before extending credit, guarantees may be needed