Financial Stability Risk Score^{SM}

Avoid the small number of big hits from failed businesses.

Experian's Financial Stability Risk Score^{SM} provides critical insight on the potential of a business going bankrupt or defaulting on its obligations. It provides a quick assessment of risk with an easy-to-understand 1 to 100 percentile score and a 1 to 5 risk class that segment businesses into risk categories, with the highest risk in the bottom 10 percent of accounts (see the table below).
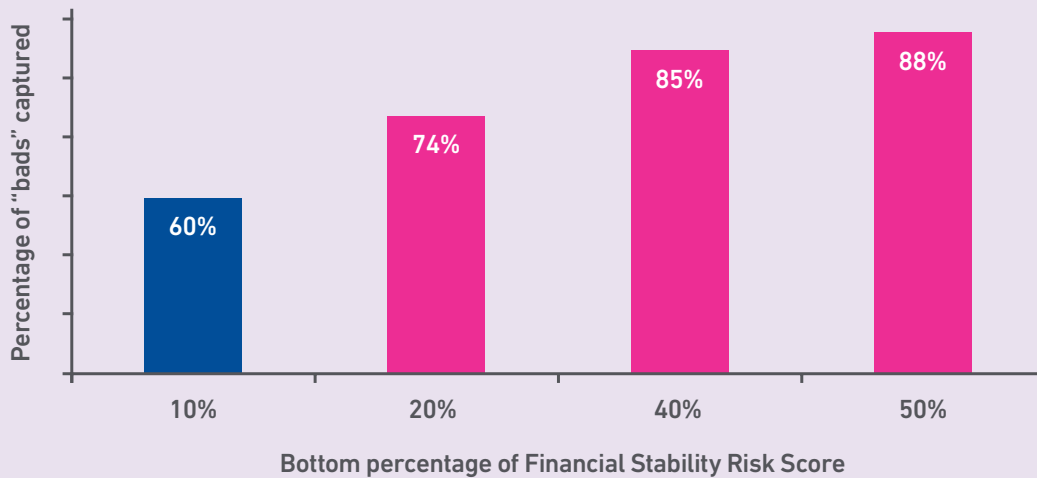
Score Range Statistics			
Score Range	Risk Class	Bad Ratio	
66 - 100	1	Low	This score range table shows the percentile ranges associated with each risk class and the bad rate for the risk class.
31 - 66	2	Low-Medium	
11 - 30	3	Medium	
4 - 10	4	Medium-High	
1 - 3	5	High	

Set deposit levels, approve credit, manage accounts

Some industries, such as utilities and telecommunications, and companies with aggressive sales policies are more concerned with setting deposit levels and less concerned about payment delinquency. Financial Stability Risk Score is the perfect tool to identify "slow pay but will pay" accounts and thus set the appropriate deposit or other risk policy. Managing existing accounts is highly efficient since you focus on the bottom 10 percent of scores, where the power of Financial Stability Risk Score captures 60 percent of potential risk accounts.

Financial Stability Risk Score^{SM}

Percentage of "bad" accounts captured in the bottom 10 percent, 20 percent, 40 percent and 50 percent of scores

Chart showing bar values — Percentage of "bads" captured vs Bottom percentage of Financial Stability Risk Score:
- 10%: 60%
- 20%: 74%
- 40%: 85%
- 50%: 88%

In contrast, a competitor's offering classifies 33 percent of accounts in high-risk groups, forcing you to review more than three times as many high-risk accounts.

Put the power of the score to work for you

Companies are realizing significant gains from deploying the insight Experian's scores provide:

- Accelerating decisions by segmenting risk and putting applications on the fast track for approval, decline or review.

- Higher profits with the score screening out the riskiest accounts that contain the highest loss potential.

- Efficiency, as resources can focus on the accounts that require review while low-score and high-score accounts are quickly processed.

- Immediate and improved deposit setting by identifying "slow pay but will pay" accounts.

- Improved account management as you focus on the small segment of highest-risk accounts from a large number of existing customers.

- Higher collections with improved processes for handling delinquent accounts that will maximize recoveries.

What's behind the score?

Experian® provides a powerful combination of expertise, analytics and information driving the Financial Stability Risk Score. The model's "bad" definition is the presence of bankruptcy or severe and repetitive payment delinquency on more than 75 percent of trade balances. The performance period is 12 months. Key characteristics of companies at high stability risk include:

- Severe payment delinquency on 61-plus and/or 91-plus past due trade experiences.

- Accounts placed for collection, from Experian's unmatched file of more than 10 million collection trades.

- High credit utilization, identified when current balances are a high percentage of previous high balances.

- Derogatory public filings such as liens, judgments and prior bankruptcy filings.

- Business background, such as industry risk and age of business.

Improving processes with Experian scores

The combination of Experian's BizSource^{SM} business information database and expertise from dedicated Decision Analytics modeling resources allows our clients to confidently drive risk policies. Some examples include:
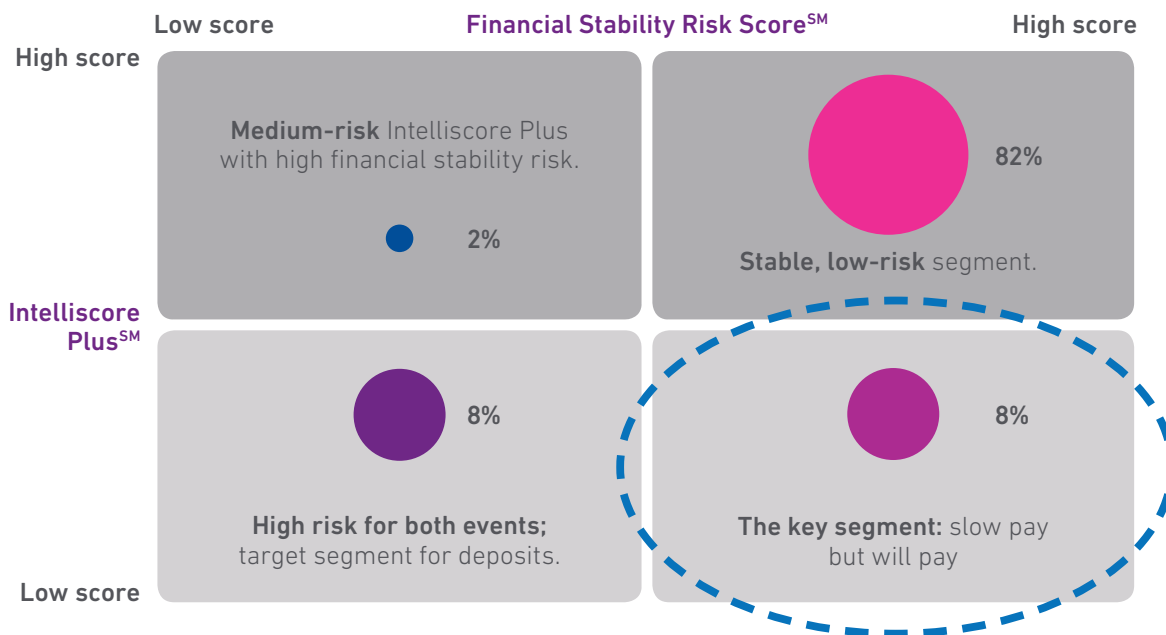
- Ten out of the top 10 credit card companies contribute data to Experian and use Experian data for account acquisition and to drive their analytic processes.

- A majority of the top 25 property and casualty insurance companies underwrite and price policies with the higher hit rates the BizSource database provides on small and midsize businesses.

- The largest telecommunications, transportation and technology companies manage their large portfolio of existing accounts with insight from Experian scores, improving efficiency and driving collections.

Identify "slow pay but will pay" accounts

Combine Financial Stability Risk Score with Experian's Intelliscore Plus^{SM} a predictor of severely slow payments, and separate "slow pay but will pay" accounts from those with delinquency risk and high risk of no pay. As the chart below illustrates, this score combination provides a clear road map for your company.

The circled bottom-right segment identifies the "slow pay but will pay" accounts (low Intelliscore^{SM} but good Financial Stability Risk Score); the bottom-left segment is at high risk for both delinquency and financial stress.

To find out more about Financial Stability Risk Score, contact your local Experian sales representative, call 1 800 520 1221 or visit www.experian.com/b2b.

Low score   **Financial Stability Risk Score^{SM}**   High score

High score

Medium-risk Intelliscore Plus with high financial stability risk.

2%

82%

Stable, low-risk segment.

Intelliscore Plus^{SM}

8%

8%

High risk for both events; target segment for deposits.

The key segment: slow pay but will pay

Low score