



# Business Credit Report

## Scores and Indicators

# What is a business credit report typically used for?

A business credit report provides an intuitive snapshot of a company's payment behaviour and financial health. Notably, unlike a consumer credit report that is only made available to its owner or to an external party with their consent, a business credit report can be purchased by anyone (although its primary function remains unchanged).

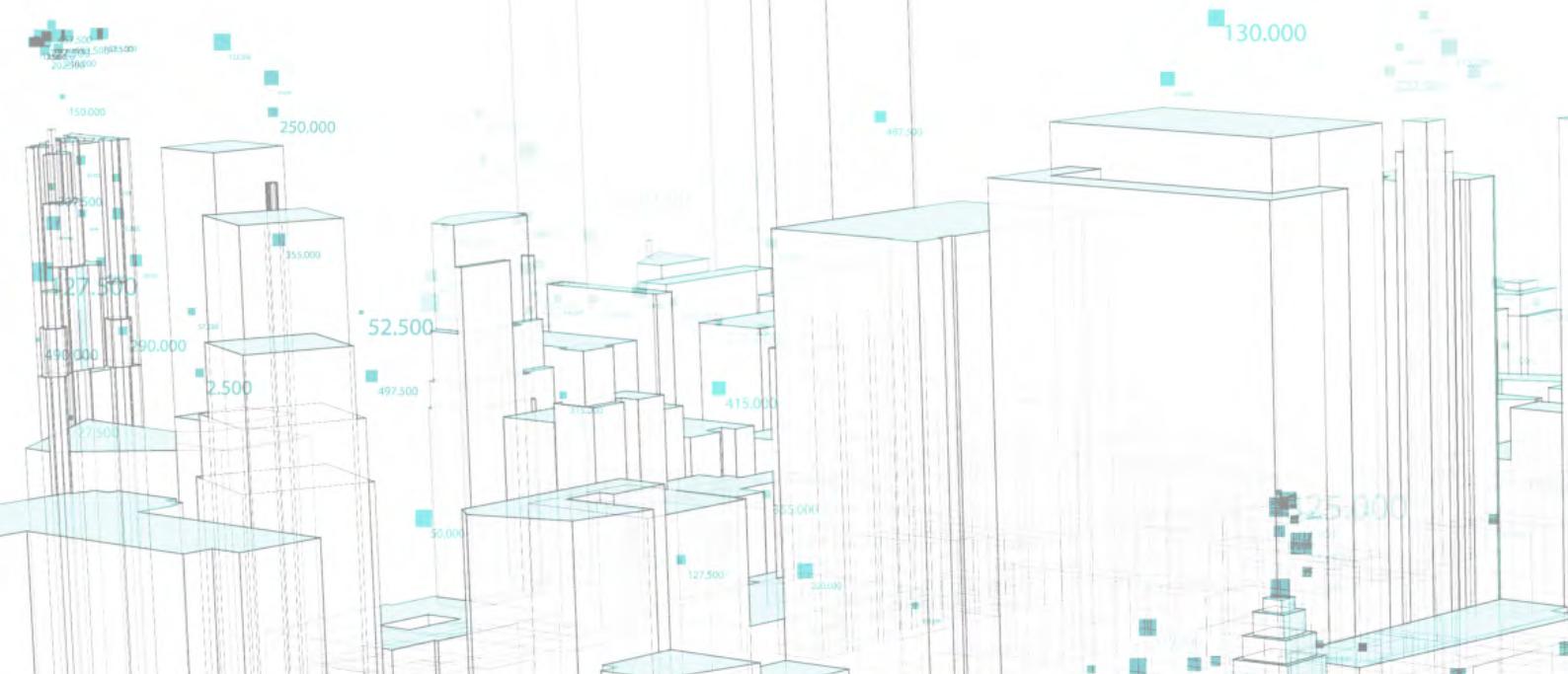
Beyond the static operational and payment information, the reports may comprise intuitive scores and indexes that provide predictive and performance-based insights.

A business credit report is imperative to sensible risk management for any organisation. It provides a clear and detailed overview of a company's payment behaviour to illustrate its financial health.

Predictive indicators draw on an entity's past performance to forecast behaviour while performance-based insights measures and 'rates' a company's financial stability from its historical performance.

For the vast majority, a business credit report is typically used in the risk management of their suppliers and partners by uncovering any financial red flags or unusual payment activities.

The various credit scores and ratings in a Dun & Bradstreet report represent the probability of an event occurring (e.g., business failure) or a specific business status/condition (e.g., overall level of risk).



# How important is a business credit report?

Consulting a business credit report is an important first step in evaluating partners to avoid payment defaults, reduce exposure to bad debt, and maintain healthy cash flow. Dun & Bradstreet's business credit reports are trusted by thousands of companies worldwide – from small businesses to large global enterprises – to help them find truth and meaning from data.

What will your

## **business partners**

use your business credit report for?

A partnership between companies will generally induce brand association. Therefore, negative public perception from adverse news (such as bankruptcy or notoriety of poor payment behaviour) of one party can waver the business partners' confidence. A prospective or existing partner may retrieve your company's credit report to evaluate your organisation's financial standing and resilience.

What will your

## **customers / clients**

use your business credit report for?

The credibility of your organisation will be intrinsically proportioned to your customers' perception of your financial health – the 'healthier' your business appears to your customers, the more credible your business will appear. Purchasing your service or product can be a long-term commitment for the customer where a business credit report will be instrumental in determining your company's longevity and capacity to deliver.

What will your

# suppliers and networks

use your business credit report for?

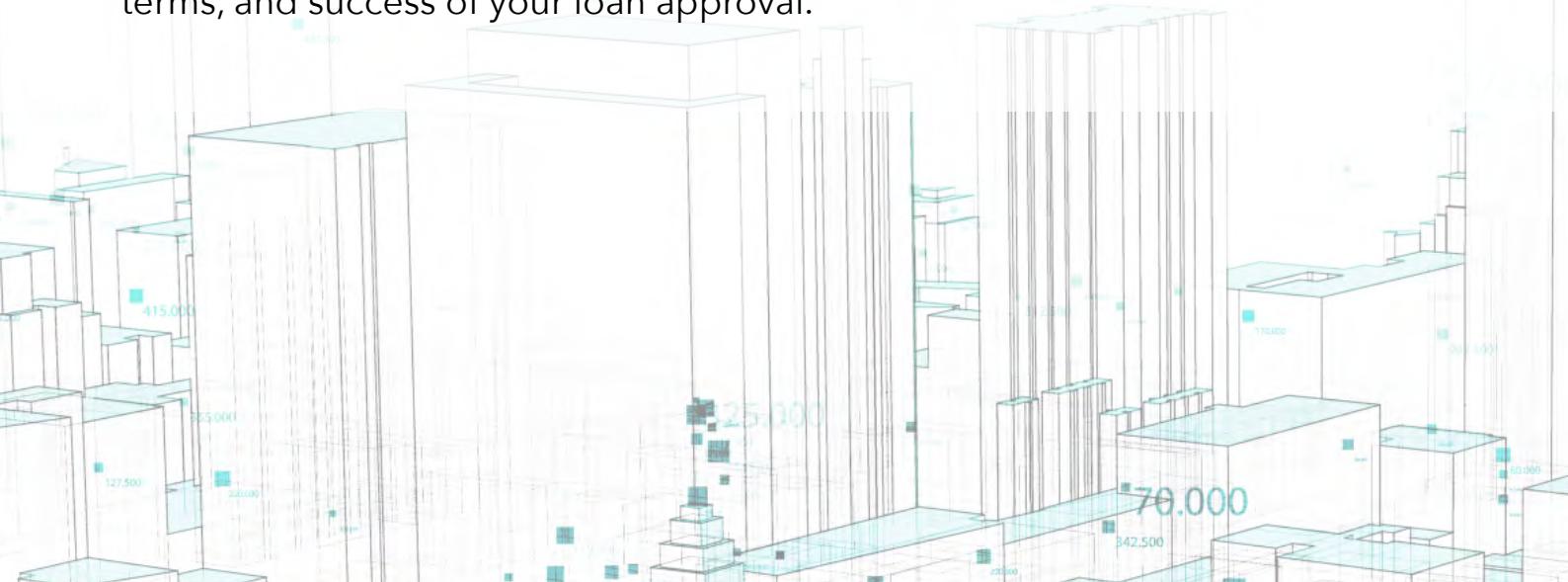
Your business credit report will be predominantly used by your suppliers to prescribe payment/credit terms. How favourable the terms offered by your suppliers and the likelihood to extend credit will heavily depend on your company's credit score. An excellent score will also make great leverage during negotiations and effectively expedite your onboarding process.

## What will

# **banks and financial institutions**

use your business credit report for?

When applying for a loan, most banks and financial institutions (FIs) are going to rely on your business credit report to evaluate your ability to meet the financial obligations. Your credit score will correspond with the loan limit as well as the interest rates your business is offered for the loan – a better credit score will qualify for a higher loan limit and a lower interest rate. In short, you will have to bank (pun-intended) on the overall strength of your credit report for the speed, terms, and success of your loan approval.





Our credit reports

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GROWING RELATIONSHIPS THROUGH DATA

# Scores and Indicators

## D&B Rating

The D&B® Rating combines a company's size and its balance sheet information (the company's assets, liabilities, and the owners' equity) and uses this to create an overall rating for the business's creditworthiness. This score can help viewers make sense of all the information in a business credit report by giving an overall indication of a company's credibility.

The D&B® Rating in Singapore consists of 2 parts, the Financial Strength Indicator and the Risk Indicator.

Net Worth	Capital	From	To
5A	5AA	90,000,000	and greater
4A	4AA	20,000,000	89,999,999
3A	3AA	4,000,000	19,999,999
2A	2AA	2,000,000	3,999,999
1A	1AA	1,000,000	1,999,999
A	AA	900,000	999,999
B	BB	800,000	899,999
C	CC	700,000	799,999
D	DD	—	—
G	GG	100,000	299,999
H	HH	0	99,999

Figure 1.1 - Legend of the Financial Strength Indicator of D&B® Rating

Risk Indicator	Condition	Credit Risk	Interpretation
1	Strong	Minimal Risk	Proceed with transaction - offer extended terms if required
2	Good	Low Risk	Proceed with transaction
3	Fair	Slightly greater than average risk	Proceed with transaction but monitor closely
4	Limited	Significant level of risk	Review each case before extending credit and obtain more information. Take suitable assurances before extending credit, guarantees may be needed
-	Undetermined	Undetermined risk	Insufficient information to assign a Rating

Figure 1.2 - Legend of the Risk Indicator of D&B® Rating

## CA Rating

This rating serves as a reference to assess the creditworthiness and recommended amount of credit to extend on the subject company. It is calculated from a composite of weighted scores.

Score Key	Credit Risk Assessment	Proposed Credit Limit (in concerned business field)
CA1 Minimal	Credit can proceed with favourable terms	Large amount
CA2 Low	Credit can proceed promptly	Fairly large amount
CA3 Average	Credit can proceed normally	Moderate amount
CA4 Above Average	Credit should proceed with monitoring	Small amount - periodical review
CA5 Fairly High	Credit should be extended under guarantee	C.O.D. to small amount
CA6 High	Credit is not recommended	C.O.D.
NR Assessment not conducted	Insufficient data available	No recommendation

Figure 2.1 - Legend of CA Ratings assigned to companies

# Scores and Indicators

## COVID-19 Impact Index

Measures the probability of business failure rate due to or in part of the COVID-19 pandemic. The COVID-19 Impact Index provides a robust view of important factors impacting your business during this global crisis, with insights on your individual organization and your overall business network, including your customer linkage.

Dun & Bradstreet leverages the depth and breadth of our global data to provide insights into your business connections along with COVID-19 related dynamic insights to provide an integrated impact assessment for improved decision making.



Company Location  
Impact Percentile Rank



Company Industry  
Impact Percentile Rank



Company Health  
Impact Percentile Rank



COVID-19  
Impact Percentile Rank

# Scores and Indicators

## Financial Stress Score

In line with the Global Score Standard, the Financial Stress Score, also known as FSS, is an overall statistical assessment on the probability of an active business facing a situation of financial distress over the next twelve months. There are three parts to the overall score: Range, Percentile and Risk Class.

**Range: 1,001 – 1,999**

Lowest value representing the highest probability of financial stress.

**Percentile: 1 – 100**

1 representing the highest risk of financial stress and 100 would indicate the lowest probability of default or business failure.

**Risk Class: 1 – 4**

1 represents minimal risk. 4 represents highest risk.

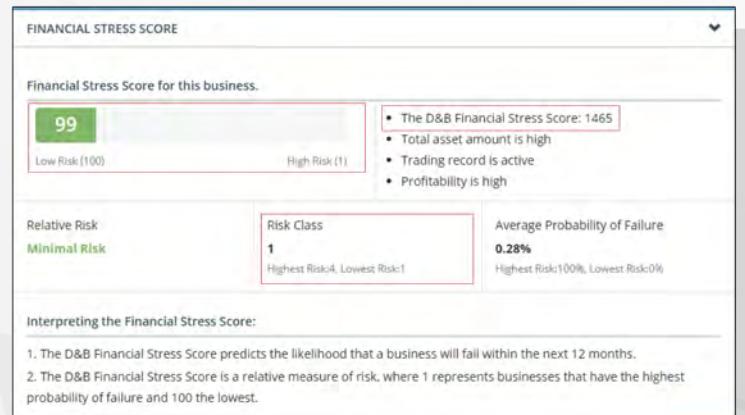


Figure 3.1 - How a Financial Stress Score would appear on the online portal.

## PAYDEX

The PAYDEX measures a business's past payment performance based on information in the Dun & Bradstreet Data Cloud. On a scale of 1 to 100, scores of 80 and above are considered low risk and could potentially increase a business's credibility to creditors.

Many suppliers, banks, and customers will look at a company's PAYDEX Score and business credit report from Dun & Bradstreet before engaging that company's services.





Contact us to find out more on how you get a business credit report.

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