



Enhanced Commercial Credit Report - Help

| Report Item | Description |
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| Payment Index (PI) | <p>The Payment Index (PI) is a numeric measure of the businesses payment habits, and is calculated strictly on the distribution of the total owing amounts across the aging periods. This is accomplished by multiplying the percentage of the total owing in each aging period by a weighting factor.</p> <p>Like any other means of measurement, it defines what is good and bad, large and small, slow and fast, etc. The Payment Index ranges from 0 to 100. The closer the company scores to zero, the better it pays its suppliers. A zero score would indicate all suppliers are paid within terms. A score of 100 on this gauge is the absolute worst score a company can get. It would mean all suppliers were being paid in the third period past due. Most companies score between 20 and 30.</p> <p>The score is similar to days-beyond-terms. A company with a score of 60 would be paying its bills at approximately 90 days, which is when many companies traditionally start placing their accounts for collection. Our analysis shows that Canadian businesses on average pay their bills within approximately 52 days. This would translate into a Payment Index of 22. Fifty percent of all payment indexes are under 20, and 75% of all Payment Indexes are under 30. When a company reaches a payment index of 40 you expect to see collection claims being placed. A payment index of 40 indicates the bill is being paid on average at about 70 days, some slower, some faster.</p> <p>Most Equifax subscribers find the Payment Index useful in tracking how companies are trending their payments to suppliers, quarter by quarter, from the trend section of the credit reports. If the company has consistently paid its bills slowly, the chances are it will continue to do so; the risk is probably low. However, if quarter after quarter the Payment Index indicates slower and slower payment, the lack of cash flow stability is probably increasing the credit risk. If collection claims are also being placed in conjunction with a high payment index, the credit risk is greatly increased.</p> <p>Payment Index Calculation</p> $PI = \frac{(\% CUR) + (\% PD1 \times 3) + (\% PD2 \times 5) + (\% PD3 \times 7)}{100}$ |

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| Credit Information Score (CI) | <p>The Credit Information Score measures seven information elements that could appear in every Equifax credit report, e.g. years on file, how suppliers are paid and the occurrence of negative data (collection claims, suits, judgments, and returned cheques). Each of the seven elements is measured on a scale from zero to 10. The higher the score, the higher the risk. Since there are seven elements, the highest possible score would be 70.</p> <p>**When Equifax has information on file from the Superintendent of Bankruptcy the current CI score is not calculated. Instead we 'flag it' as a 70 to alert customers to the fact that they should consult the body of the report to find out more information.</p> <p>With this scale even new businesses can be scored. Since new businesses have no history with suppliers to predict their future behavior, they automatically receive a neutral score of 20. Below 20 on the scale, risk is low.</p> <p><u>Equifax Canada Distribution Statistics:</u> On August 8, 2003 Credit Information Scores for more than 2 million businesses in the Equifax database were distributed as follows:</p> <p><u>Low Risk (CI 0 to 9) = 3%</u></p> <p><u>Average Risk (CI 10 to 20) = 88%</u> CI 10 = 22% CI 11 to 14 = 29% CI 15 to 19 = 18% CI 20 = 20%</p> <p><u>Above Average, High and Very High Risk (CI 21 to 70) = 9%</u> CI 21 to 30 = 6% CI 31 to 40 = 2% CI 41 to 70 = 1%</p> |
| Inquiry on | This is the date you ordered this report from the Equifax database. |
| File Number | This is Equifax's internal number. It is used interchangeably with the subject number. If you wish to order a report on this business in the future you may use this number to save time by skipping the search function that returns a list of similars. |
| Subject Number | This is Equifax's internal number. It is used interchangeably with the File number. If you wish to order a report on this business in the future you may use |

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| | <p>this number to save time by skipping the search function that returns a list of similars.</p> |
| Business | <p>This is the name of the company as reported to Equifax by data suppliers, who often report the legal name of the business. Some suppliers report operating names or abbreviated names. Equifax does not consult Federal or Provincial registries to verify or update the name that appears in our files.</p> |
| Line of Business | <p>Equifax gathers this information from various sources. The information we have received is indicated below this line. Although the business may be involved in various activities, only its primary line of business is listed.</p> |
| SIC | <p>This is the primary industry in which this business is involved. The Standard Industrial Classification System was developed in the United States, and is often referred to as the 1987 SIC codes.</p> |
| NAICS | <p>Similar to the SIC code, the North American Industrial Classification System was developed in 1997, and was intended to become the norm across North America. It is widely used as a standard to identify the types of industry in which businesses are involved. The SIC codes are also widely used.</p> |
| Active in Equifax Database since | <p>This is the date a file was first created for this business in the Equifax database. A new credit file is created in the Equifax database when we receive a previously unmatched supplier trade line, a collection claim or returned cheque information. Our experience has shown that this date often differs from the actual start up date of the business by less than six months.</p> |
| Annual Sales | <p>This information is obtained by Equifax from either a direct interview with the company, a third party investigation or an algorithm developed to estimate sales.</p> |
| Employees | <p>Equifax obtains this information either through direct contact with the business or from third party data sources.</p> |
| Incorporation Date | <p>This is the date the business filed its incorporation documents with either the Federal or Provincial government.</p> |
| Business Contact(s)/Title(s) | <p>Up to five contact names for the business are listed in the report summary. All others are listed in the Detail section. Equifax gathers this information from corporate registries, interviews with the company or from customers who provide us this information. They can include officers, directors, shareholders, managers,</p> |

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| | accounts payables personel, etc. Equifax believes the information to be accurate when reported but does not verify or update it in most cases after it is reported. |
| Credit Information Trend Graph | This graph plots the Credit Information Score for nine quarters plus shows the current score. See the explanation for the Credit Information Score for complete details of how the score is calculated. Each quarter's score is based on information available at the end of that calendar quarter. The current Credit Information Score is calculated as of the day you ordered this report. The graph allows you to see at a glance if the risk is decreasing, steady or increasing, and can also highlight seasonal peaks and valleys if they exist. |
| Payment Index Trend Graph | This graph plots the Payment Index for nine quarters plus shows the current score. See the explanation for the Payment Index for complete details of how it is calculated. Each quarter's Payment Index is calculated based on the overall payment habits for the business in that particular quarter. The current Payment Index is calculated based on information on file in the 90 days immediately preceding the day you ordered this report. The graph allows you to see at a glance if the way the company pays its bills is slowing, steady or improving and can also highlight seasonal peaks and valleys if they exist. |
| Recent Activity since | For the purposes of this report Equifax defines recent activity as the period beginning from the first day of the last quarter up to the day the report is ordered. For example a report ordered on August 16 would show recent activity from April 1 to August 16. A report ordered on January 10 would show recent activity from October 1 to January 10. Elements shown here are the number of accounts and the dollars associated with accounts that are significantly past due, the number and amount of derogatory items reported during this time, and finally the number of times this report was ordered by Equifax customers in this period. |
| Derogatory Items on File | Equifax gathers information on derogatory items that can affect a business from numerous sources across Canada. The number and total dollar amount for each type is reported here. Derogatory items are purged when they are more than 5 years old. For the full details on each derogatory item, consult the Detail section of the report. |
| Overall Trade Information | This section lists summary information on all trades for this business currently on file with Equifax. It is broken down into two categories; financial trades and non-financial trades. Financial trades are defined by Equifax as those with balances that do not need to be paid in full |

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| | <p>each month. These include credit cards, automobile or machinery purchases or leases. Others may be included as well. Non-financial trades are those that supply goods or services for the company's day-to-day operations.</p> <p>*Financial trade information is not used in the calculation of the Payment Index. The trade information described here is based on information received by Equifax in the past 13 months, currently appearing in the Detail section of the report. Inquiries on the account are from the past 2 years.</p> |
| Derogatory Items | <p>These items include Returned Cheque information, Collection Claims, Legal Suits, Judgments and information from the Office of the Superintendent of Bankruptcy. Equifax gathers this information on a regular basis from a variety of sources. They are kept on file in the Equifax database for five years.</p> |
| Inquiries on the Account | <p>This is the number of times a report on this business has been ordered from Equifax in the past two years. The report dates, and inquirers are detailed in the Details section.</p> |
| Returned Cheques | <p>Customers report this information to Equifax. They are cheques returned to them by their financial institution.</p> |
| Returned Cheques – Cheque Date | <p>This is the date printed on the cheque as the payee received it.</p> |
| Returned Cheques – Reported Date | <p>This is the date the returned cheque was reported to Equifax.</p> |
| Returned Cheques – Reason | <p>This is the reason why the cheque did not clear. The predominant reason is NSF (not sufficient funds). However, there are 30 some reasons why a financial institution may not clear a cheque:</p> <ul style="list-style-type: none"> • Account closed • Account transferred • Bank stamp required • Body and figures differ • Cannot trace • Change not initiated • Clearing bank unidentified • Counterfeit item • Domicile incorrect • Domicile required • Drawer deceased • Forged endorsement • Funds frozen • Funds not cleared • Incorrectly listed • Irregular |

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| | <ul style="list-style-type: none"> • Item listed in wrong currency • No chequing privilege • Not eligible for clearing • NSF • Payment stopped • Pre-approved item not correctly encoded • Pre-authorized payment rejected • Post/stale date • Require endorsement • Require guarantee • Signature(s) illegible • Signature(s) irregular • Signature(s) required • Signature(s) unauthorised |
| Returned Cheques – Status | This information is reported to Equifax by the company who received the cheque. The status indicated is the status of the cheque/account as of the REPORTED date. The status is NOT updated or tracked beyond the Reported date. |
| Collection Claims | This is an indication of a serious issue with a creditor. Collection Claim information is reported to Equifax directly from dozens of collection agencies across Canada, and is updated regularly. Only third party collection agency information is entered in this section. i.e. A company who places an account into 'internal' collections would still show in the trade supplier section of the report. |
| Collection Claims reported – Debtor | This is the name of the business against which the collection claim was initiated. |
| Collection Claims reported – Creditor | This is the name of the business or entity that placed the subject's account for collection. |
| Collection Claims reported – Closed | A date in this section indicates that collection action has ceased. See the Status to know why it was closed. Usual reasons are paid, settled or abandoned. |
| Collection Claims reported – Agency | If the Collection Agency wishes to have its name published in our credit reports, their name would appear here. |
| Collection Claims reported – Status | This is the current status of the collection claim. This information is updated regularly. The status tells you what progress, if any, the collection agency is making in collecting the claim. |
| Collection Claims reported – Date Placed | This is the date the account was placed for collection with the third party collection agency. |
| Collection Claims reported – | This is the amount the creditor asked the Collection |

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| Amount Placed | Agency to collect on his behalf. |
| Collection Claims reported – Amount Paid | If an amount is entered here, the business has made payment or returned goods in an attempt to settle the debt. If the entire amount is paid, the status of the claim would be paid in full. |
| Collection Claims reported – Last Payment | If the business has made a payment against this collection claim then a date would be entered here indicating when the most recent payment on the claim was made. |
| Legal Suits | These are lawsuits sometimes called statements of claim or writs. It indicate the commencement of a legal action by a plaintiff against the debtor's business. |
| Judgments | This is an order from the Court that places liability on the defendant's business. The plaintiff has proven his case in Court. A default judgment is similar but indicates that the defendant did not file a defense to the action against him within the Court's prescribed time. |
| Other Legal Information | These are Court matters that are important to the business but are not normally considered derogatory and do not affect the business' credit score with Equifax. The most common items found in this section are: Notice of discontinuance and settlement out of Court. These relate to Legal Suits or Judgments already on file. Other information could be Garnishments or Seizures of assets. |
| Type of Action | This is the type of document that was filed with the Court. In most provinces a legal action is commenced with a statement of claim. Some provinces call it a writ. A legal action can come to a conclusion in a number of ways: judgment, default judgment, notice of discontinuance or order of dismissal are the most common. In the Other Legal information section you might see garnishment order, writ of seizure or sale and many other items related to Court actions. |
| Plaintiff | This is the name of the person, enterprise or legal entity who has commenced proceedings. |
| Defendant name on Court Documents | This is the name of the business, as it appears in the Court documents. It is possible that a Court case can be dismissed if the proper legal name of the defendant does not appear on the documents. Therefore, prudent plaintiffs will search official government registries to obtain the legal name of the defendant as it appears in its incorporation papers. |
| Amount | In a legal suit (statement of claim, writ) this is the amount the plaintiff seeks. In a judgment or default judgment, the amount shown is what the Court has |

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| | ordered the defendant to pay the plaintiff. |
| Date Filed | This is the date the suit was filed with the Court or in the case of a judgment it is the date that the Court rendered its verdict. |
| Court | This is the type of Court where the action is being considered. Provincial dollar limits and other factors determine where an action is filed. You may see small claims Court, general division Court or Supreme Court for example. |
| Court Location | This is usually the name of the Court house location. For example you may see "York University" Court in Toronto or for smaller jurisdictions you may simply see the city name. |
| Court File Number | This is the file number the Court uses. It can assist Equifax, its customers or other interested parties in looking up the actual documents at the Court if they are interested in doing so. |
| Reason | If the plaintiff has indicated a general reason for its action against the defendant in the Court documents, that reason will appear here. When one business sues another the three most common reasons stated are: money owed, goods sold and delivered or contract. |
| Risk Trend Numbers | This table allows you to see the numbers behind the graph found on the first page of the report. The information in each row represents a calendar quarter, and lets you see any fluctuation in the business' habits. If the business has seasonal ups and downs such as a golf course it would be indicated here. The information relevant to you is any large change in any column from one quarter to the next or from one year to the next. A steady increase or a sharp increase in the Credit Information Score or in the amounts past due could be cause for concern. |
| Risk Trend Numbers – Credit Information Score | At the end of each calendar quarter Equifax calculates the CI Score. A relatively steady score or a decreasing one over the past nine quarters is what you'd like to see. Recent spikes or a steady increase in the score could be cause for concern. Fluctuations of five points or less should not be alarming unless they often occur. |
| Risk Trend Numbers – Number of Trades | This is the number of trades that have been reported to Equifax each quarter. An increase in the number of trades can be expected in a growing business. A decrease could mean that some trade suppliers are no longer reporting to Equifax, they stopped dealing with the business or perhaps they are now on COD terms (Equifax normally excludes zero balance supplier trade |

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| | lines (COD) from reports) |
| Risk Trend Numbers – Total Owing, Amount Current, 1st Period Past Due, 2nd Period Past Due, 3rd Period Past Due | These columns represent the total amount outstanding to the number of trades reported in a particular calendar quarter. It is a consolidated aging of the accounts. |
| Risk Score Ranges | <p>These ranges, selected by Equifax, describe the risk associated with a score compared to the whole database. In 2003 the database distribution looked like this:</p> <ul style="list-style-type: none"> 3% were in the 0 to 9 range 88% were in the 10 to 20 range 6% were in the 21 to 30 range 2% were in the 31 to 40 range 1% were in the 41 to 69 range. <p>A score of 70 will not appear in the Risk Trend section since a 70 is a Flag and not a calculated score. Instead, the actual calculated score will appear here without taking into account the previous bankruptcy information.</p> |
| Credit Information Score for this Business | <p>There are seven factors composing the Credit Information Score. The lowest score for each factor is zero the highest being 10. The sum of all seven factors make up the Credit Information Score.</p> <p>Here is a list of the factors and the reasons we have included them:</p> <ul style="list-style-type: none"> • Years on File – Business under 2 years have a very high failure rate. Those under 5 years have a better chance but are still at a high risk for failure. Once a business has been on file for 9 years or more its risk associated with 'starting up' is no longer a factor. • Current Payment Index – A business that pays its invoices when due is much less likely to experience business interruptions from supplier actions than one that is past due. • Number of Trades on file – A business with numerous suppliers reporting to Equifax likely has the trust of its suppliers who deem them credit worthy. Equifax gives a higher score to businesses with few or no trades on file for two reasons. First, it is possible that the lack of reported trades is due to no balances to report (ie. COD) or, as a precaution Equifax adds risk points because we do not have enough information to give them a good rating. We err on the side of caution. • Last complete quarter Payment Index compared to the Payment index a previous year - We compare the payment habits of the business at one point in time versus the same time in the |

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| | <p>previous year. If suppliers are reporting receiving payments slower than previously they score higher risk points. If they are paying sooner or about the same they score no risk points.</p> <ul style="list-style-type: none"> • Number of Derogatory Items – Most businesses will run into some problems or disputes over their existence. If they have zero or one derogatory item on file over the past two years it is not counted against them for scoring. If they have two to four they score a few risk points. More derogatory items than this is a reason to review the details of those items and consequently they score more risk points. • Date of the most recent Derogatory item – If a derogatory item was reported on a business over a year ago it is likely settled now and will not affect their ability to conduct business. A score of zero is assigned. If an item was reported in the last couple of months, it is cause for concern and examination of the details of the event. A high score is assigned. • The amount of the derogatory items in relation to the amount on file for suppliers – Equifax adds up all the amounts of the derogatory items over the past two years and divides this by the total amount owed to suppliers. If the ratio is high a high score is assigned. If it is low or zero a low score is given. This is done to take into account the impact that the derogatory items(s) could have on the business. For example a \$100,000 law suit against a “big box” retail store is relatively minor, but a suit that size against a corner store could seriously impact on their ability to do business. |
| 1st Period Past Due | This is the first past due period of a trade supplier’s accounts receivable. Most businesses in Canada sell on terms of Net 30 days and therefore the amounts in the 1st period past due are between 1 and 30 days beyond the payment due date. Some businesses sell according to different terms. For example Fresh food suppliers may sell on 7-day terms while others such as heavy machinery may sell on 60-day terms. By using past due periods rather than DAYS past due, Equifax is able to standardize the payment habit calculation of businesses. |
| 2nd Period Past Due | See 1st Period Past Due for an explanation. |
| 3rd Period Past Due | See 1st Period Past Due for an explanation. |
| Current | This column represents the amount outstanding to suppliers but not yet due. If a supplier has 30-day credit |

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| | terms, for example, these would be purchases between 1 and 29 days ago. |
| Total Past Due | In the table: Summary of All Credit References by Industry – 13 months”, the Total Past Due represents all amounts that are one day past due, beyond credit terms, or greater. In other words it is the total of the first, second and third period past due amounts. |
| Total Credit Exposure | This is the total amount owing to all suppliers who have reported information to Equifax in the past 13 months. Each trade line in the Equifax database is unique. Equifax does not repeat trade lines on a report. For example if XYZ Company reported a trade line on this business in January, and resubmitted its experience in March, the January trade line would no longer appear in the report. |
| Single Highest Credit Exposure | This is the largest amount of credit extended to this business on a single trade reported to Equifax. |
| Average Credit Exposure | To arrive at this figure we simply add all of the Total Owing amounts and divide by the number of trades reported on this business. |
| Credit References | This information concerns companies doing business with the subject. Equifax has thousands of companies who regularly report their accounts receivable information. This information is updated frequently and is reported as it appears on the suppliers’ accounts receivable statements. In some instances there may be disputes or credits on the account of which Equifax is not aware. (See also Suppliers) |
| Ten LARGEST Credit References | These are the ten largest trades for this business on record at Equifax. They are displayed in order from the largest to smallest based on TOTAL OWING amounts. While data suppliers to Equifax report regularly, the information presented here is the ten largest trades on file from today. |
| Insolvency Data | Each week, Equifax receives an electronic file from the Office of the Superintendent of Bankruptcy (Industry Canada). The information details voluntary assignments in bankruptcy, involuntary assignments, receiverships and notices of intentions to file a proposal. This is an obvious sign of serious financial problems for the business and Equifax keeps it on file for 5 years. |
| Suppliers | Equifax customers who supply trade information have the option of having either their name or line of business appear on reports. These are companies who do business with the Subject and report their experiences to Equifax. Some abbreviations you might see are MFR -Manufacturer, WHL -Wholesaler, CONTR -Contractor or |

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| | SVCS -Services. |
| Date Reported | This is the date Equifax loaded this particular line of information into the database. |
| High Credit | This amount is supplied to Equifax by the data supplier. Usually it is the highest credit amount that the supplier has extended at one time to the subject business. Some suppliers report their credit limit in this space instead of the highest credit extended. If the data supplier specifies no amount, Equifax computer system displays the Total Owing Amount in this field. |
| Total Owing | This is the total amount the business owed the supplier (or suppliers) at the time they sent their information to Equifax. |
| Banking Information | For a fee, Equifax contacts a business' bank to obtain information. A short time after we collect this information we add it to our database to share with all report users. |
| Current Account Balance (Banking) | This is the balance in the current (operating) account of the business as of the date the bank was interviewed. Some banks report a figure and others report ranges. Equifax has no control over how a bank reports this information, it is displayed as we receive it. |
| Line of Credit Authorized | This is the amount the financial institution has authorized this business to borrow for operating purposes. It is normally used by businesses to help smooth out their cash flow. It has no terms and the amount usually fluctuates month by month or season by season. |
| Utilization of Line of Credit | This is the amount that the business had borrowed against its line of credit at the time the bank was interviewed. |
| Rating on Line of Credit | This information is provided to us by the financial institution. |
| Secured? By what? | If the financial institution has security against the line of credit they've extended to the business it usually indicate it here. What it holds as security is often not available at the time of the interview but would be for example Machinery and Equipment, Accounts Receivable, etc. |
| Loan Details | This information is gathered from the interview with the financial institution. It is effective as of the date the bank report was obtained. |