

FRISK® Score

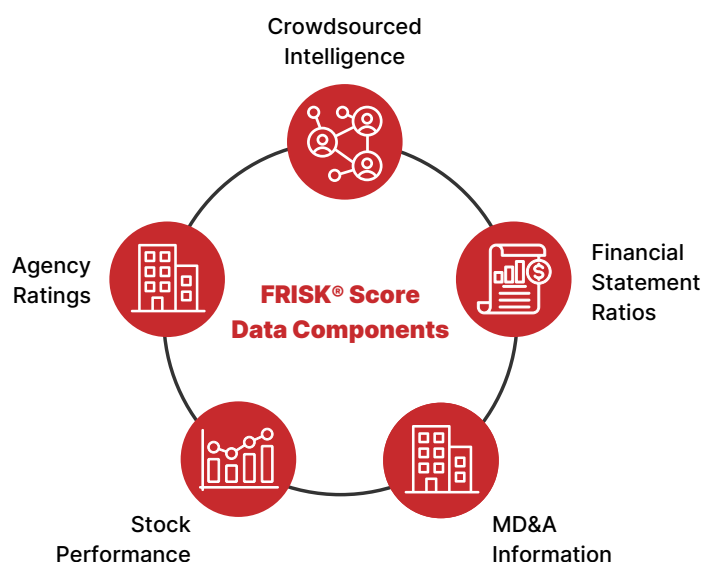
CreditRiskMonitor's proprietary FRISK® Score is the industry's leading financial risk prediction model, with a proven accuracy rate of 96% for eight consecutive years. The score provides modeling precision that enables credit, supply and risk professionals to make better decisions.

The FRISK® Score uses a Bayesian modeling architecture and incorporates data from financial statements, stock

performance, agency ratings, insider aggregates and recently added management discussion and analysis (MD&A) information. By combining all of these data inputs, the FRISK® Score estimates risk far more accurately than other competing models.

The FRISK® Score covers over 1 million public and private companies worldwide and is updated daily.

High-Quality Data Components



Crowdsourced Intelligence: data from the click patterns of our subscribers flags surges of interest in specific company among the most sophisticated risk professionals.

Financial Statement Ratios: Altman Z"-Score model data and cash flow-related data from financial statements.

MD&A Information: Factors in both positive and negative executive management insights, providing a more comprehensive risk picture.

Stock Performance: A Merton-type model using stock market capitalization, dividend information and stock volatility to capture changes in the market's daily view of companies' financial risk.

Agency Ratings: Credit rating assessments of companies that primarily address liquidity and solvency risks.

How It Works

The FRISK® Score estimates a business’ probability of filing for bankruptcy in the subsequent twelve months and produces a FRISK® Score ranging between “1” (worst) to “10” (best).

FRISK Score	Probability of Bankruptcy within 12 Months	
	From	To
10	0.00%	0.12%
9	0.12%	0.27%
8	0.27%	0.34%
7	0.34%	0.55%
6	0.55%	0.87%
5	0.87%	1.40%
4	1.40%	2.10%
3	2.10%	4.00%
2	4.00%	9.99%
1	9.99%	50.00%

FRISK® Score Snapshot: Public Company Example

The Company’s FRISK® Score was downgraded due to negative MD&A Insights after the Company “received waivers for all applicable financial covenants. The current forecast indicates that the Company may not be able to maintain compliance with certain of its financial covenants under its credit agreements over the next twelve months. There is no assurance that such waivers will be obtained in the future. These conditions raise substantial doubt about the Company’s ability to continue as a going concern...”

- *Total liabilities to market capitalization exceeded 5x*
- *Interest coverage ratio was negative*
- *Cumulatively negative free cash flow*
- *Cash ratio was less than 0.14*
- *Quick ratio dropped below 0.54*

FRISK® Score Sample

Public Company Example	FRISK® Score	6	6	6	5	5	4	4	3	3	2	2	1	1
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