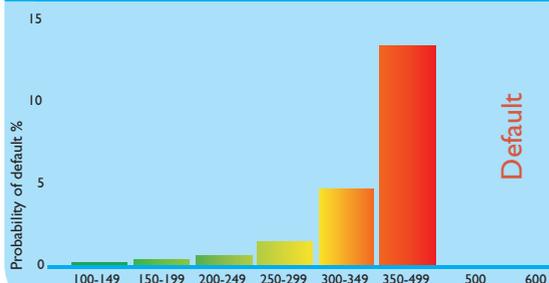


Commercial Information CREDITREFORM SOLVENCY INDEX

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Probability of default by the Solvency Index



Probability of default in detail

Bonitätsindex	100-149	150-199	200-249	250-299	300-349	350-499	500	600
June 2015 to June 2016	0,08 %	0,19 %	0,55 %	1,46 %	4,7 %	13,43 %		Default
Interpretation	100-149 Excellent credit-worthiness	150-199 Very good credit-worthiness	200-249 Good credit-worthiness	250-299 Medium credit-worthiness	300-349 Weak credit-worthiness	350-499 Very weak	500 Poor credit-worthiness	600 Insufficient credit-worthiness/ Cessation of payment

The Creditreform Solvency Index is the central pillar of Creditreform's Commercial Report. It is calculated on the basis of the enterprise-specific information kept in Creditreform's enterprise database. With almost four million entries on companies, small-business owners and self-employed individuals, it is the world's most comprehensive stock of information on German enterprises. The precision of the Creditreform Solvency Index – and thereby its suitability as a meaningful indicator for credit management – has been scientifically validated.

Should you still have questions, please contact us at:

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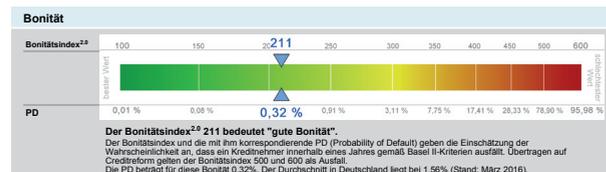
> Commercial Information

CREDITREFORM SOLVENCY INDEX

Spot-on Solvency Check

Creditreform Solvency Index

The Creditreform Solvency Index is the central pillar of Creditreform's Commercial Report and other information formats for evaluating a business's solvency. Its accurate forecasts of the probability of default (POD) provide for quick and direct assessment of a customer's solvency – and consequently also the customer's credit worthiness.



Creditreform's Solvency Index calculation techniques are continually evolving, employing proven mathematical and statistical analysis methods. These advances not only take structural changes in the economic structure, but also factors such as changing PODs in the individual market segments, into account.

The POD describes the likelihood with which a company in Germany will slide into either of the two lowest Creditreform Solvency Index categories (500 or 600) within twelve months. This definition corresponds to the probability of default under Basel II.

The Solvency Index's excellent forecasting accuracy is also attributed to Creditreform's extensive database which has been ramped up significantly over the past few years – not only in terms of the meanwhile 10 million-plus annual accounts, but also regarding industry KPIs and in the payment-experience space. The Debitorenregister Deutschland debtors' register, alone, for example, gives Creditreform access to over 100 million payment experiences.

Database on a broad footing

The calculation of the Creditreform Solvency Index involves a wide range of information relevant to a company's solvency. The individual KPIs in the Commercial Report are collated into an overall score value represented as a three-digit figure.

The following attributes are used in calculating the Creditreform Solvency Index

- Credit verdict
- Mode of payment
- Financial report data
- Industry risk
- Company development
- Turnover
- Legal form
- Company's age
- Regional risk
- Order-book situation
- Capital
- Management experience
- Number of employees
- Sales per employee
- Relationship of capital : sales

Due to their relevance for calculating solvency scores, a wide range of exclusive Creditreform information sources is tapped for this. These sources include, in particular:

- External payment experiences
- Financial statement data
- Industry risk

The path to Creditreform Solvency Index

The calculation of the Creditreform Solvency Index involves a wide range of information relevant to a company's solvency. The individual KPIs in the Commercial Report are collated into an overall score value represented as a three-digit figure.

Schematic calculation of the Creditreform Solvency Index

Risk factors	Weighting %	Classification					
		1	2	3	4	5	6
Mode of payment	25		50				
Credit verdict	25		50				
Company development	5			15			
Order-book situation	5			15			
Legal form	4				16		
Industry	6		12				
Company's age	4		8				
Turnover	5			15			
Number of employees	4			12			
Sales per employee	2		4				
Subscribed capital	5		10				
Balance sheet solvency	10		20				
Total	100	0	154	57	16	0	0
Solvency Index							

Statistical valuation models returning accurately calculated forecasts, plus rigorously implemented quality controls, guarantee the meaningfulness of these checks. In this way, the Creditreform Solvency Index allows prospective forecasts to be made for reliably distinguishing between good and profitable, and bad, loss-making, business.

The Creditreform Solvency Index can assume a value ranging from 100 to 500 or 600 – corresponding to a spectrum from excellent solvency to suspension of payment). A solvency index is not calculated for newly formed companies or in the event of uncertain circumstances.