Judgemental scoring system

A judgmental scoring model is based on traditional standards of credit analysis. Factors such as payment history, bank and trade references, age, size and kind of business, country of origin, and financial statement are scored and weighted to produce an overall credit score.

The determination of which factors to use, and how each will be scored and weighted, is generally based on the past experience with other companies from same industry and country and is a complicated combination of over 80 different factors. Our company made this rating available for all countries in the world and of course due to differences between the countries we have many internal models for final assessment of a credit rating.

Judgmental scoring is the most straightforward to implement because it uses your credit policies and decision process, the number of rules are easily set, and the grading scale can be simple or complex. Therefore, it is easier to understand and augment.

POOR	This rating indicates uncovered trouble within the Subject Company. It is usually related to a very poor financial performance, bankruptcy filings or notoriously delayed payments. It also applies to discontinued businesses. When our assessment is POOR we recommend that no credit lines should be extended to Subject Company and any dealings, if at all, should be conducted on 100% prepayment basis only.
PASSABLE	This rating is neither purely negative nor purely positive. Our additional description and our suggested credit limit provide more detailed explanation. Companies receiving PASSABLE rating may fall in one of the following categories: - companies making losses yet with still positive equity - companies operating in a high risk industries or environments - recently incorporated companies with little payment / financial history - regular companies but without enough available financial / trade data When our assessment is PASSABLE we recommend strict credit control policy, allowing small amounts for open credits. More frequent monitoring is of benefit.
SATISFACTORY	This is a more positive credit scoring. It applies

	to companies operating steadily with reasonable financial performance, modest / good profits and sufficient equity. It also applies to companies where less data is known but other indicators such as being a part of large group, strong capital base, robust industry, etc, make the company a trustworthy business partner. When our assessment is SATISFACTORY a cautious credit control applies, medium amounts are allowable for open credits. Regular monitoring is of benefit.
GOOD	This rating applies to strong companies with very solid financial base or subsidiaries of large and robust multinational companies. These companies usually possess a strong operational base and adequate equity to be able to meet their commitments. When our assessment is GOOD small to medium credits can be granted with high confidence that commitments can be met under most circumstances.
EXCELLENT	Highest credit rating used by our company. It applies to top few percent of companies in the world. Companies with EXCELLENT rating are deemed to be good for large credits, which can be considered with highest confidence.
NO CLASSIFICATION	Due to unforeseen circumstances beyond our control, which fortunately occur infrequently, certain exceptions to standard credit scoring may occur. Occasionally we may have difficulties completing a full report and are not able to assess a credit rating. In such cases we cannot classify the company and provide a NO CLASSIFICATION rating. When this rating is used no open credit dealings should be considered and a further due diligence should be conducted in the future to check whether the regular rating can be applied allowing for normal business dealings with Subject Company.