



# CR limit

Automatic determination of credit limit  
Decide how much credit

2011 January

## Services in the cash chain from marketing to debt collection

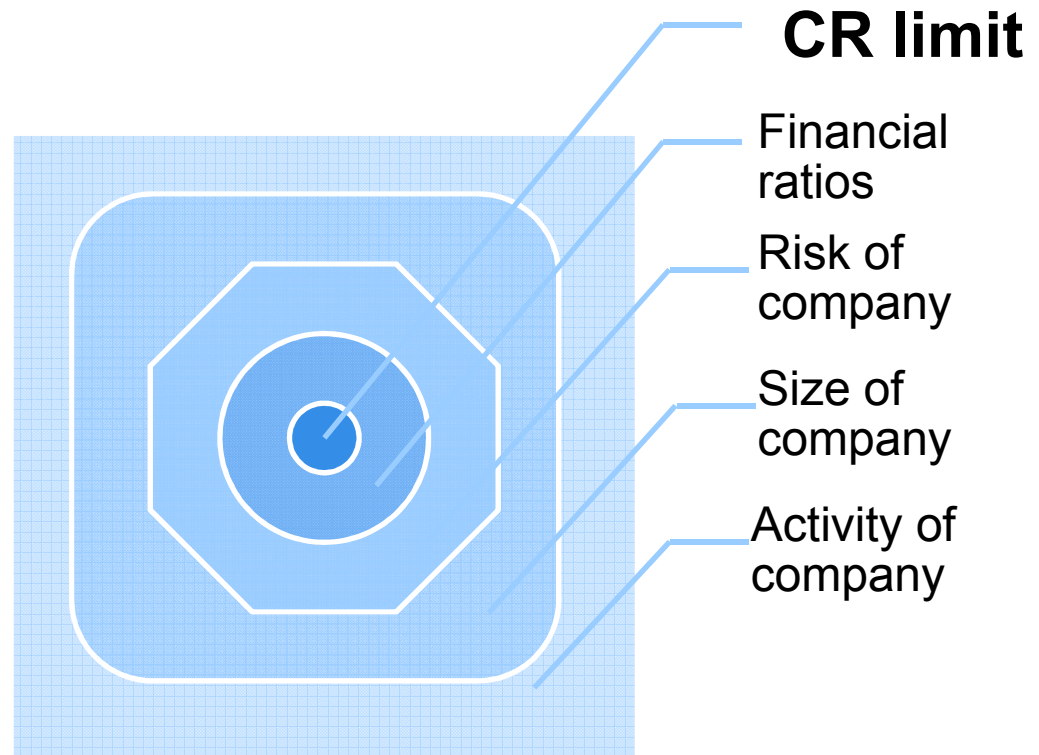


### “Creditreform” experience in credit risk management

- ✓ UAB “Creditreform Lietuva” manages the biggest information base of Lithuanian companies riskiness [www.cr.lt](http://www.cr.lt)
- ✓ Prepared credit reports about the companies
- ✓ Prepared reviews of Lithuanian companies market sectors solvency
- ✓ Since 2008 successfully operating companies rating model, which was essentially updated in 2010
- ✓ In 2010 introduced automated CR credit limit

# CR limit: what is it?

**CR limit –**  
automatically  
calculated sum, which  
the specific company  
is able to pay to all its  
trade creditors within  
30-60 days



# 1. Why CR limit?

## » Clear and precise

- A decision not only on the availability of credit, but also on **the credit amount** can be made immediately



<http://futurefreeport.com/>

## » Saving time and money

- Automatic decision is **cheaper and faster** than separately performed credit report



<http://feelingupindowntimes.wordpress.com/>

## » CR limit changes:

- Changing risk factors
- Changing financial data



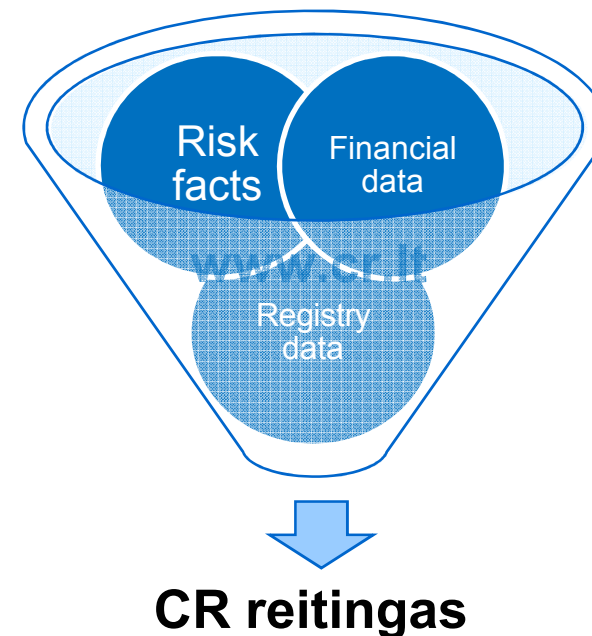
<http://www.appliancist.com>



## 2. CR rating – a part of CR limit

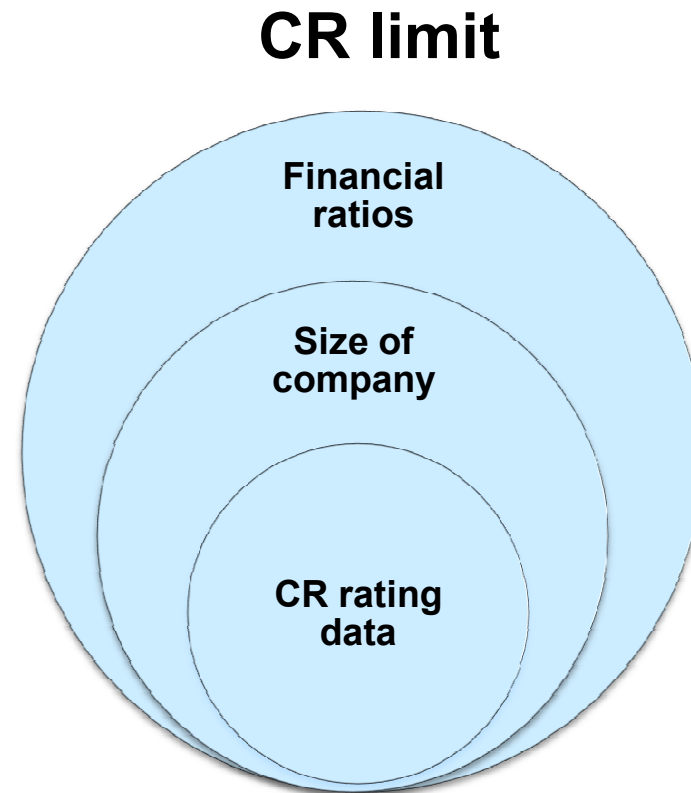
### » Data used in CR rating:

- Registers data:
  - Centre of Juridical Persons
  - Asset Arrest Register
  - The Department of Statistics
  - Department of enterprise bankruptcy management
  - Courts
- Risk facts:
  - Debts collection
  - Delays
  - Information from “black lists”
- Companies provided data:
  - Information about the number of employees
  - Financial data
- Market, region and business sector data:
  - Insolvency distribution
  - Asset arrests, other negative information



## 2. CR rating and CR limit

- » **CR rating data is also included into the calculation of CR limit**
- » **CR limit amount is determined by:**
  - Company's size – the bigger company is, the more limit can be provided
  - Financial ratios – the bigger company is, the bigger impact financial ratios have
- » **However, if the company has low CR rating due to the plenty of negative facts, company's size has less significance**



## 2. CR rating and CR limit

- » **It is enough to make CR rating decision, if:**
  - high risk spread
  - low credit amounts



CR rating shows, whether it is risky to credit a client

- » **CR limit is the more accurate risk measure:**
  - Can decide what amount can be credited to Your partner



# 3. CR limit – how to use

## » Limits determination to all the clients portfolio

- Providing us with data about the delayed payment
- You are provided with an answer:
  - CR rating
  - CR limit amount
  - Approval/rejection of the planned credit

## Credit limits determination example

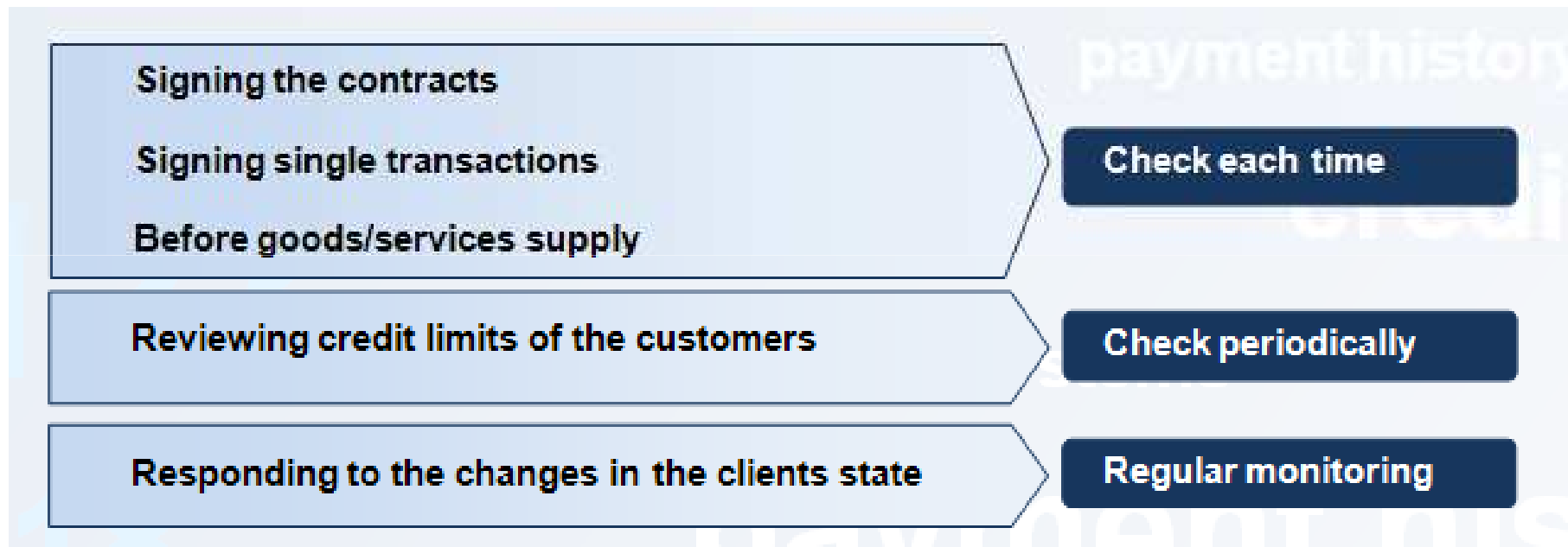
Im. kodas			Limitas	Dienų skč.	CR Reitingas			CR limitas (Bendras visiems tiekėjams)			Limito pokytis 2010.12.01 plg.su 2010.07.01		Išvada dėl limito nustatytam terminui	
Eil. Nr.	Pateiktas	Pavadinimas			2010.04.01	2010.07.01	2010.12.01	2010.04.01	2010.07.01	2010.12.01	Lt	%		
1.			20.000	30	7	8	8	5.720	1.603	0	-1.603	-100.0%	20	Atid. apm. NEREKOMENDUOJAMAS
2.			15.000	60	5	7	4	322.623	181.271	378.701	+197.430	+108.9%	4	Atid. apm. NESUKELS PROBLEMŲ
3.			60.000	30	5	6	4	87.592	79.416	126.939	+47.523	+59.8%	11	Numatyto dydžio atid. apm. LEISTINAS SU ŠALYGOMIS
4.			100.000	60	7	7	8	112.464	74.062	39.947	-34.115	-48.1%	17	Numatyto dydžio atid. apm. TURI BŪTI MAŽINAMAS
5.			80.000	30	5	7	8	27.422	14.235	2.371	-11.864	-83.3%	20	Atid. apm. NEREKOMENDUOJAMAS
25.			40.000	45	7	7	8	13.813	11.141	3.710	-7.431	-86.7%	20	Atid. apm. NEREKOMENDUOJAMAS
26.			20.000	30	4	5	4	60.233	53.915	65.505	+11.590	+21.5%	11	Numatyto dydžio atid. apm. LEISTINAS SU ŠALYGOMIS
27.			10.000	30	6	6	6	7.812	7.739	6.162	-1.577	-20.4%	14	Numatyto dydžio atid. apm. ABEJOTINAS
28.			30.000	60	5	6	5	68.964	49.871	55.720	+5.849	+11.7%	11	Numatyto dydžio atid. apm. LEISTINAS SU ŠALYGOMIS
29.			40.000	45	5	7	6	123.002	63.103	83.494	+20.392	+32.3%	9	Numatyto dydžio atid. apm. GALI BŪTI LEIDŽIAMAS
30.			20.000	30	6	7	7	27.524	14.641	19.660	+5.019	+34.3%	12	Numatyto dydžio atid. apm. LEISTINAS SU ŠALYGOMIS





### 3. CR limit – how to use

» CR limit can be used...



## 4. And more...

### » In those cases, when:

- credit amount of the specific company exceeds LTL 2 million
- specific companies are evaluated
- „project“ companies are evaluated
- new and fast growing companies are evaluated



### o b s e r v e other information as well

### » Together with CR limit it is recommended:

- Review the data supplied in I.M.K. report
- Review the financial accounts
- Order a credit opinion, prepared by the credit analyst with calculated credit limit



# Try now

- Send information about the credit limits provided to Your clients
- We will check **CR limit** amount

## **UAB "Creditreform Lietuva"**

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