

ABC Service Co.  
#123456

Review Date: 08-25-2024  
Prepared by: Monroe

Current Limit: \$300,000  
Proposed Limit: \$500,000

Request: Increase credit limit to \$500,000 due to ABC Service Co's business expanding, especially in the frequency and size of cross-border freight shipments. With recent large contracts signed with key clients, transportation volume is expected to grow by 20% in the coming months.

Score of 1 = Lower Risk, 5 = Higher Risk

	Counterparty Value	Score	Weight
<b>Industry Risk</b>	<b>Transportation &amp; Freight</b>	<b>2</b>	<b>20%</b>
<b>Years in Business</b>	<b>23</b>	<b>1</b>	<b>20%</b>
<b>Peer Competition</b>		<b>4</b>	<b>30%</b>
	Revenue Size (\$000):	\$10,645	5
	Operating Margin (%):	27.70%	1
	Override Occur: Weak		1
<b>Financial Risk</b>		<b>4</b>	<b>30%</b>
	Debt / EBITDA (x):	1.93	4
	EBITDA / Interest Expense (x):	9.77	4
	Cash Flow From Ops. / Debt:	0.39%	3
	Debt / Tangible Net Worth:	53.22%	3
<b>Core Assessment</b>		<b>3.00</b>	<b>4</b>

Core Assessment interpolated from a 5 to 7-point scale to account for Liquidity Assessment

Score	1	2	3	4	5	6	7
Scoring Range	<=1.3	1.6	2.3	3.0	3.6	4.3	5.0
Prob. of Default (Pd)	0.06%	0.25%	0.90%	1.7%	3.4%	7.5%	21.0%

<b>Liquidity Assessment</b>	<b>Adequate</b>	<b>0</b>
Cash Inflow / Cash Outflow (x):	1.64	
Stressed Cash Inflow / Cash Outflow (x):	1.29	
Liquidity Assessment:	Adequate	
Override Occur:	No Override	

	<b>Final Score / 1 Yr. (Pd):</b>		<b>4 / 1.7%</b>
Current Limit:	\$300,000	Proposed Limit:	\$500,000
Streamline Threshold:	\$200,000	Streamline Test:	FAIL
Review Type:	Summary	Next Review Due:	05-29-2025

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