



EQUIFAX



Credit Ratings - Explanation Statement

Your Equifax credit report is a record of your credit history. It may include information on applications for credit that you have made in the past as well as information relating to your history of repaying credit card debts, personal loans and mortgages (including modified repayment arrangements due to hardship). Your credit report may also include publicly available information, such as court writs and judgements related to bankruptcies, personal insolvencies and debt agreements.

Credit reports are available to all consumers who have a credit history. These reports are built using information provided by credit providers as well as public record information.

Updated September 2022

Information in your Equifax Credit Report

In your Credit Report you will find information about your history with credit. Your Credit Report is divided into a number of sections:

1. Personal information / identity details

This includes information like your name, date of birth and names you may be also known as. It may also include your driver's licence number, as well as a list of places you have worked and addresses where you have lived or operated a business from.

2. Your Equifax Credit Score

Your Equifax Credit Score will be a number between 0-1200 and is based on your credit information held by Equifax. In simple terms, the higher your Equifax Score, the better your credit profile and the lower credit risk you are.

There are a number of key attributes that are taken into consideration when generating your Equifax Credit Score:

- The type of credit being applied for ie Mortgage, Credit Card, Mobile Phone Plan etc.
- The number, type and age of any credit facilities you have opened or closed in the last 24 months and whether you have missed any payments.
- Age of your credit file (report).
- Your personal details including any directorship and proprietorship information.
- The number of credit enquiries and any negative events, such as missed payments, defaults or bankruptcies.

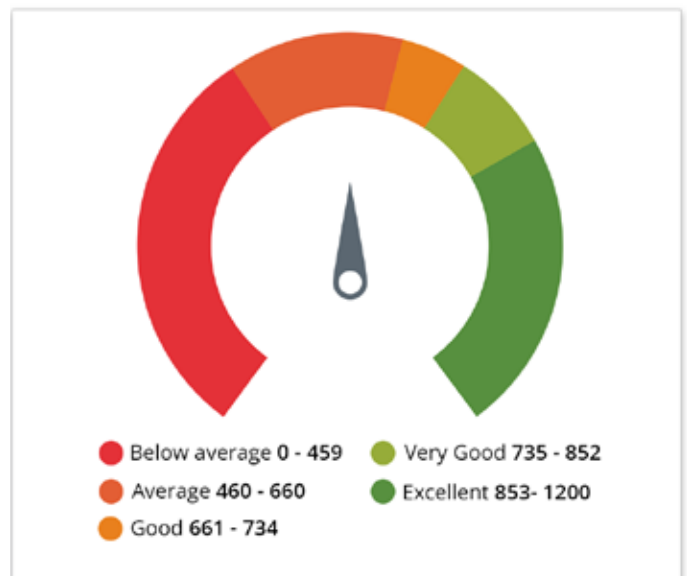
It is important to note that the way the Equifax Credit Score is used in practice by lenders may differ to the way it is shown in your Equifax Credit Report or displayed in the Equifax Credit and Identity portal. Each lender may also apply their own lending criteria and policies, and in some cases their own scores, which is why some lenders may approve your application while others will not.



3. Equifax Credit Rating

This rating helps you to understand your level of risk, based on your Equifax Credit Score, compared to the Australian credit-active population held by Equifax.

The Equifax Credit Rating is based on historical analysis that determines how likely an adverse event will occur, such as a default or any account/loan that reaches 90 days past due in the following 12 months after the credit application. This is a key determining factor in whether you are likely to be able to repay future credit.



Set out below is a description of the five Credit Rating bands used by Equifax.

0-459 - Below Average

If your Equifax Credit Score is within this band, there is an above average possibility an adverse event will be recorded on your Credit Report in the next 12 months.

Factors with the biggest impact/most common on scores in this band are as follows:

1. Payment defaults, late payments (30+ days) or default judgements reported
2. The number and type of credit applications (with frequent applications for unsecured lending)
3. Use of short term credit facilities (like Payday or Buy Now Pay Later)

If you are in this band, you can generally improve your score by:

- ensuring all bills and credit payments are made on time; and
- restricting the number of applications you make for new credit.



460-660 - Average

If your Equifax Credit Score is within this band, there is an average possibility an adverse event will be recorded on your Credit Report in the next 12 months.

Factors with the biggest impact/most common on scores in this band are as follows:

1. The number and type of credit applications (with frequent applications for unsecured lending)
2. Multiple credit applications in a short time frame
3. Instability of residence or employment

If you are in this band, you can generally improve your score by:

- ensuring all bills and credit payments are made on time; and
- reducing any unnecessary credit facilities such as multiple credit cards.



661-734 - Good

Scores in this category indicate that an adverse event is less likely than average to be recorded on your Credit Report in the next 12 months. The odds of no adverse events occurring on your Credit Report in the next 12 months are better than the average population odds.

Factors with the biggest impact/most common on scores in this band are as follows:

1. The number and type of credit applications
2. Demonstrating no arrears/defaults
3. Length of credit history

If you are in this band, you can generally improve your score by:

- limiting applications for unsecured credit



735-852 - Very Good

If your Equifax Credit Score is within this band, it is unlikely an adverse event will be recorded on your Credit Report in the next 12 months. In other words, the odds of no adverse events occurring on your Credit Report in the next 12 months are more than 2 times better than the average population odds

Factors with the biggest impact/most common on scores in this band are as follows:

1. Demonstrating no arrears/defaults
2. Length of credit history (evidence of longer term credit relationships)
3. The nature and frequency of credit applications

If you are in this band, you can generally improve your score by:

- reducing/minimising credit enquiries and credit applications



853-1200 - Excellent

If your Equifax Credit Score is within this band, an adverse event is highly unlikely to be recorded on your Credit Report in the next 12 months. In other words, the odds of no adverse events occurring on your Credit Report in the next 12 months are more than 5 times better than the average population odds.

Factors with the biggest impact/most common on scores in this band are as follows:

1. Demonstrating no arrears/defaults
2. Length of credit history (with evidence of longer term credit relationships)
3. Residential mortgage activity

If you are in this band, you can generally improve your score by:

- continuing to pay on time; and
- limiting exposure to unsecured credit.



Equifax reviews the Australian credit-active population scores regularly and the Equifax Credit Score rating is calculated to take into account population and economic changes.

4. Consumer credit information

The consumer credit information section of your Credit Report includes:

Details of credit enquiries that have been made on you by a credit provider when you have made an application for consumer credit. Consumer credit relates to loans for household or family purposes as well as for the purchase, renovation or refinancing of a residential investment property. Well-known types of credit include credit cards, mortgages, personal loans, car loans and credit contracts. Credit contracts are typically used by businesses – such as utility providers and telecommunications companies – that provide a good or service upfront and get paid for it at a later date. The ‘buy now pay later’ store finance and store cards many retailers offer are also a type of credit.

Consumer credit liability accounts – this may be an account that you currently have open or have had open in the past. Your Credit Report may include information about the type of consumer credit liability account you had or have, as well as its credit limit and open and/or close date. Please note that not all credit providers supply consumer credit liability information to credit reporting bodies (such as Equifax).

Monthly repayment history on credit accounts such as mortgages, personal loans and credit cards. This reflects whether you have paid the minimum amount required on time each month or not. It will also include information on any defaults or financial hardship arrangements in relation to your accounts. Please note that not all credit providers supply repayment history information to credit reporting bodies (such as Equifax).

Overdue accounts such as defaults, new arrangements on your defaults as a result of financial hardship and serious credit infringements

Public record information like:

- Court judgements
- Directorship details
- Proprietorship details
- Bankruptcy, debt agreement and personal insolvency



5. Commercial credit information

This is information about credit enquiries that have been made on you for commercial credit. Common types of commercial credit are a work-mobile-phone contract, business loan and business credit card. It may also include details of any overdue commercial credit accounts and other debts.

6. File access information

This is information about third parties that have accessed your Credit Report. These third parties may include brokers, credit repair agencies and Equifax. For example, if you request a copy of your Credit Report from Equifax, the fact that Equifax has accessed your Credit File in order to provide your Credit Report will be noted.