



### D&B Credit Rating

#### What is the D&B Credit Rating?

The D&B Rating (e.g., 4A3) gives an indication of credit worthiness. The D&B Rating is normally divided into two parts: the *financial strength* code, then the *risk indicator* reflects the risk associated with the business. Financial Strength is an indication of the size of the subject's tangible net worth (that is, the shareholders funds less any intangible assets) based primarily on the most recent fiscal balance sheet results. The Composite Appraisal is linked to the level of risk and is an overall evaluation of credit worthiness. It takes into account the financial condition but also several non-financial factors such as trade payment history, length of operation, employee numbers, legal structure, management experience and any adverse listings.

In some countries, D&B will use other information in its databases to assign ER (size by employee range) to businesses within specific industries or "1R", "2R," etc. ratings for companies without current financial statements on file. The *Rating Interpretation Tables* contain specific rating definitions and interpretation tables for countries around the world.

D&B Rating is presented in two parts – the Financial Strength Indicator and the Risk Indicator:

#### D&B Rating Interpretation Table

D&B Ratings 5A to HH ratings reflect company size based on net worth or equity as computed by D&B. These ratings are assigned to businesses that have supplied D&B with current financial information.

For 5A to HH Ratings, the Composite Credit Appraisal is a number between 1 and 4 that makes up the second half of the company's Rating and reflects an overall assessment of creditworthiness. Our creditworthiness assessment is based on both payments and financial stability.

Example:

D&B Rating 5A 1

5A = Financial Strength Indicator

1 – Composite Credit Appraisal or Risk Indicator

Risk Indicator

- Range of 1 to 4 (1 – low risk; 4 – high risk)
- 1 indicates a minimal risk and 4 indicates a significant level of risk

# Top Data Elements

## D&B Credit Rating Fact Sheet



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The following table outlines how to interpret a rating when D&B is able to obtain the financials for a given firm:

Rating	Financial Strength			Composite Credit Appraisal			
	U.S. Sales			High	Good	Fair	Limited
5A	\$50,000,000	to	and over	1	2	3	4
4A	\$10,000,000	to	\$49,999,999	1	2	3	4
3A	\$1,000,000	to	\$9,999,999	1	2	3	4
2A	\$750,000	to	\$999,999	1	2	3	4
1A	\$500,000	to	\$749,999	1	2	3	4
BA	\$300,000	to	\$499,999	1	2	3	4
BB	\$200,000	to	\$299,999	1	2	3	4
CB	\$125,000	to	\$199,999	1	2	3	4
CC	\$75,000	to	\$124,999	1	2	3	4
DC	\$50,000	to	\$74,999	1	2	3	4
DD	\$35,000	to	\$49,999	1	2	3	4
EE	\$20,000	to	\$34,999	1	2	3	4
FF	\$10,000	to	\$19,999	1	2	3	4
GG	\$5,000	to	\$9,999	1	2	3	4
HH	up to	to	\$4,999	1	2	3	4

The 1R and 2R ratings categories reflect company size based on the total number of employees for the business. They are assigned to business files that do not have a current financial statement.

In 1R and 2R Ratings, the 2, 3, or 4 creditworthiness indicators are based on analysis by D&B of public filings, trade payments, business age and other important factors. 2 is the highest Composite Credit Appraisal a company not supplying D&B with current financial information can receive.

The following table outlines how to interpret the D&B Rating for firms without current financials:

Rating Classification		Composite Credit Appraisal			
Rating	Number of Employees	High	Good	Fair	Limited
1R	10 employees and over	n/a	2	3	4
2R	1-9 employees	n/a			

At times, D&B may not be able to place a company in the above classifications.

The following table provides a explanation of other possible Ratings:

Alternative Rating Used	
INV	Indicates that D&B is currently conducting an investigation to gather information for a new report.
DS	Indicates that the information available does not permit D&B to classify the company within our rating key.
-- (blank)	The blank symbol should not be interpreted as indicating that credit should be denied. It simply means that the information available to D&B does not permit us to classify the company within our rating key and that further enquiry should be made before reaching a decision. Some reasons for using a "--" symbol include: deficit net worth; bankruptcy proceedings; lack of sufficient payment information; or incomplete history information.
ER	Certain lines of business, primarily banks, insurance companies and government entities do not lend themselves to classification under the D&B Rating system. Instead, we assign these types of businesses as Employee range symbol based on the number of people employed. No other significance should be attached to this symbol. ERN should not be interpreted negatively. It simply means we do not have information indicating how many people are employed at this firm.
NQ	Not Quoted. This is generally assigned when a business has been confirmed as no longer active at this location, or when D&B is unable to confirm active operations. It may also appear on some branch reports, when the branch is located in the same city as the headquarters.

# Top Data Elements

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Finally, certain lines of business, primarily banks, insurance companies and government entities, do not lend themselves to a classification or assignment of a Rating based on their net worth. Instead, these businesses are assigned an Employee Range (ER) symbol based on the total number of people employed by the business. No other significance should be attached to this symbol.

The following table provides guidance on how to read this form of Rating:

U.S. Employee Range Designation	
ER1	1,000 or more
ER2	500-999
ER3	100-499
ER4	50-99
ER5	20-49
ER6	39,740
ER7	39,577
ER8	39,451
ERN	Not Available

### Do we provide this information globally?

Yes.

### How do we assign the D&B Rating today?

We assign through an automated system called the 'RATE System'. The system assigns the Rating based on data we have available (or not) within the Business Information Report.

### Do we assign a D&B Rating to government entities?

Certain lines of business, primarily banks, insurance companies and government entities, do not lend themselves to a classification or assignment of a Rating based on their net worth. Instead, these businesses are assigned an Employee Range (ER) symbol based on the total number of people employed by the business. No other significance should be attached to this symbol.

### Can the D&B Rating be changed from what the automated 'RATE' systems assigns?

Yes, there are grey areas in which a data specialist can evaluate the criteria and override what 'RATE' assigns.

### Where can I find additional information regarding the D&B Rating?

Information is available on the intranet (ex. Product Solutions Catalog) If you require additional information please reach out to a post sales support team by submitting a request through the Post Sales Delivery Help Desk at 1-866-390-5203 or by email, [PostSalesDelivery&Se@dnb.com](mailto:PostSalesDelivery&Se@dnb.com).