DNBi Risk Management

A Guide to D&B's U.S. Ratings and Scores

Decide with Confidence

D&B Credit Rating

The D&B Credit Rating can help you assess a firm's size and composite credit appraisal, based on information in a company's interim or fiscal balance sheet and an overall evaluation of the firm's creditworthiness.

The **"5A" to "HH" Rating Classifications** reflect company size based on worth or equity as computed by D&B. Company size can be an effective indicator of credit capacity. These Ratings are assigned to businesses that have supplied D&B with a current financial statement.

The **Composite Credit Appraisal** is a number, 1 through 4, that makes up the second half of the company's rating and reflects D&B's overall assessment of that firm's creditworthiness. The Composite Credit Appraisal is based on D&B analysis of company payments, financial information, public records, business age, and other important factors (when available).

		Composite Credit Appraisal			
Rating Classification	**Company Size**	**High**	**Good**	**Fair**	**Limited**
5A	$50,000,000 and over	1	2	3	4
4A	10,000,000 – 49,999,999	1	2	3	4
3A	1,000,000 – 9,999,999	1	2	3	4
2A	750,000 – 999,999	1	2	3	4
1A	500,000 – 749,999	1	2	3	4
BA	300,000 – 499,999	1	2	3	4
BB	200,000 – 299,999	1	2	3	4
CB	125,000 – 199,999	1	2	3	4
CC	75,000 – 124,999	1	2	3	4
DC	50,000 – 74,999	1	2	3	4
DD	35,000 – 49,999	1	2	3	4
EE	20,000 – 34,999	1	2	3	4
FF	10,000 – 19,999	1	2	3	4
GG	5,000 – 9,999	1	2	3	4
HH	Up to 4,999	1	2	3	4

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

		Composite Credit Appraisal		
Rating Classification	**Company Size**	**Good**	**Fair**	**Limited**
1R	10 and over	2	3	4
2R	1 – 9	2	3	4

ER (Employee Range) Ratings apply to certain lines of business that do not lend themselves to classification under the D&B Rating system. Instead, we assign these types of businesses an Employee Range symbol based on the number of people employed. No other significance should be attached to this symbol.

Key to Employee Range	
ER1	1,000 or more
ER2	500 – 999
ER3	100 – 499
ER4	50 – 99
ER5	20 – 49
ER6	10 – 19
ER7	5 – 9
ER8	1 – 4
ERN	Not Available

PAYDEX Score

A unique, dollar weighted indicator of payment performance based on payment experiences, as reported to D&B by trade references. D&B must have 3+ pieces of trade to calculate a PAYDEX® score. A score of 80 denotes that payments reported to D&B have generally been made within terms. The following chart outlines the specific 1–100 score and what each means.

PAYDEX	**Payment Practices**
100	Anticipate
90	Discount
80	Prompt
70	15 Days Beyond Terms
60	22 Days Beyond Terms
50	30 Days Beyond Terms
40	60 Days Beyond Terms
30	90 Days Beyond Terms
20	120 Days Beyond Terms
1 – 19	Over 120 Days Beyond Terms
UN	Unavailable

U.S. Commercial Credit Score (Version 7)

The Commercial Credit Score predicts a business's likelihood of becoming severely delinquent in its payments over the next 12-month period. D&B defines a severely delinquent company as one that pays its financial obligation 90+ days past terms, or obtains legal relief from creditors, or ceases operations without paying all creditors in full over the next 12 months, based on the information in D&B's commercial database.

Commercial Credit Score*	**Credit Score Percentile**	**Credit Risk Class**	**Incidence of Delinquency**
542 – 670	91 – 100	1	2.10%
501 – 541	71 – 90	2	4.50%
393 – 500	31 – 70	3	14.70%
366 – 392	11 – 30	4	31.30%
101 – 365	1 – 10	5	61.50%

A "0" is assigned to businesses designated as open bankruptcy, out of business at this location, or higher risk.

NEW U.S. Financial Stress Score (Version 7.1)

The Financial Stress Score predicts a business's likelihood of experiencing financial stress over the next 12-month period. D&B defines a financially stressed company as one that obtains legal relief from creditors, ceases operations with debts outstanding, goes into receivership or reorganization, or makes an arrangement for the benefit of creditors over the next 12-month period, based on the information in D&B's commercial database.

The new FSS has been given a predictive boost based on the addition of new data sources, including debt ratings and robust financial ratios. It also features a redefined Risk Class that makes the 1–5 scale much more intuitive and actionable for customers.

Financial Stress Score*	**Financial Stress Score Percentile**	**Financial Stress Risk Class**	**Probability of Failure**
1570 – 1875	95 – 100	1	0.03%
1510 – 1569	69 – 94	2	0.09%
1450 – 1509	34 – 68	3	0.24%
1340 – 1449	2 – 33	4	0.84%
1001 – 1339	1	5	4.70%

A "0" is assigned to businesses designated as open bankruptcy, out of business at this location, or higher risk.

*Call **1.800.234.3867** or visit our Web site at **www.dnb.com** for more details.

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