

THE BANQUE DE FRANCE RATING



Monetary policy

The rating is used to select the claims that banks can pledge as collateral in Eurosystem refinancing operations. The Eurosystem only accepts claims with the highest credit ratings.

Banking supervision

The rating enables banks to calculate their capital requirements in accordance with the solvency rules adopted by the Eurosystem. It also allows the supervisory authorities to assess the quality of banks' claims portfolios and their exposure to risk.

Relationships between companies and lenders

The rating facilitates dialogue between companies and lenders by providing a common framework of reference that complies with international standards and is widely recognised as objective and independent.

The rating is an external appraisal of a company's financial situation and its ability to repay its debts.

WHAT IS IT?

The Banque de France rating is an assessment of a company's ability to meet its financial commitments over a horizon of 1 to 3 years.

It is attributed to industrial or commercial companies whose headquarters are registered in France or in the French overseas departments and collectivities.

HOW IS A COMPANY RATED?

Quantitative and qualitative information is collected from the company itself, from commercial court registries, from banks and other corporate lenders, and from the national statistics office INSEE. The information includes:

- descriptions of the company, its activity, its capital, any judicial developments, etc.
- accounting information: balance sheet and income statement, financial commitments and any payment incidents.
- trends in the market where the company operates, its position in that market, etc. The rating is attributed by a financial analyst (expert-based approach).

WHO HAS ACCESS TO A COMPANY'S RATING?

- **The manager of the company:** all ratings are systematically communicated to the manager. The manager may request an explanation of the assigned rating.
- **Agents involved in the financing of the economy** and who have subscribed to FIBEN (Fichier Bancaire des ENTreprises). They may not divulge information contained in the database.

The turnover rating

indicates the company's level of turnover.

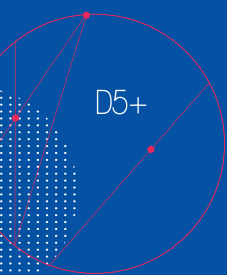
The credit rating

is an assessment of the company's ability to meet its financial commitments over a horizon of 1 to 3 years.

Quality of the rating

The Banque de France is a recognised External Credit Assessment Institution (ECAI) which means it complies with international credit risk assessment criteria: objectivity, independence, transparency and publication of the methodology used, extensive use by the banking profession, and verified and standardised performance criteria.

In Europe, the Banque de France is one of the eight central banks whose credit rating system has been officially recognised by the Eurosystem as an In-House Credit Assessment System (ICAS).



 **FIND OUT MORE**



www.entreprises.banque-france.fr

www.iedom.fr

→ For companies headquartered in an overseas department or collectivity

HOW TO INTERPRET A COMPANY'S RATING?

H4+: company whose turnover is between EUR 750,000 and EUR 1.5 million and whose ability to meet its financial commitments is considered Good+.

C1-: company whose turnover is between EUR 50 million and EUR 150 million and whose ability to meet its financial commitments over a horizon of 1 to 3 years is considered Excellent.

THE RATING = A TURNOVER RATING + A CREDIT RATING

Turnover rating

Rating	Level of turnover (EUR millions)
A	≥ 750
B	≥ 150 and < 750
C	≥ 50 and < 150
D	≥ 30 and < 50
E	≥ 15 and < 30
F	≥ 7.5 and < 15
G	≥ 1.5 and < 7.5
H	≥ 0.75 and < 1.5
J	≥ 0,50 and < 0.75
K	≥ 0.25 and < 0.50
L	≥ 0.10 and < 0.25
M	< 0.10
N	Not significant
X	Turnover unknown or too old (financial period closed over 23 months ago)

Credit rating

1+	Excellent ++
1	Excellent +
1-	Excellent
2+	Very satisfactory ++
2	Very satisfactory +
2-	Very satisfactory
3+	Strong ++
3	Strong +
3-	Strong
4+	Good +
4	Good
4-	Intermediate +
5+	Intermediate -
5	Fragile
5-	Quite weak
6+	Very weak
6	Faces major uncertainties
6-	Vulnerable
7	Highly vulnerable
8	Extremely vulnerable
P	Bankruptcy
0	No accounting documents analysed and no unfavourable information