

Credit rating descriptions for companies and cooperatives

SB1

SB1 is the highest score on the credit rating scale. A company which receives this rating has the best ability to settle its liabilities. The credit rating score is determined depending on its financial stating and creditworthiness. In companies with a credit rating score of SB1 the indicators showing the risk factors for occurrence of a payment default event suggest that the probability of a payment default event occurring, assessed by applying the model, is at the lowest level.

SB2

The company's ability to settle its obligations is very high. A company with an SB2 score is only slightly different from an SB1-rated company in terms of creditworthiness. Indicators showing the risk factors for the occurrence of a payment default event suggest that the probability of a payment default event occurring, assessed by applying the model, is very low, yet still higher than that in the first credit rating category.

SB3

The company's ability to settle its obligations is high. In companies with a credit rating of SB3 indicators showing the risk factors for the occurrence of a payment default event suggest that the probability of a payment default event occurring, assessed by applying a model, is low, yet still higher than that in the second credit rating category. Compared to companies with higher credit ratings, it is more sensitive to adverse changes in the business environment.

SB4

The company's ability to settle its obligations is still high, but lower than companies in the third credit rating category. Companies with a credit rating score of SB4 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, is still low. Regardless, on average, the probability of a payment default event in companies with a SB4 rating is higher than with those with a SB3 credit rating.

SB5

The company's ability to settle its obligations is average. Adverse changes in the business environment or other unexpected events (shocks) can bring the company in a position where it will be unable to settle its obligations. A company with a rating of SB5 has average profitability and solvency, average indebtedness and average activity and productivity. The relative contribution of individual risk factors (profitability, indebtedness, solvency, activity and productivity) towards the possible occurrence of a payment default event is, on average, equal to the relative contribution of individual risk factor across the entire population of Slovenian companies. The company's ability to settle its obligations is still above average, but lower than companies in the fourth credit rating category. Adverse changes in the business environment or other unexpected events (shocks) can bring the company in a position where it will be unable to settle its obligations. Companies with a credit rating score of SB5 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, is lower than the overall average for Slovenian companies.

SB6

The company's ability to settle its obligations is still above average, however, due to exponential increasing of the probability of payment default, about 60% of all Slovenian companies are ascribed a higher credit rating score. The company is still able to settle its obligations under normal market conditions, but is highly sensitive to changes in the business environment. Adverse changes in the macroeconomic environment or in the industry can put the company in a position where it will be unable to settle its obligations. Companies with a credit rating score of SB6 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, is still lower than the overall average for Slovenian companies, however, exponential increasing of the probability of payment default place it at a significantly higher risk than companies belonging to the fifth credit rating category.

SB7

The company's ability to settle its obligations is average, however, due to exponential increasing of the probability of payment default, about 75% of all Slovenian companies are ascribed a higher credit rating score. Companies with a credit rating score of SB7 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, does not deviate significantly from the overall average for Slovenian companies. The company's business performance and its ability to settle obligations depend significantly on favourable conditions in the macroeconomic environment and the relevant industry, and the company can quickly find itself in trouble.

SB8

The company's ability to settle its obligations is very low and is significantly dependent on the conditions in the business environment. Any adverse changes in the circumstances are very likely to lead to a payment default event. Companies with a credit rating score of SB8 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, is high and it is at a significantly higher risk than companies belonging to the seventh credit rating category due to exponential increasing of the probability of payment default.

SB9

The company's ability to settle its obligations is very low. Companies with a credit rating score of SB9 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, is very high and it is at a significantly higher risk than companies belonging to the eighth credit rating category due to exponential increasing of the probability of payment default. In normal circumstances in a business environment a company with a credit rating of SB9 is barely able to settle its obligations.

SB10

The company's ability to settle its obligations is at the lowest level across all Slovenian companies. Companies with a credit rating score of SB10 present indicators showing the risk factors for occurrence of a payment default event, which suggest that the probability of a payment default event occurring, assessed by applying the model, is at the highest level and it is at a critically higher risk than companies belonging to the ninth credit rating category due to exponential increasing of the probability of payment default. For companies with a credit rating score of SB10 there is the greatest probability that the company will be unable to settle one or more of its obligation during the 12-month period following the date of the financial statements.

SB10d

A credit rating score of SB10d is assigned to companies in which a payment default event has actually occurred, i.e. bankruptcy, liquidation or compulsory composition proceedings.