

Borrower : Phsar Big A Co., Ltd.

CA No. : RHBIBL/BDM/0004/2017/0101

Date : 27-06-2017

Credit Risk Rating (for Business)			
	Score	Weightage %	
1 Financial position and performance of company		30	22.94
Profitability	3		
Gearing	3		
Liquidity	4		
Cash Flow	3		
2 Equity base of company	5	15	7.50
3 Industrial outlook and market position		20	15.11
Overall industrial outlook	7		
Product quality/range	7		
Market standing/competition	10		
Dependencies	5		
Track record	5		
4 Management quality	7	20	14.00
5 Adverse factors/events	3	15	9.00
	Previous Score		Present Score
	0.00		68.55
Comments if there is any adverse change in rating as compare with the previous score: -			

**GUIDELINES ON ASSIGNING
OF
SCORE FOR CREDIT RISK GRADING**

1. Financial Position and Performance of the Company [Weightage = 30%]	
a/ Profitability and Earning Trend	
Scores	Nature of Profitability
4	Consistent pre-tax profit growth for the last 3 years.
3	Stable pre-tax profit record for the last 3 years.
2	Profitable, but reflecting fluctuating trends.
1	Profitable, but reflecting declining trends. May be in losses, but profitable at operation level.
0	Losses or information not available for the past 2 years.
b/ Gearing Ratio [Total Borrowing/Total Net Worth]	
Scores	Gearing Ratio
4	< 0.5
3	>0.5 to 1.0
2	>1.0 to 2.0
1	>2.0 to 5.0
0	>5.0 and above
c/ Liquidity	
Scores	Liquidity Ratio
5	>2
4	>1 to 2
3	>0.5 to 1
2	>0.2 to 0.5
1	0 to <0.2
0	Negative
d/ Cash Flow	
Scores	Net Cash Flow from Operations
4	Strong and improving surpluses for the past 3 years.
3	Average consistent surpluses for the past 3 years.
2	Intermittent deficits and surpluses for the past 3 years.
1	Small but persistent deficits for the past 3 years.
0	Substantial persistent deficits for the past 3 years.
2. Equity Base of the Company [Weightage = 15%]	
Scores	Size of Equity/Shareholder's Funds
10	Top listed multinational conglomerates.
7	Large and listed companies with substantial shareholders' funds.
5	Large unlisted companies with shareholders' funds more than several millions.
3	Medium sized with shareholders' funds less than \$1.0 million.
1	Companies with small capital.
0	Technically insolvent companies with negative Net Worth
3. Industry Outlook, Company Market Position & Track Record [Weightage = 15%]	
a/ Overall Industry Outlook	
Scores	Nature of Industry Outlook
10	<u>Positive outlook</u> . Increasing demand with significant barrier of entry. Substitute is not available.
7	<u>Positive outlook</u> . Less significant barrier of entry. Substitute is available, but not a threat.
5	<u>Stable outlook</u> . Stable demand. Manageable competition from rival in the industry.
3	<u>Uncertain outlook</u> . Able to identify niche segment in the industry. Highly competitive industry with many players offering the same product/services i.e. availability of many substitutes.
0	<u>Negative outlook</u> . Sunset industry, no barrier of entry. Availability of many substitutes.

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b/ Product Quality/Range	
Scores	Nature of Product Quality/Range
10	International standard. Wide range of products/services. Consistently introducing new products/services. State of art technology in production.
7	Product with good market standing. Reasonable range of products/services. Occasionally introduces new products.
5	Products meet market requirement. Limited product range with acceptable quality. Modest scale of product development.
3	Single product. Occasional complaint on product quality.
0	Does not meet market requirement. Obsolete product. Outdated plant and machinery used for production.
c/ Market Standing/Competition	
Scores	Nature of Market Standing/Competition
10	Established and market leader. Set market trend. High barrier of entry. Highly regulated and protected by government.
7	Established with strong position in the industry. Major player. Market position is not threatened. Less significant of barrier of entry.
5	Satisfactory market presence. Niche player. Market position is stable. No major threats.
3	Declining market shares. However, marketing strategy is in place to maintain position.
0	Declining market shares and without marketing strategy to arrest the decline.
d/ Dependencies	
Scores	Nature of Dependencies
10	Broad customer base. Could easily change supplier.
7	Not subject to any particular dependencies on sales or procurement.
5	Dependent on a few companies for sales and procurement. However, has long established relationship with these companies for more than 5 years.
3	Dependent on a few companies for sales and procurement. Newly established relationship.
0	Highly dependent. Failure of any party will lead to collapse of the company.
e/ Track Record	
Scores	Year in Business
5	>15 years
4	>10 to 15 years
3	>5 to 10 years
2	>3 to 5 years
1	>1 to 3 years
0	New start up or less than 1 year
Scores	Nature of Management
10	Vast experience and highly qualified management team with good track record of at least 10 years in the industries. Met all obligation and commitment. Complete transparency and availability of information. Strong short term and long term business strategy.
7	Experienced management team with particular strength in certain area. Fairly good succession plan in place. Met obligation and commitment. Information are fairly easily obtained.
5	More than one dominant or active director. Met obligation and commitment. Information provided upon request. Good short-term strategy, but weakness in long-term strategy.
3	Reliant on one key director or owner. Succession plan not clear. Occasional lapses in meeting obligation and commitment. Lack transparency. Information not readily available.
0	Weak management. No succession plan. No transparency. Unable and not cooperative to provide information.

[Signature]

4. Adverse Factors or Events [Weightage = 15%]	
Scores	Nature of Events
5	None known beyond management's control
3	Existence of some adverse factors which could lead to isolated losses without jeopardizing core business
1	Prevalence of adverse factors affecting core business and leading to possible deterioration or losses
0	Adverse factors leading to a default scenario and possible bankruptcy

CREDIT SCORING CLASSIFICATION CRITERIA

No.	Credit Scoring	Credit Risk Grade
1	80% and above	1 = Excellent
2	70% to 79%	2 = Strong/Good
3	60% to 69%	3 = Adequate
4	50% to 59%	4 = Minimum/Pass with condition
5	40% to 49%	5 = Watch list/ Special Mention
6	30% to 39%	6 = Substandard*
7	20% to 29%	7 = Doubtful*
8	Below 20%	8 = Bad*

*** Classifications of Substandard, Doubtful and Bad will also be subject to the criteria as per NBC's guidelines on loan classification.**

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