

# RHB INDOCHINA BANK LIMITED

Date      05-10-2016

## Credit Risk Rating Sheet for Individuals

Borrower(s)		Mr. Chea Makara and Mdm. Sourkea Naly		Branch	CMO	
Borrower Credit Rating		Score (A) (total annual income)		Weight (B)	Total Score (A X B)	
1.1	Debt Service Ratio (Total Monthly Gross Income / Total Debt Servicing) = <u>2.68</u> times	<u>Below USD50K</u>	<u>More than USD50K</u>		<u>Below USD50K</u>	<u>More than USD50K</u>
	5 and above	4	5	50	200	250
	4 to less than 5	3	4		150	200
	3 to less than 4	2	3		100	150
	Below 3	1	2		50	100
	No document	1	1		50	50
				Score (C)	Weight (D)	Total Score (C X D)
1.2	Years of good conduct of borrowing with RHBIBL					
	Above 2 years			3	10	30
	1 year to less than 2 years			2		20
	6 months to less than 1 year			1		10
	No borrowing			0		0
	Unsatisfactory conduct			-3		-30
1.3	Net worth (Total Assets – Total Liabilities)					
	Above USD300K			4	10	40
	Above USD100K to USD300K			3		30
	Above USD50K to USD100K			2		20
	USD50K and below			1		10
	Unsubstantiated net worth			0		0
1.4	Age – Years					
	Above 35 to 55			4	10	40
	Above 30 to 35			3		30
	Above 25 to 30 / above 55 to 65*			2		20
	Above 18 to 25			1		10
	Below 18 / above 65			0		0
* Note : Government servants retire at the age of 65						
1.5	Financial Statements					
	Audited by qualified professional			4	10	40
	Unaudited			2		20
	Unsubstantiated / No documents			0		0
Total Borrower Credit Rating Score						200 (Y)

Security Rating		Score (E)	Weight (F)	Total Score (E X F)
2.1	Security Coverage (Margin of Advance)			
	Less than 40%	4	30	120
	40% to less than 50%	3		90
	50% to less than 60%	2		60
	60% to less than 70%	1		30
	Above 70%	0		0
2.2	Type of Security			
	Fixed Deposit / Bank Guarantee	5	20	100
	Shophouses / Factories / Industrial Buildings / Residential Houses	4		80
	All Types of Vacant Development Land	2		40
	All Types of Cultivated / Vacant Agricultural Land	1		20
	Debenture / Guarantor / Clean	0		0
2.3	Penalty Factors			
	In the case of property:-			
	Within flooding vicinity			-40
	Mortgage/ownership of property could be subject to legal dispute (eg : owner of the property is the beneficiary of the deceased is stated in the title deed)			-40
Total Security Rating Score				140 (Z)

3.0 Overall Credit Risk Rating Score	
Annual Income below USD50,000	$\frac{(Y + Z) \times 100}{570} = \%$
Annual Income above USD50,000	$\frac{(200 + 140) \times 100}{620} = 54.83 \%$

## CREDIT SCORING CLASSIFICATION CRITERIA

No.	Credit Scoring	Credit Risk Grade
1	80% and above	1 = Excellent
2	70% to 79%	2 = Strong
3	60% to 69%	3 = Adequate
4	50% to 59%	4 = Minimum / Pass with condition
5	40% to 49%	5 = Watch list
6	Below 40%	6 = Unacceptable
7	Special Mention	7 = Special Mention*
8	Sub-standard	8 = Sub-standard*
9	Doubtful	9 = Doubtful*
10	Bad / Loss	10 = Bad / Loss*

\* Classifications of Special Mention, Sub-standard, Doubtful and Bad/Loss is subject to the criteria as per NBC's Prakas on loan classification.

Notes													
1.1	<p><u>Debt Service Ratio (DSR)</u></p> <p>i. Computation of borrowers' DSR should not include the guarantor's income and debt servicing. The guarantor is to be scored separately.</p> <p>ii. Borrower whose main source of income is derived from overseas, branch is to give a minimum score of "1" due to the difficulty in verifying the documents. However, if the overseas income of borrowers / guarantors is derived from Malaysia, the income is to be included in the normal computation of DSR subject to borrower / guarantor furnish at least one of the following:-</p> <p style="margin-left: 40px;">(a) Salary slip from employer (latest 3 months)</p> <p style="margin-left: 40px;">(b) Income tax assessment form (latest Form EA / Form BE)</p> <p style="margin-left: 40px;">(c) Employee Provident Fund (EPF) latest statement</p> <p>iii. The debts under the joint-borrowers are to be borne jointly and score on a combined basis.</p>												
1.2	<p><u>Years of good conduct of borrowing with RHBIBL</u></p> <p>i. Years of good conduct of borrowing with RHBIBL is defined as good conduct of loans / borrowings without default such as:-</p> <p style="margin-left: 40px;">(a) More than 3 returned cheques in the last 12 months</p> <p style="margin-left: 40px;">(b) Frequent OD excess</p> <p style="margin-left: 40px;">(c) Habitual overdue trade bills</p> <p style="margin-left: 40px;">(d) Habitual overdue instalments</p> <p>ii. Branch is to give score of -30 marks (unsatisfactory conduct) if any of the above (a) to (d) is established.</p>												
1.4	<p><u>Age</u></p> <p>i. For joint borrowers, branch is to apply an average score of their individual score for their respective age.</p> <p><u>Example Score</u></p> <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">Borrower A : 28 years old</td><td style="text-align: right;">2</td></tr> <tr> <td>Borrower B : 41 years old</td><td style="text-align: right;"><u>4</u></td></tr> <tr> <td style="text-align: right;">Total Score</td><td style="text-align: right;"><u>6</u></td></tr> </table> <p style="margin-left: 40px;">Therefore, average score is <math>6 / 2 = 3</math> Branch is to assign a score of "3" for Age of the joint borrowers of A &amp; B</p> <p>ii. Branch is to round down the score.</p> <p><u>ExampleScore</u></p> <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="padding-right: 20px;">Borrower C : 28 years old</td><td style="text-align: right;">2</td></tr> <tr> <td>Borrower D : 31 years old</td><td style="text-align: right;"><u>3</u></td></tr> <tr> <td style="text-align: right;">Total Score</td><td style="text-align: right;"><u>5</u></td></tr> </table> <p style="margin-left: 40px;">Therefore, average score is <math>5 / 2 = 2.5</math> Branch is to assign a score of "2" for Age of the joint borrowers of C &amp; D</p>	Borrower A : 28 years old	2	Borrower B : 41 years old	<u>4</u>	Total Score	<u>6</u>	Borrower C : 28 years old	2	Borrower D : 31 years old	<u>3</u>	Total Score	<u>5</u>
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2.1	<p><u>Security Coverage (margin of advance)</u></p> <p>Margin of advance = Outstanding Loan / Security Value</p>												

2.2	<p><u>Type of Property</u></p> <p>In the case of multiple type of security pledged as collateral, branch is to score based on the type of security with highest market value.</p>
3.0	<p><u>Overall Credit Risk Rating Score</u></p> <p>Branch is to round down the score.</p> <p>Example,</p> <p>Y = 270 Z = 100 Total Score (Y+Z) = 370</p> <p><math display="block">\frac{(370) \times 100}{620} = 59.7\%</math></p> <p>Credit Scoring = 59% (Credit Risk Grade : 4 i.e. Minimum / Pass with condition)</p>