**RHB INDOCHINA BANK**

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|  | | | | | | | | **Overall Score :56.45%** | | | | |
| **Credit Risk Grading Sheet for Retail Consumers** (**27 May 2014)** | | | | | | | | | | | | |
| **Borrowers** | | Mr. Cheav Seng and Mdm. Lay Yeang | | | | | **Branch** | | | | City Mall Branch | |
|  | | | | | | | | | | | | |
| **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)  = times  5 and above  4 to less than 5  **3 to less than 4**  Below 3  No document | | Below USD50K  4  3  2  1  1 | More than USD50K  5  4  **3**  2  1 | **50** | | | | Below USD50K  200  150  100  50  50 | | | More than USD50K  250  200  **150**  100  50 |
|  | | | | | **Score**  **(C)** | | | | **Weight**  **(D)** | | | **Total Score**  **(CXD)** |
| 1.2 | Years of good conduct of borrowing with RHBIBL  Above 2 years  1 year to less than 2 years  6 months to less than 1 year  **No borrowing**  Unsatisfactory Conduct | | | | 3  2  1  **0**  -3 | | | | 10 | | | 30  20  10  **0**  -30 |
| 1.3 | Net worth (Total Assets – Total Liabilities)  **Above USD300K**  Above USD100K to USD300K  Above USD50K to USD100K  USD50K and below  Unsubstantiated Networth | | | | **4**  3  2  1  0 | | | | 10 | | | **40**  30  20  10  0 |
| 1.4 | Age – Years  Above 35 to 55  **Above 30 to 35**  Above 25 to 30 / above 55 to 65\*  Above 18 to 25  Below 18 / above 65  \* Note : Government servants retire at the age of 65 | | | | 4  **3**  2  1  0 | | | | 10 | | | 40  **30**  20  10  0 |
| 1.5 | Financial Statements  Audited by qualified professional  **Unaudited**  Unsubstantiated / No documents | | | | 4  **2**  0 | | | | 10 | | | 40  **20**  0 |
| **Total Borrower Credit Rating Score** | | | | | | | | | | | | **240** |
| **Security Rating** | | | | | | **Score (E)** | | | | **Weight (F)** | | **Total Score**  **(E X F)** |
| 2.1 | Security Coverage (Margin of Advance)  Less than 40%  40% to less than 50%  50% to less than 60%  **60% to less than 70%**  Above 70% | | | | | 4  3  2  **1**  0 | | | | 30 | | 120  90  60  **30**  0 |
| 2.2 | Type of Security  Fixed Deposit / Bank Guarantee  Shophouses / Factories / Industrial Buildings / **Residential Houses**  All Types of Vacant Development Land  All Types of Cultivated / Vacant Agricultural Land  Debenture / Guarantor / Clean | | | | | 5  **4**  2  1  0 | | | | 20 | | 100  **80**  40  20  0 |
| 2.3 | Penalty Factors  In the case of the property:-  Within Flooding Vicinity  Mortgage / ownership of property could be subject to legal dispute (example, “owner of the property is the beneficiary of the deceased” is stated in the title deed) | | | | |  | | | |  | | -40  -40 |
| **Total Security Rating Score** | | | | | | | | | | | | **110** |

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| --- | --- |
| **3.0 Overall Credit Risk Rating Score** | |
| Annual Income below USD50,000 | (X+ Y) X 100 =%  570 |
| Annual Income above USD50,000 | (240 + 110) X 100 =56.45**%**  620 |

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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| **Notes** | |
| 1.1 | Debt Service Ratio (DSR)   1. Computation of borrowers’ DSR should not include the guarantor’s income and debt servicing. The guarantor is to be scored separately. 2. 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 oversea 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:- 3. Salary slip from employer (latest 3 months) 4. Income tax assessment form (latest Form EA / Form J) 5. Employee Provident Fund (EPF) latest statement 6. The debts under the joint-borrowers are to be borne jointly and score on a combined basis. |
| 1.2 | Years of good conduct of borrowing with RHBIBL   1. Years of good conduct of borrowing with RHBIBL is defined as good conduct of loans / borrowings without default such as:- 2. More than 3 returned chequesin the last 12 months 3. Frequent OD excess 4. Habitual overdue trade bills 5. Habitual overdue instalments 6. Branch is to give score of -30 marks (unsatisfactory conduct) if any of the above (a) to (d) is established |
| 1.4 | Age   1. For joint borrowers, branch is to apply an average score of their individual score for their respective age.   ExampleScore   |  |  |  | | --- | --- | --- | | Borrower A : 28 years old |  | 2 | | Borrower B : 41 years old |  | 4 | |  | Total Score | 6 |   Therefore, average score is 6 /2 = 3  Branch is to assign a score of “3” for Age of the joint borrowersof A&B   1. Branch is to round down the score.   ExampleScore   |  |  |  | | --- | --- | --- | | Borrower C : 28 years old |  | 2 | | Borrower D : 31 years old |  | 3 | |  | Total Score | 5 |   Therefore, average score is 5 /2 = 2.5  Branch is to assign a score of “2” for Age of the joint borrowersof C & D |
| 2.1 | Security Coverage (margin of advance)  Margin of advance is defined as = Outstanding Loan Balance/ Security Value |
| 2.2 | Type of Property  In the case of multiple type of security pledged as collateral, branch is to score Item 2.2 based on the type of security with highest value. |
| 3.0 | Overall Credit Risk Rating Score  Branch is to round down the score.  Example,  (Y) = 270 & (Z) = 100  Total Score (Y+Z) = 370  (370) X 100 = 59.7%  620  Credit Scoring = 59% (Credit Risk Grade : 4 ie. Minimum / Pass with condition) |