



**WASO** Credit Rating Company (BD) Ltd.



# WHAT WE DO

## WCRCL Ratings

Corporate Ratings  
Bank & FIs Ratings  
Structured Finance Ratings  
Insurance Ratings  
State Owned Entities  
Micro Finance Institutions  
Small & Medium Enterprise (SME)  
Other Organizations

## WCRCL Advisory

IRB Implementation  
Enterprise Risk Management

## WCRCL Research

Economy Research  
Industry Research  
Specific Research

## Who benefits from WCRCL Ratings

You can benefit from a WCRCL rating if you are...

- ❖ Operating your business in national or international level
- ❖ Entrepreneurs planning to undertake a new project/venture
- ❖ Investors/Stakeholder in Capital Market

Third party certification helps strengthen corporate branding

- ❖ Enhances credibility with banks/financial institutions
- ❖ Enhances credibility and track record
- ❖ Makes a signature statement about a new project/new investment
- ❖ Enhances pricing power with PE/IPO investors

## Advantages of WCRCL Rating

Showcase your WCRCL Certification

The WCRCL Certificate can be displayed by the entity issuers in advertisements, hoardings, brochures, e-mails and in visiting cards. WCRCL also disseminates the ratings on a wider basis through print media and the internet.

## ABOUT WCRCL

WASO Credit Rating Company (BD) Ltd. (WCRCL) was incorporated as a public limited company in July 2009.

With the license from the Bangladesh Securities & Exchange Commission (BSEC) to operate as a credit rating company, WCRCL has officially started its journey on 15<sup>th</sup> February, 2012. It has also been recognized as an External Credit Assessment Institution (ECAI) by Bangladesh Bank (Central Bank of Bangladesh) in October 2012.

WCRCL is independent and transparent in its operations and eligible to rate Bank and FIs, PSEs, Insurance, Corporate and Debt Instruments. The WCRCL team is formed with experienced professionals and specialist from different disciplines with the highest levels of ethics and integrity.

To uphold the national image in line with global risk management practices through unbiased, reliable and the independent rating opinion for better financial management in the corporate and financial service sector of the country.

### OUR VISION



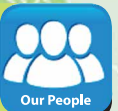
*Transparency and Disclosure in Rating Process*

*Confidentiality of Information*



*Integrity*

*Teamwork in Assignment*



*Professional Dynamism*

# BOARD MEMBERS



**Mr. M. Moniruzzaman**  
Chairman  
Chairman of Midland Bank Ltd.  
Former Member, National Board of Revenue  
Former Chairman of Karmasangsthan Bank



**Mr. Md. Abdul Aziz FCMA**  
Vice Chairman  
Former President, ICMAB  
Managing Director, Western Agro Ind. Ltd.



**Engr. Abdul Wadud, FIEB, MBA**  
Managing Director  
&  
Managing Director,  
WASO Engineers Consultants (BD) Ltd.



**Mrs. Shamima Wadud**  
Director  
&  
Director,  
WASO Engineers Consultants (BD) Ltd.



**Mr. Salehuddin M. Musa**  
Director  
Former Joint Secretary  
Government of Bangladesh



**Mr. Khandkar Rashed-S-Jaman**  
BSEE (USA), MBA (USA)  
Director



**Md. Enamul Haque**  
B.Sc. A. H; M.S in Dairy Science (BAU)  
Director



**Mr. Md. Imranul Haque Ph.D (UK)**  
B.S.S. (Hons), M.S.S. (DU)  
Director



**Mr. Md. Ekramul Haque**  
BA (Hons), MA (DU)  
Director



**Mrs. Rokeya Sultana**  
BA (Hons), MA in English  
Director



**Mr. Zahidul Alam**  
BA (Hons), MA (DU)  
Director

# RATING COMMITTEE



**Prof. Dr. Nazmul Karim Chowdhury**  
B.Com (Hons), LLB, M.Com (DU), MBA (Leuven), Ph.D. (Brussels)  
Vice Chancellor, Fareast International University (FIU)  
Former Professor, Department of Management University of Dhaka



**Prof. M. Shahjahan Mina**  
Department of Finance  
University of Dhaka



**Prof. Md. Maksudur Rahman Sarker**  
B.Com (Hons), M.Com, FCMA, MBA (Canada)  
Dept. of Accounting & Information  
Services, Faculty of Business Studies (DU)



**Mr. Abdur Rashid FCMA**  
Ex-President  
Income Tax Appellate Tribunal  
Ex-President, ICMAB



**Chowdhury Mohidul Haque**  
Ex-Executive Director  
Bangladesh Bank



**Mr. Md. Syful Islam**  
FCA, FCMA, FCEA  
President, ICAB



**Mr. Md. Mizanur Rahman**  
FCA, FICS, Principal, Mizan Islam &  
Company, (Chartered Accountants)

# INTERNAL REVIEW COMMITTEE

**Managing  
Director**

**Deputy Managing  
Director**

**Chief Operating  
Officer**

**Chief Rating Officer**

**Key Analyst**

# SERVICE WCRL PROVIDE



- ✓ Issuer/Entity Rating: Corporate, Banks and Financial Institutions.
- ✓ Issue Specific Rating: Bonds, Debentures, Structured Products, Tier - II and Tier - III Capital of Banks and Mutual Fund Ratings.
- ✓ Bank Loan/Facility Rating: Bank Exposure rating under Basel II & Basel III requirement for Corporate, SME, MFIs and others.
- ✓ Claim Paying Ability Rating: General Insurance and Life Insurance Companies.
- ✓ Due Diligence Services: Project Finance, Corporate Restructuring Amalgamation, Acquisition / Absorption and Reconstruction.

# RATING CRITERIA & SCALE



WCRCL CORPORATE RATING SCALE ALIGNMENT WITH BB RATING GRADE				
BB Rating Grade	WCRCL Long Term	BB Rating Grade	WCRCL Short Term	Risk Weight
1	AAA	S1	ST-1	20%
	AA1, AA2, AA3			
2	A1, A2, A3	S2	ST-2	50%
		S3	ST-3	
3	BBB1, BBB2, BBB3	S4	ST-4	100%
4	BB1, BB2, BB3			
5	B1, B2, B3, CCC	S5,S6	ST-5,ST-6	150%
6	CC, C, D			150%
** Unrated –125%				



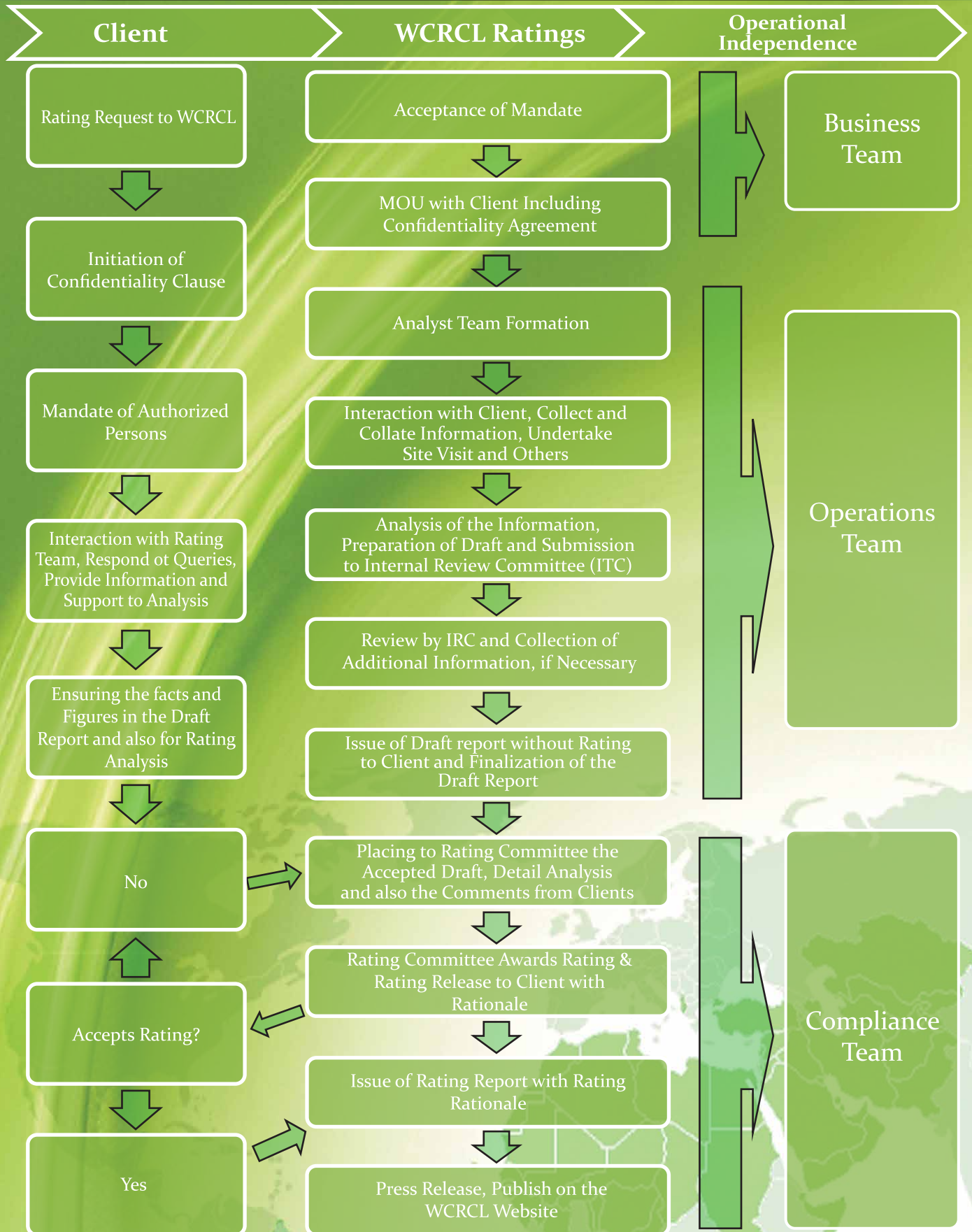
WCRCL SME RATING SCALE ALIGNMENT WITH BB RATING GRADE		
BB SME Rating Grade	WCRCL SME Symbol	Risk Weight
SME 1	WCRSE 1 / WCRME 1	20%
SME 2	WCRSE 2 / WCRME 2	40%
SME 3	WCRSE 3 / WCRME 3	60%
SME 4	WCRSE 4 / WCRME 4	80%
SME 5	WCRSE 5 / WCRME 5	120%
SME 6	WCRSE 6 / WCRME 6	150%
	WCRSE 7 / WCRME 7	
	WCRSE 8 / WCRME 8	
Unrated (Small enterprise having loan amount less than BDT 3.00 million)		75%
Unrated (Small enterprise having loan amount greater or equal to BDT 3.00 million and Medium enterprise)		100%

# RATING SCALE & DEFINITION

WCRCL RATING SCALE FOR CORPORATE		
Long Term Rating	<b>Investment Grade</b>	
	AAA	Issuer/Issue rated AAA is judged to be of the highest quality with minimal credit risk.
	AA <sub>1</sub> , AA <sub>2</sub> , AA <sub>3</sub>	Issuer/Issue rated AA is judged to be of very high quality and subject to very low credit risk.
	A <sub>1</sub> , A <sub>2</sub> , A <sub>3</sub>	Issuer/Issue rated A is an upper medium grade and subject to low credit risk.
	BBB <sub>1</sub> , BBB <sub>2</sub> , BBB <sub>3</sub>	Issuer/Issue rated BBB is subject to medium credit risk. And considered medium grade and as such may possess certain speculative characteristics.
	<b>Speculative Grade</b>	
	BB <sub>1</sub> , BB <sub>2</sub> , BB <sub>3</sub>	Issuer/Issue rated BB is judged to have speculative elements and subject to substantial credit risk.
	B <sub>1</sub> , B <sub>2</sub> , B <sub>3</sub>	Issuer/Issue rated B is considered speculative and subject to high credit risk.
	<b>Risky Grade</b>	
	CCC <sub>1</sub> , CCC <sub>2</sub> , CCC <sub>3</sub>	Issuer/Issue rated CCC is judged to be of poor standing and subject to very high credit risk.
	CC <sub>1</sub> , CC <sub>2</sub> , CC <sub>3</sub>	Issuer/Issue rated CC is highly speculative and likely or very near in default, with some prospect of recovery of principal and interest.
	C	Issuer/Issue rated C is the lowest rated class of bonds and typically in default with little prospect of recovery of principal and interest.
	<b>Default Grade</b>	
	D	Indicates that the issuer/Issue is in default, is technically or actually in bankruptcy.
Corporate Short Term Rating Categories	ST-1	Issuer/Issue rated "Short Term - 1" has a superior ability to repay short term debt obligations. It is most likely to have the capacity to meet their obligations over the coming 12 months through internal resources without relying on external sources of committed financing.
	ST-2	Issuer/Issue rated "Short Term - 2" has a strong ability to repay short term debt obligations. It is likely to meet their obligations over the coming 12 months through internal resources but may rely on external sources of committed financing.
	ST-3	Issuer/Issue rated "Short Term - 3" has an acceptable ability to repay short term debt obligations from internal sources. However, it is expected to rely on external sources of committed financing due to downturn in economic or industry circumstances.
	ST-4	A short-term obligation rated ' Short Term - 4 ' is regarded as having some speculative characteristics. The obligor currently has the capacity to meet its financial commitment on the obligation; however, it may face uncertainties which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.
	ST-5	A short-term obligation rated ' Short Term - 5 ' is currently vulnerable to nonpayment and is dependent upon favorable business, financial, and economic conditions for the obligor to meet its financial commitment on the obligation.
	ST-6	A short-term obligation rated ' Short Term - 6 ' is in payment default or jeopardized through bankruptcy petition of similar action.

WCRCL RATING SCALE FOR SME		
SME Rating Categories	<b>RATING</b>	<b>DEFINITION</b>
	WCRME 1/ SE 1	Assigned rating is adjudged highest level of credit worthiness in relation to other MEs/SEs.
	WCRME 2/ SE 2	Assigned rating is adjudged high level of credit worthiness in relation to other MEs/SEs.
	WCRME 3/ SE 3	Assigned rating is adjudged above average level of credit worthiness in relation to other MEs/SEs.
	WCRME 4/ SE 4	Assigned rating is adjudged average level of credit worthiness in relation to other MEs/SEs.
	WCRME 5/ SE 5	Assigned rating is adjudged below average level of credit worthiness in relation to other MEs/SEs.
	WCRME 6/ SE 6	Assigned rating is adjudged inadequate credit worthiness in relation to other MEs/SEs.
	WCRME 7/ SE 7	Assigned rating is adjudged poor credit worthiness in relation to other MEs/SEs.
	WCRME 8/ SE 8	Assigned rating is adjudged lowest level of credit worthiness in relation to other MEs/SEs. Such entities may also be in default.

# MODUS OPERANDI



# FREQUENTLY ASKED QUESTIONS (FAQ)

## What is a credit rating?

A credit rating is an opinion that provides a measure of credit quality. It is an unbiased, independent, third-party evaluation of an issue or issuer. It is a grading system which focuses on a company's capability and willingness to pay its obligations upon maturity.

## Why are credit ratings used for?

A credit rating is typically used to obtain funding from the public. Raising funds from the capital markets provides a company with improved financial flexibility and can allow it to negotiate for better terms and interest rates. A credit rating can also be used for marketing and benchmarking purposes as through the rating process, a company's strengths, weaknesses, opportunities, and threats will be highlighted. On the part of regulators and investors, credit ratings can assist in their own evaluation and monitoring of specific companies and instruments. Credit rating agencies typically have access to confidential information which will not be readily available to other market participants.

## Who regulates rating agencies?

Credit rating agencies are regulated by Bangladesh Securities and Exchange Commission (BSEC). The BSEC (Credit Rating Agencies) Regulations, 1996 govern the credit rating agencies and provide for eligibility criteria for registration of credit rating agencies, monitoring and review of ratings, requirements for a proper rating process, avoidance of conflict of interest and inspection of rating agencies by BSEC, amongst other things.

## What are the common factors that are taken into account while awarding the credit rating?

Each credit rating agency may have its own set of criteria and different weight age for each component for assigning the ratings. Some of the common factors that may be taken into consideration for credit rating are Issuer Company's operational efficiency, level of technological development, financials, competence and effectiveness of management, past record of debt servicing, etc.

## How often is a credit rating reviewed?

The lead analyst for a particular account reviews the specific issue or issuer on a continuous, daily basis. The analyst is expected to keep himself/herself informed regarding developments relating to his or her account. On a formal basis, updated information is requested quarterly while it is mandatory to meet with a company's management, for as long as there is an outstanding credit rating, at least once a year.

## How often and when can a rating be changed?

A credit rating can be changed at any time depending on prevailing circumstances and/or prospects. Any potential upgrade or downgrade, however, will necessitate meeting or discussing with the company concerned to ensure the accuracy of facts and rating considerations in arriving at the revised credit rating.

## Once issued, can credit ratings be withdrawn?

Ratings can be withdrawn due to the following reasons:

1. Rated debt security has been paid in full upon maturity.
2. Company has decided not to renew its credit rating agreement after the yearly agreement lapses.
3. Company being rated does not provide enough information which

WCRCL can use as basis for regularly updating and monitoring the credit rating. As much as possible, WCRCL refrains from withdrawing credit ratings due to lack of information for surveillance purposes.

## What difference will a rating make to the borrowing costs?

A credit rating does not guarantee lower borrowing costs. Investors and lenders are free to set lending margins at any level that makes commercial sense. Additionally, at low levels of rating, the capital costs applied may be the same whether or not a borrower is rated, or may in fact be higher (for example, if a borrower has both a small exposure and a very low rating). However, to the general benefit of higher rated entities, implementation of Basel II in Bangladesh is expected to make the bank system in general more risk-sensitive in assigning lending margins.

## Can the issuer appeal if he not satisfied with the rating outcome?

If the issuer is not satisfied with the rating outcome, an appeal on the decision can be constituted as per the provisions laid out in the rating process and signed agreement as well.

### For other inquiries and questions regarding credit ratings and WCRCL

services, please call:

(88)- 02 – 812 6452, 914 6329,  
911 1330 or 815 0472.

You can also visit the WCRCL website:

[www.wasocreditrating.com](http://www.wasocreditrating.com)

or

e-mail:

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