



# INTERNATIONAL CREDIT RATING AGENCY

With the recognition from multiple regulators, ICRA Rating Agency has emerged as the pioneer multi-country rating agency in Asia and Africa.

## **MORE INFO**

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

## **CALL US**

+971 4 576 8453



# ABOUT ICRA

**ICRA RATING AGENCY DMCC  
HEAD OFFICE**



**ICRA RATING AGENCY LIMITED  
TANZANIA  
CLEARANCE BY**



**ICRA RATING AGENCY LIMITED**

**ZAMBIA  
LICENSED BY**



**ICRA RATING AGENCY LIMITED**

**UGANDA  
RECOGNIZED BY**



**INTERNATIONAL CREDIT RATING AGENCY PRIVATE LIMITED**

**ZIMBABWE  
ACCREDITATION IN WORKS**





# SERVICES



## ISSUER CREDIT RATING

- ✓ CORPORATE INVESTMENT CREDIT RATING
- ✓ MFI INVESTMENT CREDIT RATING
- ✓ FINANCIAL INSTITUTION CREDIT RATING
- ✓ INSURANCE COMPANY CREDIT RATING



## PORTFOLIO CREDIT RATING

- ✓ BANK LOAN RATING
- ✓ INVESTMENT PORTFOLIO RATING



## ESG ENTITY RATING

- ✓ ENVIRONMENTAL/CLIMATE RATING
- ✓ SOCIAL & GOVERNANCE RATING



## BOND CREDIT RATING



## ICRA SCORECARD



## VALUE ADDED SERVICES

**INVESTMENT OPPORTUNITIES** – CIRCULATING CREDIT RATING REPORTS TO OUR INVESTORS NETWORK. 200,000 USD TO 1,000,000,000 USD INVESTMENT CAPABILITY.

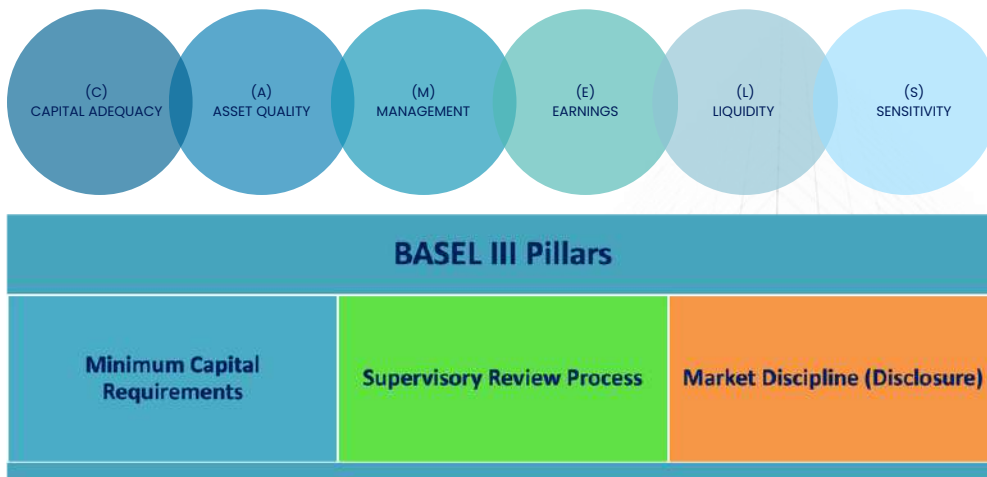
**CORRESPONDING BANKING NETWORK** – 200+ BANKS IN 50+ COUNTRIES FOR COMMERCIAL BANKS



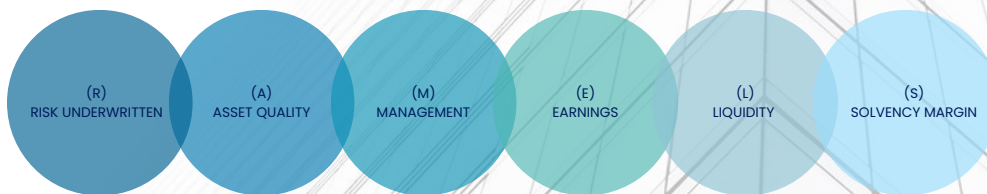


# METHODOLOGY

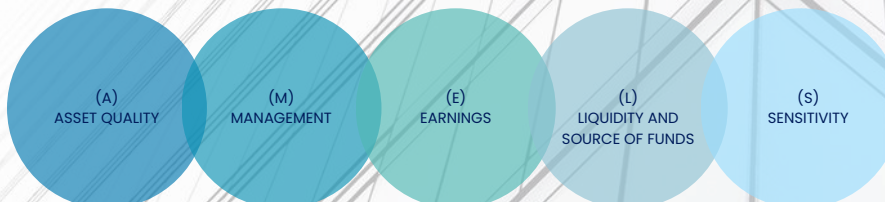
## BANKS AND DEPOSIT TAKING INSTITUTIONS



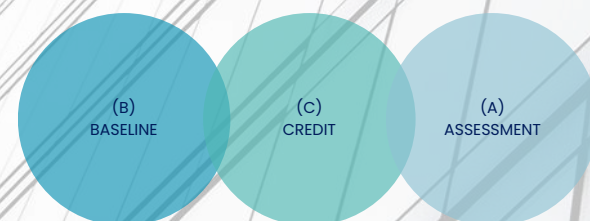
## INSURANCE COMPANIES



## NON-DEPOSIT TAKING INSTITUTIONS



## CORPORATE





# ESG ENTITY RATING

Entity ESG Ratings evaluate an issuing entity's positive and negative impacts on the environment and society based on both their underlying business activities, overall strategy, targets, policies & procedures, and governance.

## ✓ ENVIRONMENTAL

- Carbon Transition
- Physical Climate Risk
- Water Management
- Waste and Pollution
- Natural Capital

## ✓ SOCIAL

- Customer Relations
- Human Capital
- Demographic & Social Trends
- Health and Safety
- Responsible Production

## ✓ GOVERNANCE

- Financial Strategy & Risk Management
- Management Credibility & Track Record
- Organizational Structure
- Compliance & Reporting
- Board Structure, Policies & Procedure

# ESG ENTITY RATING

This is general analysis gets scrutinized for the proper analysis.

## ✓ ENTITY

RATING – XXX (AAA – C)

SCORE – XX (1 – 100)

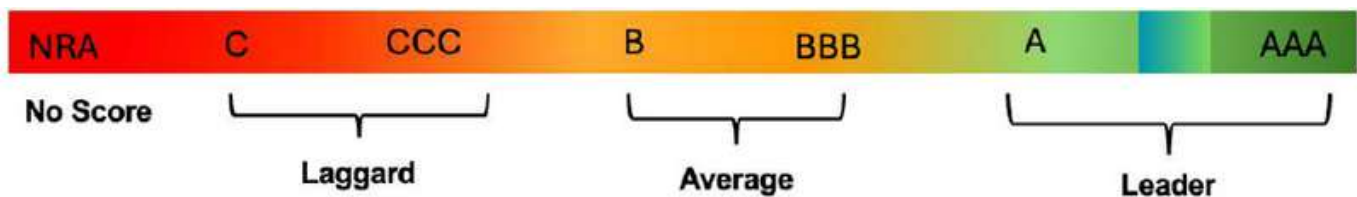
ANALYSIS – Full Entity (FULL ALWAYS)

## ✓ Components of ESG Weights (Per client weightages can change as per industry and business)

ENVIRONMENT 30%

SOCIAL 30%

GOVERNANCE 40%



# BOND RATING

## BENCHMARKING FOR THE BOND

- ✓ ICRA uses the concept of Benchmarking for the corporate bond credit rating.
- ✓ Benchmarking means the repayment capability of the corporate itself to repay the liability back to the investors. Which is also called Issuer Credit Rating.
- ✓ Issuer credit rating becomes the benchmarking for the corporate bond credit rating as stage one to understand the strength of the issuer of the bond.

## NOTCHING IN THE CREDIT RATING

Notching is the concept available only for secured bonds.

Notching in credit rating means as per the recovery of the investment done basis of the bond and overall chances of recovery including the asset or guarantee underlying the secured bond.

**TABLE 1 : RECOVERING NOTCHING TABLE**

OVERALL RECOVERY PROSPECTS	RECOVERY PROSPECTS	INTERNATIONAL SCALE NOTCHING
> 90% - 100%	EXCELLENT	+2 TO +3
> 70% - 90%	SUPERIOR	+1 TO +2
> 40% - 70%	GOOD	0 TO +1
> 20% - 40%	AVERAGE	0 TO -1
≤ 20%	POOR	-1 TO -2



# RATING SCALE

## INVESTMENT GRADE

CATEGORY	SCALES	DESCRIPTION
EXCELLENT LOW CREDIT RISK	AAA	THE ENTITY IS IN AN EXCEPTIONALLY STABLE AND STRONG POSITION TO FULFIL ITS FINANCIAL COMMITMENTS. THERE IS A ZERO OR MINIMAL RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
VERY LOW CREDIT RISK	AA	THE ENTITY IS IN A HIGHLY STABLE AND STRONG POSITION TO FULFIL ITS FINANCIAL COMMITMENTS. THERE IS A LOW RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
LOW CREDIT RISK	A	THE ENTITY IS IN A STABLE AND STRONG POSITION TO FULFIL ITS FINANCIAL COMMITMENTS. THERE IS A MARGINAL RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
MODERATE CREDIT RISK	BBB	THE ENTITY HAS A CONTROLLABLE RISK LEVEL TO FULFIL ITS FINANCIAL COMMITMENTS. THERE IS A MODERATE RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.

## SPECULATIVE OR NON-INVESTMENT GRADE

CATEGORY	SCALES	DESCRIPTION
ELEVATED CREDIT RISK	BB	THE ENTITY HAS CONSIDERABLE RISK LEVEL TO FULFIL ITS FINANCIAL COMMITMENTS. THERE IS A CONSIDERABLE RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
SUBSTANTIAL CREDIT RISK	B	THE ENTITY HAS A HIGH-RISK LEVEL OF FULFILLING ITS FINANCIAL COMMITMENTS. THERE IS A HIGH RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
VERY HIGH CREDIT RISK	CCC	THE ENTITY IS IN A DOUBTFUL POSITION TO FULFIL ITS FINANCIAL COMMITMENTS. THERE IS A SIGNIFICANTLY HIGH RISK OF BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
EXTREMELY HIGH CREDIT RISK	CC	THE ENTITY IS IN A HIGHLY UNLIKELY POSITION TO FULFIL ITS FINANCIAL COMMITMENTS. THE ENTITY HAS A HIGH VULNERABILITY TO BEING ADVERSELY AFFECTED BY FORESEEABLE EVENTS.
ON THE VERGE OF DEFAULT	C	THE ENTITY IS INCAPABLE OF FULFILLING ITS FINANCIAL COMMITMENTS AND IS ON THE VERGE OF DEFAULT. THE CONTINUITY OF THE BUSINESS IS HIGHLY DOUBTFUL.



# RATING SCALE

## DEFAULT OR NO RATING ASSIGNED

CATEGORY	SCALES	DESCRIPTION
DEFAULT ENTITY	D	THE ENTITY IS ALREADY DEFAULTED ON OR IN THE PROCESS OF BANKRUPTCY FILING, LIQUIDATION, OR WINDING UP PROCEDURES.
NO RATING ASSIGNED	NRA	A RATING HAS NOT BEEN ASSIGNED DUE TO INSUFFICIENT INFORMATION, LEGAL OR REGULATORY REQUIREMENTS, A LACK OF RELIABILITY OF INFORMATION, OR A NEW OR UNIQUE ENTITY STRUCTURE.

## Credit Rating Outlook

All the above ratings (excluding NRA) are followed by a rating outlook as follows, which indicates the direction of the credit rating in the short to medium term based on historical and current performance coupled with future outlook.



**Positive Outlook (+)**

The entity's creditworthiness is expected to improve in the near future, potentially leading to a rating upgrade.



**Stable Outlook (0)**

The entity's creditworthiness is expected to remain stable in the near future, with no significant changes anticipated.



**Negative Outlook (-)**

The entity's creditworthiness is expected to deteriorate, potentially leading to a rating downgrade.

# ICRA Policy for Credit Rating Process

The credit rating process is a comprehensive evaluation conducted by ICRA to assess the creditworthiness of issuers such as corporations or financial institutions.



**A. Initiation of a Rating Relationship**



**B. Gathering and Using Information**



**C. Interacting with the Management of an Issuer**



**D. Assessment Phase**



**E. Decision Phase**



**F. Dissemination Phase**



**G. Credit Rating Appeals**



**H. Monitoring of Credit Ratings**



**I. Withdrawal of Credit Ratings**



# Credit Risk Profiling



## REPAYMENT CAPABILITY

ARE THEY ABLE TO REPAY THE FACILITY OR INVESTMENT WITH INTEREST?

CREDIT RATINGS EXPLAIN FACTORS AND GIVES OPINIONS ON THE REPAYMENT CAPABILITY OF THE FACILITY OR INVESTMENT TAKEN BY THE CORPORATE OR INSTITUTIONS.



## BUSINESS SUSTAINABILITY

IS THE BUSINESS SUSTAINABLE AND ABLE TO GENERATE ENOUGH REVENUE TO MEET ITS OPERATION EXPENSES AND REPAY ITS OBLIGATIONS IN LONG TERM?

CREDIT RATINGS EXPLAIN FACTORS AND OPINIONS ON THE BUSINESS SUSTAINABILITY OF THE CORPORATE AND INSTITUTIONS.



# GROUP'S MEMBERSHIP AND COLLABORATIONS



**AMFIU**



UGANDA  
MICROFINANCE  
REGULATORY  
AUTHORITY





# CONTACT US

Let's discuss how our services will be beneficial for you and your organization.

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## **SCORECARD PORTAL LINK**

[portal.icrallc.com](http://portal.icrallc.com)

## **MEMBERSHIP PORTAL LINK**

<https://app.joinit.com/o/icra-rating>