



RHB BANKING GROUP

☒ RHB Indochina Bank Ltd☐ RHB Bank Bhd

CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0004-2017-0015

Branch: KTL

N/Request Type

☐ New☐ Additional☒ Renewal☐ R&R

Approving Authority

☒ Joint Approval: DLA Level 3 Reason for escalation:☐ Group CCO & Head of Business:

Part 1.0 CUSTOMER PROFILE

1.1 CUSTOMER INFORMATION			
Borrower	Mr Chhay Sambath and Mdm. Sam Ryna	CIS No.	120005190
Group/ Ultimate Parent	N/A	Registration No.	N/A
Ultimate Borrower's Beneficial Owner	N/A		
Business Address	Along National Road No. 3, Ang Tasom Village, Ang Tasom Commune, Tram Kak District, Takeo Province.		
NBC Sector	Hotel & Restaurant	Sub Sector	N/A
Core Business	Guesthouse and Restaurant		
Date of Incorporation	2010	Relationship Since	Jun 2017
Review Due Date	N/A	Next Review Date	N/A
BNM Reporting	<input type="checkbox"/> Broad Property Sector (Non Exempt) <input type="checkbox"/> Bridging Loan <input type="checkbox"/> Bullet/ Balloon Repayment		

1.2 CUSTOMER RISK STATUS						
Model Used:						
<input type="checkbox"/> LC	<input type="checkbox"/> MM	<input type="checkbox"/> GPF	<input type="checkbox"/> IPRE	<input type="checkbox"/> NBFi	<input type="checkbox"/> SCRM	<input type="checkbox"/> CBRR
Borrower/ Guarantor	Standalone		Final Rating (For credit decision only)	Watchlist Status		Exceptional Credit
	Current CRR Rating	New CRR Rating		EAM	AST	
Mr. Chhay Sambath and Mdm. Sam Ryna	4	3	3	Yes/ No	Yes/ No	Yes/ No
Guarantor Mr. Chhay Poch and Mdm. Sok Savat	-	-	-			
Comments: N/A						

1.3 SHAREHOLDERS (S) / DIRECTORS (D) / GUARANTOR (G) DETAILS						
Name/ IC / Passport No. / BRN	Age	Relationship	% of shareholding	Years with Co	Experience / Qualification	Estimated Networth
Mr. Chhay Sambath	33	Husband	50%	2014	N/A	Above USD100K to USD300K
Mdm. Sam Ryna	31	Wife	50%	2014	N/A	
Mr. Chhay Poch	65	Mr. Sambath's parents	N/A	1996	N/A	N/A
Mdm. Sok Savat	63		N/A	1996	N/A	
No. of Employee: 20						
Succession Plan for key Personnel: N/A						
CBC / World Check Findings (if any): N/A						
Connected party: Yes / No (If yes, please comment)						



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Part 2.0	DETAILS OF REQUEST
2.1	Brief details of new, additional or renewal request. To annual review of existing TL1 and TL2 with total O/S balance of USD587.8K as at 26-Feb-2018
2.2	Please state brief details of waivers, deviation of guidelines & notations. N/A

Part 3.0	FACILITY DETAILS					
3.1	FACILITY (USD'000)					
Facility Type	O/S as at 26-02-2018	Existing Limit	Increase/Decrease (+/-)	New Limit	Pricing (ECOF)	Purpose
10-Year TL1 428	412.4	412.4	-	412.4	ECOF (5.5% p.a.) + 3.75% p.a. on monthly rest subject to min 9.25% p.a.	To refinance loan from Canada Bank.
10-Year TL2 180	175.4	175.4	-	175.4		To part finance on land, construction, room renovation, and BBQ business.
Total	587.8	587.8	-	587.8		

3.2	Repayment Terms	
Facility Type	Tenor/ Terms of Repayment	
TL USD428K (Existing)	Interest Rate	: ECOF (5.5% p.a.) + 3.75% p.a. on monthly rest subject to min 9.25% p.a.
	Tenure	: 10 Years
	Repayment	: 120 monthly installment of USD5,479.80
	Processing Fee	: 1% on approved amount
	Prepayment	: 1 st -5 th Year: 3% and 6 th -10 th Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.
TL USD180K (Existing)	Interest Rate	: ECOF (5.5% p.a.) + 3.75% p.a. on monthly rest subject to min 9.25% p.a.
	Tenure	: 10 Years
	Repayment	: 120 monthly installment of USD2,304.59
	Processing Fee	: 1% on approved amount
	Prepayment	: 1 st -5 th Year: 3% and 6 th -10 th Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.

3.3	GROUP EXPOSURE PROFILE (USD'000)								
Exposure With	Borrower			Related Borrowers**			Borrower + Related Borrowers (SCEL**)		
	Secured*	Clean	Total	Secured*	Clean	Total	Secured*	Clean	Total
RHB Indochina Bank	587.7	-	587.7	-	-	587.7	587.7	-	587.7
RHB Bank Limit:									

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Standalone:									
RHB Labuan/ Islamic/ Investment/ Leasing									
SCEL**									
Beyond SCEL***									
Total RHB Group	587.7	-	587.7	-	-	587.7	587.7	-	587.7
Total Credit (RHB Group Exp+Other Banks)	587.7	-	587.7	-	-	587.7	587.7	-	587.7

* Based on value as per Credit Policy

** Aggregated based on Power of Control (PoC) and Economic Dependency (ED)

*** All other exposure derived based on Power of Control (before disaggregation)

Part 4.0		DETAILS OF OTHER BANKERS/ FINANCIAL INSTITUTIONS						
No.	Name of Banker/ FI	Facility Type	Pricing (p.a.)	Approved Amount (USD)	Outstanding as at 31/01/2018	Security	Purpose of Loan	Security Coverage
Borrower								
1	Piphup Thmey MFI	Car Loan	N/A	45,000.00	34,623.05	N/A	Buy car	N/A
				45,000.00	34,623.05			
Guarantee								
1	Sathapana	Asset Financing	N/A	50,000.00	42,361.16	N/A	N/A	N/A
2	Sathapana		N/A	15,000.00	15,000.00	N/A	N/A	N/A
Total				65,000.00	57,361.16			
Credit Bureau Findings: Besides RHBIBL, the borrower has maintained car loan and guaranteed loan with Sathapana.								
World check: There was no any distress.								



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Part
5.0

SECURITY DETAILS

5.1

SECURITY DESCRIPTION

Security Description

OMV
(USD'000)Security
Value
(as per CP)Existing

1. Facility Agreement stamped for TLs of USD608K as the principal instrument.
2. Open All Monies 1st party and 3rd legal charge over the following property as subsidiary instrument

Property 1: (Existing)

Title No.: 21090107-0219

Registered owner: Mr. Chhay Poch and Mdm. Sok Savat

Description: A parcel of land erected upon with a 3-storey terraced house

Occupied: Thmar Sar 1 Guesthouse and Restaurant

Land: 798sqm

Building: 1,386sqm

Address/Location: Along National Road No. 3, Ang Tasom Village, Ang Tasom Commune, Tram Kak District, Ta Keo Province.

Tenure: freehold

Lease expiry: N/A

Insurance: Forte (Cambodia)

Expiry date: 29-Jun-2018

OMV: USD685K , by ARC in Jun 2017

Verbal Check by:

Valuer	Date	OMV/FSV (USD)	
ARC	Nov 2017	Land: USD423,000	(USD530/sqm)
		Building: USD268,000	(USD193/sqm)
		Total: USD691,000	
9-Base	Nov 2017	Land: USD598,000	(USD750/sqm)
		Building: USD304,000	(USD220/sqm)
		Total: USD902,000	

Comment: After re-check value with ARC in Feb 2018, the P1 is slightly increased by 0.87% comparing to the previous OMV to USD685K. However, we adapt the formal valuation of ARC on Jun 2017 as it is reasonable value and lower verbal check by 9-Base.

Property 2: (Existing)

Title No.: ៣៣០០៥៥១៥

Registered owner: Mr. Chhay Sambath and Mdm. Sam Ryna

Description: A parcel of land erected upon with a 3-storey detached house

Occupied: Thmar Sar 3 Guesthouse and Restaurant

Land: 7,353sqm

Building: 2,395.1sqm

Address/Location: Along National Road No. 3, Oudum Sorya Commune, Tram Kak District, Takeo Province.

Tenure: freehold

Lease expiry: N/A

664

464.8



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Insurance: Forte (Cambodia)
Expiry date: 29-Jun-2018

OMV: USD664K, by ARC in Jun 2017

Verbal Check by:

Valuer	Date	OMV/FSV (USD)	
ARC	Nov 2017	Land: USD143,000	(USD19.5/sqm)
		Building: USD523,000	(USD218.4/sqm)
		Total: USD666,000	
9-Base	Nov 2017	Land: USD515,000	(USD75/sqm)
		Building: USD598,000	(USD250/sqm)
		Total: USD1,149,000	

Comment: After re-check value with ARC in Feb 2018, the P1 is slightly increased by 0.30% comparing to the previous OMV to USD685K. However, we adapt the formal valuation of ARC on Jun 2017 as it is reasonable value and lower verbal check by 9-Base.

Total	1,349	944.3
Security Coverage (Times)	2.29x	1.61x

5.2

SECURITY ANALYSIS

Against with existing P1 and P2, MOA is at 43.56% and security coverage is 1.61x (ascribe value).

- Noted, P1 and P2 value are slightly increased by 0.5% and 1% as the previous OMV issued by ARC in early 2017.
- Property 1 and 2 are in Takeo Province where is far distance of about 5 Km for each other, located along National Road No. 3 which is connected from Phnom Penh City and Kampot/Kep/Sihanouk Ville Province. Property 1 is located in front of the Ang Tasom Market which is favorable zone with many activities business such as shop houses, schools, markets, hospital, Banks/MFIs, etc.
- All properties are being a guesthouse and restaurants where located in a marketable area near the Ang Tasom Market.
- Noted, the National Road No. 3 from Phnom Penh City to Kep Province is projected to widen as it is the main road for tourism sector.

5.3

GURRANTORS

Mr. Chhay Poch and Mdm. Sok Savat are husband and wife and the parents of Mr. Chhay Sambath.

Part
6.0

CONDITIONS PRECEDENT & COVENANTS

6.1

CONDITIONS PRECEDENT

No.	Details	Complied		To comply
		Yes	No	
	Existing			
	10-Year TL1: USD428K and 10-Year TL2: USD180K			
	<ul style="list-style-type: none"> Acceptance of Letter of Offer Payment of Processing fees 	✓		
	Release of facilities subject to:-			



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	<ul style="list-style-type: none"> • Compliance of Terms under Condition Precedent. • Completion of relevant security documentation. All loan/security documents which are required herein and/or such other documents as may be required by the Bank and/or its solicitors shall have been executed by the Borrower and/or the relevant security parties, duly stamped and registered at such registries as the Bank may deem necessary. • Submission valuation report of P1 and P2 from our bank's panel with total value of not less than USD997K <p>Disbursement</p> <p>After completion of LOO acceptance, TL1 of USD428K will be released by issuing NBC Check to refinance loan from Campu and redeem TD No. 21090107-0219 and 000005515 to be charged to RHBIBL.</p> <p>After completion of blocking P1 and P2, TL2 of USD180K will be progressively released as follows:</p> <p>USD28K shall be released by issuing banker check to the vendors subject to submission SPA and differential sum of total value of not less than USD56.6K. Or it shall be released to the borrower's account subject to submission of SPA and full settlement letter with total price of not less than USD56.6K Or failing which 50% total price of the both properties.</p> <p>USD50K will be released into the borrowers' account maintained with RHBIBL subject to 50% completion of structure work i.e. Meeting room, rest room, and kitchen and call report with site visit photo.</p> <p>USD27K will be released into the borrowers' account maintained with RHBIBL subject to 100% completion of structure work i.e. Meeting room, rest room, and kitchen and call report with site visit photo.</p> <p>USD75K will be released into the borrowers' account maintained with RHBIBL as follows</p> <ul style="list-style-type: none"> - USD17K subject to 50% completion of structure work of BBQ warehouse and parking garden and submission of call report with site visit photo. - USD28K subject to submission of purchase invoices on BBQ equipment with total cost of USD40K. - The final drawdown with limit of USD30K will be released into the borrowers' account to use as working capital subject to 100% completion of BBQ warehouse. 	✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓		
Comments: N/A				

6.2		COVENANTS / OTHER TERMS & CONDITIONS		
No.	Details	Complied		To comply
		Yes	No	
1	Existing N/A			



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2	New N/A			
Comments:				

Part 7.0	CREDIT ASSESSMENT
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7.1	BORROWER BACKGROUND
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Borrowers:

- Borrowers, Mr. Chhay Sambath (Age:33) and Mdm.Sam Ryna (Age: 31) are related as husband and wife with a son and a daughter. They are residing along National Road No. 3, Ang Tasom Village, Ang Tasom Commune, Tram Kak District, Takeo Province.
- A couple has engaged in restaurant and guesthouse business since 2010 and is a successor of their parents (guarantors) who had established the businesses (Thmor Sar 1) since 1996.
- With a business growth from year to year in Thmor Sar 1 and demand for room and restaurant, they have expanded their business by opening a new guesthouse under named "Thmor Sar 3".
- Noticeably, Thmor Sar 2 is owned by Mr. Chhay Sambath's sister.
- The borrower have maintained loan TL1 of USD428K and TL2 of USD180K with us since June 2017. Presently, total O/S balance is USD587.7K as at 26-Feb-2018.

Guarantors:

- Mr. Chhay Poch (Age:65) and Mdm. Sok Savat (Age: 63) are related as husband and wife. They are residing along National Road No. 3, Ang Tasom Village, Ang Tasom Commune, Tram Kak District, Takeo Province.
- A couple is the parents of Mr. Chhay Sambath. They are founders of Thmor Sar Restaurant and Guesthouse which is operated since 1996.

The detail information of businesses is briefed as follows:

Thmor Sar 1 & 3 (Restaurant and Guesthouse)

- Simply called Thmor Sar 1, founded by Mr. Chhay Poch and Mdm. Sok Savat (Guarantors) in 1996. It is well-known as a local famous restaurant in Takeo Province where connected from Phnom Penh City to Kampot/Kep/Sihanouk Ville Province destination.
- The business is assisted and managed by the borrower, Mr. Chhay Sambath and Mdm. Sam Ryna, since 2010 when Mr. Chhay Poch and Mdm. Sok Savat are getting old.
- Then, they have operated a new one, Thmor Sar 3 which established in 2015 with cost of about USD600K, verbally disclosed by borrower.
- There are totally 25 staffs consists of cooks, waitress, cleaners, and security guard for both Thmor Sar 1 and 3.
- Presently, there are 3 Branches of Thmor Sar with the following address:

No.	Branch	Location	Ownership
1	Thmor Sar 1	National Road No. 3, Ang Tasom Commune, Ang Tasom District, Takeo Province.	Applicants
2	Thmor Sar 2	National Road No. 3, Ang Tasom Commune, Ang Tasom District, Takeo Province.	Applicant' sister
3	Thmor Sar 3	National Road No. 3, Odum Soriya Commune, Tram Kak District, Takeo Province.	Applicants

Note: Information and income from Thmor Sar II is not described as she is not related in this loan applicant.

- All branches are offered the same service such as restaurant and guesthouse. The detail facilities and fee are briefed as follow:

Branch		Facilities	Fees/night
Thmor Sar 1	Restaurant	Breakfast, Lunch, and Dinner (6am to 11pm)	-
	Guesthouse	5 Rooms Single room with fan	USD6

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Thmor Sar 3		5 Rooms	Double room with fan	USD8
		13 Rooms	Double room with air-con	USD10
	Restaurant	Breakfast, Lunch, and Dinner (6am to 11pm)		-
	Guesthouse	10 Rooms	Double room with fan	USD10
		14 Rooms	Double room with air-con	USD12
Total		47 Rooms		USD468

Note:

- Room fee adapt to the conservative price while it is shall be higher in the high season.
- For Thmor Sar 3, they are just started selling BBQ in the evening since few months. Noted, the BBQ's construction and appliance are financed by RHBIBL.

- The following table shows the average spending per customer in the restaurant with 45% occupancy room rate

Description	Morning		Afternoon		Evening	
	Restaurant-Thmor Sar 1 & 3 (Per day)					
	Mon-Fri	Sat-Sun	Mon-Fri	Sat-Sun	Mon-Fri	Sat-Sun
Average Price/person (USD)	3	3	3	3	3	3
Guesthouse' customers	42	42	42	42	42	42
(Assume 2 ppl/room with 45% occupancy room rate, i.e. 47 rooms)						
Passengers						
PP- Kampot and Kampot-PP	60	130	55	140	35	60
Staffs, local people in surrounding area						
Total customers	102	172	97	182	77	102
Total fee	306	516	291	546	231	306
Total sale per day (USD)	2,196					
Average monthly sale (USD)	65,880					

Note: Average customers of 732 per day for both Thmor Sar 1 and 3 restaurant. Most customers are passengers, tourists, and people who stay around such as company staffs. Note that, there are many MFIs and Banks are currently operated in that location such as CNB, ALCEDA, ABA, Amret, AMK, etc.)

Customers

- As confirmed by applicants, most customers are passengers who go across the premise business. Further, it is also comfortable for local employees or companies who have missions and workshops in Takeo province. They are also cooperated with some tour companies who guide visitors both local and international visitors to Koh Tral (Island), Kampot and Kep Resort and have to take a break for lunch or dinner time. Sometimes, they get referral customers from Thmor Sar 2 guesthouse when there is no available rooms for their customers.
- List customers are briefed as follows:

➤ Version Fund	➤ World Pop Tour
➤ Unicef NGO	➤ RTR Tour
➤ Peace Youth NGO	➤ Srey Roth Tour
➤ Banks	➤ Others



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Competitors

- There are a few competitors who run business in the same industry and location. However, the applicants are not concerned as they have a strong relationship with customer and networking as well for more than 20 years since their parents' management under named "Thmor Sar".
- List competitors are summarized as follows:

- Ly Ly Restaurant
- Sokhom Guesthouse
- Sopheaktra Restaurant

Main Competitors	Rooms	Occupancy rate
Ly Ly Guesthouse	20	25%
Reaksmey Pich Guesthouse	15	30%
Sokheang Guesthouse	25	35%

7.2**JUSTIFICATION OF REQUEST**

To annual review of exiting TL1 and TL2 as the expiry date is on 01-Mar-2018. Noted, the loan was approved to refinanced loan from Campu Bank, renovation, construction with a new BBQ business situated in Thmor Sar 3 Guesthouse and restaurant. Based on the site visit on the premise business, loan was accurately used and the business is profitable and well operated.

7.3**INDUSTRY LENDING DIRECTION****Sector:** Hotel and restaurant**Within Industry Lending Limit? Yes / No** (as at 28-02-2017)

- | | | |
|---|--|--|
| <input type="checkbox"/> Most attractive | <input type="checkbox"/> Highly attractive | <input type="checkbox"/> Attractive |
| <input checked="" type="checkbox"/> Selective | <input type="checkbox"/> Unattractive | <input type="checkbox"/> Most unattractive |

If Sector falls under unattractive or most unattractive, justification for maintain or increase exposure: N/A

7.4**SOURCE OF REPAYMENT**

	Historical 2017 (Monthly)	Projected 2018 (Monthly)	Remarks
A) EBITDA	USD30,965.00	USD34,326.59	<ul style="list-style-type: none"> DSR based on latest reported financial in 2016 (Jan to Dec) stands at 3.01x. Revenue from business is projected to increase in Y2017 based on the past sale record and business growth and translated DSR to 3.98x in 2017.
B) Other recurring Income:	N/A	N/A	
C) Total cash flow available for debt service (A + B)	USD30,965.00	USD34,326.59	
D) Existing debt repayment			
RHBIBL 10-Year TL1: USD428K	USD5,479.80	USD5,479.80	
RHBIBL 10-Year TL2: USD180K	USD2,304.59	USD2,304.59	
Phiphop Thmey MFI: USD45K	USD1,281.00	USD1,281.00	



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E) Proposed additional Debt Repayment	N/A	N/A	
F) Total debt repayment (D + E)	USD9,065.39	USD9,065.39	
DSR [(A+B)/(D+E)]	3.41x	3.78x	
G) Other source of income (scheduled/dividend repayment)	N/A	N/A	
Adjusted DSR [(C + G)/F]	N/A	N/A	

7.6	EXTERNAL RATING (Applicable to PLCs only)				
Moody's EDF9 Score (%) as at dd/mm/yyyy					
Borrower:			Guarantor:		
Share Price Movement over past 12 months:					
DD/MM/YY (Current price)		High	Low		
Implied Rating	S&P	Moody's			
Comments:					
RAM	MARC	S&P	Fitch	Moody's	
Comments:					

7.6	CUSTOMER PROFITABILITY								
Facility	Average Utilization	Last 12 mths Gross Income	Current RAROC	Current RRWA	Current ROA	Projected 12 mths Gross Income	Projected RAROC	Projected RRWA	Projected ROA
N/A									
Reasons/ account strategy if less than model recommended target return.									

7.7	ANCILLARY BUSINESS/ CROSS SELLING
N/A	

7.8	CONDUCT OF ACCOUNT ANALYSIS
Bank Statement	
RHBIBL	
Account Name: Chhay Sambath	
Account No. 2010004000032310	
9 Months	



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Month	Debit (USD)	Credit (USD)	Balance (USD)
Balance Forward			0.00
Jun-17	434,243.81	434,801.31	557.5
Jul-17	94,800.00	100,500.00	6,257.50
Aug-17	68,175.91	63,141.34	1,222.93
Sep-17	27,657.28	32,000.00	5,565.65
Oct-17	15,517.60	15,557.28	5,605.33
Nov-17	7,884.39	8,000.00	5,720.94
Dec-17	8,174.70	2,507.94	54.18
Jan-18	8,044.39	13,500.00	5,509.79
Feb-18	7,784.39	2,400.00	125.4
Total	672,282.47	672,407.87	
Excluding loan drawdown of USD608K			
Total	64,282.47	64,407.87	
Average	7,142.50	7,156.43	3,402.14

Comment:

- TL1 and TL2 with total limit of USD608K and fully disbursement in 13-Sep-2017
- By excluding loan drawdown limit, for last 9 months, total turnover credit and debit of USD64.4K and USD64.3K derived from average monthly deposit of USD7.1K and USD7.2K respectively.
- Conduct account is unsatisfactory as it is used for monthly installment only. Further, their business and resident are located in Takeo Province, where is no bank outlet there, so they cannot channel their fund with RHBIBL.

Conduct Account

RHBIBL				
10-Year TL1: USD428K				
Account No. : 40001002175800000				
Account Name: Chhay Sambath & Rina & Poch & Savat				
No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	5,479.80	31-07-17	01-08-17	1
2	5,479.80	30-08-17	31-08-17	1
3	5,479.80	29-09-17	02-10-17	3
4	5,479.80	31-10-17	01-11-17	1
5	5,479.80	30-11-17	01-12-17	1
6	5,479.80	29-12-17	03-01-18	5
7	5,479.80	30-01-18	01-02-18	2

Comment: TL1 was drawdown in Jun 2017. Monthly installments can be considered as a good payment; however, there were a few overdue days since their business and resident are located in Takeo Province.



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10-Year TL2: USD180K

Account No. : 40001002192800000

Account Name: Chhay Sambath & Rina & Poch & Savat

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	1,216.31	14-08-17	15-08-17	1
2	1,157.28	13-09-17	13-09-17	1
3	1,163.21	03-10-17	04-10-17	1
4	2,304.59	13-10-17	13-10-17	0
5	2,304.59	13-11-17	14-11-17	1
6	2,304.59	13-12-17	14-12-17	1
7	2,304.59	15-01-18	16-01-18	1
8	2,304.59	13-02-18	14-02-18	1

Comment: TL2 was firstly drawdown in 14-Jul-2017 and fully drawdown in 13-Sep-2017. Monthly installments can be considered as a good payment; however, there were a few overdue days since their business and resident are located in Takeo Province.

Part
8.0**GUIDED RISK ANALYSIS TEMPLATE**

We have reviewed the facility as required and confirmed the following:

8.1	Management Risks	✓	Low	Medium	High
	<ul style="list-style-type: none"> There is no proper financial recorded, since it is a family business. However, the borrowers are still operating business well and profitable from year to year. 				

8.2	Industry Risks	Low	✓	Medium	High
	<ul style="list-style-type: none"> With renovations to its beaches, increased publicity and careful planning, Kep province is gradually raising its standards as a holiday destination. Meanwhile, the latest provincial tourism figures show efforts to establish Sihanoukville as a premiere beach destination may be paying off, with more tourists flocking to the coastal city than ever before. Tourist arrivals increased nearly 17 per cent during the first half of the year, topping 1 million visits, according to Im Chanthra, deputy director of Preah Sihanouk province's tourism department. Chinese tourists led the pack among foreign tourist arrivals during the first half of 2016 with a 14.3 per cent year-on-year increase, followed by modest rises in the number of Russian and Vietnamese tourists. However, the total number of foreign tourists visiting Sihanoukville increased by only 3.1 per cent during the first six months of the year, totalling 223,000. A far bigger impact was felt by the flood of domestic tourists, with 810,000 Cambodians visiting during the first half of 2016, a 21 per cent year-on-year increase. "The number of domestic tourists is higher than foreigners because we have a lot of national holidays here and Cambodians like to enjoy and relax at the beach. However, the government should pay more attention to keeping the city clean, and watch the prices of food and accommodation, which are continually increasing and could change the mood of visitors and spoil this vacation destination At the same time, a recent study has found that the hotel service quality in Cambodia is improving due to rising competition and the industry's readiness to compete regionally. 				



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8.3	Product Risks	Low	Medium	High
	Many competitors are in the same scale of business; however, the applicants have strong position in market share as they have engaged business since 2010.	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8.4	Supplier / Buyer Risks	Low	Medium	High
	N/A	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Adverse findings from Trade Quality Assurance Department (if any)			
	Supplier/ Buyer	Due Diligence Findings	Action Taken	
	N/A			

8.5	Production Risks (applicable to manufacturing company only)	Low	Medium	High
	N/A	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

8.6	Other Risks (e.g. Specialised Lending, Project / Contract Financing)
	N/A

8.7 FINANCIAL HIGHLIGHTS & ANALYSIS

Income Statement

Description	Income Statement (USD)		
	2015 12-months	2016 12-months	2017 12-months
No. of available rooms (Thmor Sar 1)	23	23	23
No. of available rooms (Thmor Sar 3)	-	24	24
Total rooms	23	47	47
Total fee	72,000.00	168,480.00	168,480.00
Average Occupancy rate	33%	40%	45%
Revenue			
Guesthouse (Thmor Sar 1 + 3)	23,760.00	67,392.00	75,816.00
Restaurant (Thmor Sar 1 + 3)	536,449.94	699,717.31	769,689.04
BBQ (Thmor Sar 3)	-	-	115,453.36
Total Revenue	560,209.94	767,109.31	960,958.40
CGOS (Restaurant)	321,869.96	419,830.39	461,813.43
CGOS (BBQ)	-	-	69,272.01
Total CGOS	321,869.96	419,830.39	531,085.44
Gross Profit	238,339.98	347,278.92	429,872.96
Operating Expenses	11,917.00	17,363.95	18,232.14
Salary	14,250.00	18,000.00	23,400.00
Utilities	7,360.00	9,600.00	11,520.00
Others	4,800.00	4,096.00	5,140.80
Total Expenses	38,327.00	49,859.95	58,292.94
EBIT	200,012.98	297,418.98	371,580.02
Average	16,667.75	24,784.91	30,965.00

Comment:

For Guesthouse:

- Room-stay occupancy rate for both Thmor Sar 1 & 3 are gradually increased with occupancy rate of 45% in 2017. Noted that, there are 47 available rooms in total. Actually, the room fee is upon the room type and starting with mini-price of USD12 per room. So, the average revenue of guesthouse was computed with mini-price of room against with total available room of 47. Noted, it is not included the revenue of 3-hours guesthouse.
- Average revenue reported of USD6.3K.

For Restaurant:

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- Revenue from both Thmor Sar 1 & 3, was gradually increased by 10% in 2017 with **average monthly sale of USD64.1K.**
- Profit margin is at 60% as same as previous year for restaurant sector.
- Noted, the new business of BBQ was established in late 2017 but the **average revenue reported of USD9.6K** per month since they also have existing customers from guesthouse and surrounded resident.
- Noted that, operating expenses for guesthouse and restaurant was included together as it is operated in the same premises.

Justification:

- Average total revenues of USD80.1K derived from Guesthouse and Restaurant Business are justified by the furnished summary sale record for the last 4 months (Oct/2017 to Jan/2018).
- Noted that, all sales are not fair channeled with the banks since they usually keep cash in hand for daily business operation. Further, the premise business is in Takeo Province where is not comfortable for them to channel their business with RHBIBL.
- More importantly, revenue from restaurant has been the main driver of income based on the Cambodia tourism growth from year to year.
- In overall, the net profit margin is at 39%, i.e. USD30.9K per month where translates DSR: 3.98x.

Income Projection

Description	Income Projection (USD)		
	2018 12-months	2019 12-months	2020 12-months
No. of available rooms (Thmor Sar 1)	23	23	23
No. of available rooms (Thmor Sar 3)	24	24	24
Total rooms	47	47	47
Total fee	168,480.00	168,480.00	168,480.00
Average Occupancy rate	50%	55%	60%
Revenue			
Guesthouse (Thmor Sar 1 + 3)	84,240.00	92,664.00	101,088.00
Restaurant (Thmor Sar 1 + 3)	846,657.95	931,323.74	1,024,456.12
BBQ (Thmor Sar 3)	126,998.69	139,698.56	153,668.42
Total Revenue	1,057,896.64	1,163,686.30	1,279,212.53
CGOS (Restaurant)	507,994.77	558,794.25	614,673.67
CGOS (BBQ)	76,199.22	83,819.14	92,201.05
Total CGOS	584,193.98	642,613.38	706,874.72
Gross Profit	473,702.66	521,072.92	572,337.81
Operating Expenses	19,143.75	20,100.94	21,105.99
Salary	24,570.00	25,798.50	27,088.43
Utilities	12,672.00	13,939.20	15,333.12
Others	5,397.84	5,667.73	5,951.12
Total Expenses	61,783.59	65,506.37	69,478.65
EBIT	411,919.07	455,566.55	502,859.16
Average	34,326.59	37,963.88	41,904.93

Comment:

- Revenue from guesthouse is projected to increase upon the occupancy rate of room stay with 50%, 55%, 60%, in 2017, 2018, 2019 respectively based on the past performance record and the growth of Cambodia tourism sector. While the revenue from restaurant is expected to gradually increase by 10% in the next 3 years.
- In overall, COGS of restaurant and BBQ are projected to remain unchanged, i.e. 60%
- Total expenses are expected to gradually increase 6% in 2017, 2018, and 2019 respectively.



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Current DSR Scenario

Year	2017	2018	2019	2020
Net income	30,965.00	34,326.59	37,963.88	41,904.93
RHBIBL 10-Year TL1: USD428K @9% p.a.	5,479.80	5,479.80	5,479.80	5,479.80
RHBIBL 10-Year TL2: USD180K @9% p.a.	2,304.59	2,304.59	2,304.59	2,304.59
Piphup Thmey MFI 5-Year TL: USD42K	1,281.00	1,281.00	1,281.00	1,281.00
Total Commitment	9,065.39	9,065.39	9,065.39	9,065.39
DSR (times)	3.41x	3.78x	4.18x	4.62x

Sensitive Scenario (Drop 30% of businesses' income)

Year	2017	2018	2019	2020
Net income	21,675.5	24,028.61	26,574.71	29,333.45
RHBIBL 10-Year TL1: USD428K @9% p.a.	5,479.80	5,479.80	5,479.80	5,479.80
RHBIBL 10-Year TL2: USD180K @9% p.a.	2,304.59	2,304.59	2,304.59	2,304.59
Piphup Thmey MFI 5-Year TL: USD42K	1,281.00	1,281.00	1,281.00	1,281.00
Total Commitment	9,065.39	9,065.39	9,065.39	9,065.39
DSR (times)	2.39x	2.65x	2.93x	3.23x

Part
9.0**RECOMMENDATION BY LENDING UNIT****SUMMARY & RECOMMENDATION**

- Borrowers have engaged in business since 2010. They have maintained loan with us since Jun 2017 and the monthly installment has been promptly paid for the last 9 months.
- The business is profitable and rapidly growth with average monthly net income of USD30.9K. Repayment capacity is well secured where the current DSR is at 3.41x.
- Overall MOA is 43.57% with secure coverage of 1.61x. (ascribed value)
- Collaterals are located in good location.

Reminder:

All credit submission must have financial statements (audited or management accounts) which are not older than 6 months from the date of submission. Also, in any case, audited account must not be more than 12 months old from the date of submission. In the event that the above could not be complied, LU is to make notification detailing (i) the reason for audited financials; (ii) justifying the reasons why it is in order to accept the outdated financials; (iii) committing the date when the updated financials can be obtained & (iv) indicating in details other sources of information i.e. updated sales report, current account summary, cash balances, CCRIS, etc.



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Prepared by:		Recommended by:	
			
Mr. Sok Ratanak Assistant Manager-Retail & Consumer Business Development and Marketing Date: 28-Feb-2018		Chiv Hak Senior Manager- Retail and Consumer Business Development and Marketing Date: 28-Feb-2018	
		Recommended by:	
			
		Mr. Nhim Borey Branch Manager Date: 28-Feb-2018	



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Part 10.0	INDEPENDENT EVALUATION/ RECOMMENDATION/ APPROVAL
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10.1	CREDIT EVALUATION MEMORANDUM/ RECOMMENDATION
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Within Lending Limits: ☐ Yes ☐ No

Issues / Findings / Breaches (if any)

No.	Issues / Findings	Comments / Mitigations
1		
2		
3		

No.	Policy Breaches	Comments / Mitigations
1		
2		
3		

Recommendation

Evaluated by:

Name:

Position:

Date:



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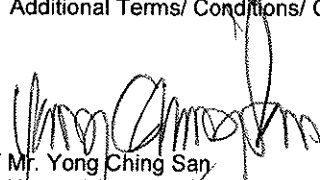
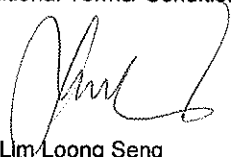
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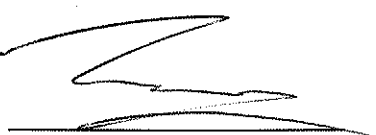
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10.2	APPROVAL
Approver 1	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any)</p> <p>Additional Terms/ Conditions/ Covenants: (if any)</p> <p> Mr. Yong Ching San Head of Credit Management</p> <p>Date: 14/3/18</p>
Approver 2	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any)</p> <p>Additional Terms/ Conditions/ Covenants: (if any)</p> <p> Mr. Lim Loong Seng Country Head</p> <p>Date: 15/3/18</p>

No.	Decline Code (Please tick the relevant code for declined proposals)
D001	First Level Screening Not Carried Out by LU (e.g. : CCRIS, CTOS, NP69 findings)
D002	High risk of impairment (1 or more AST/MST)
D003	Inappropriate/ unsuitable credit structure
D004	Repayment capacity inadequate/ unmitigated
D005	No justification/ rationale for request in CA
D006	Unacceptable level of risk
D007	Unsatisfactory financial performance/ key financial indicators
D008	Unsatisfactory conduct of account
D009	WC requirement not adequately justified/ mitigated
D010	Project viability not adequately justified/ mitigated
D011	High clean exposure not justified & mitigated
D012	Others (provide description)

Credit Supervision & Review, RHBIBL					
Date	:	14-03-18	Branch	:	KTL
To	:	Head, Credit Management & Country Head			
Borrower(s)	✓	Mr.Chhay Sambath Mdm Sam Ryna	Credit Grade	:	3
Guarantor(s)	:				
Request/ Deviation	:	1. Annual Review of all existing facilities: TL1 & TL2 of USD608K (o/s: USD587.8K)			
Comment by Credit Supervision & Review, RHBIBL					
<p>1. Borrower's restaurant and guesthouse business in Takeo Province remains unchanged under the name of Thmor Sar 1 & 3. The repayment for the past 8 months has been satisfactory albeit with late payment of 1 to 5 days due to the business location in Takeo where we had no physical branch presence.</p> <p>2. There is no new facility noted in this latest review as per CBC check under while their existing borrowings with New World MFI for car loan are satisfactory.</p> <p>3. OMV of collaterals charged remains unchanged at USD1,349K while latest verbal update did not have any adverse remark. Overall security coverage remains acceptable at 1.61x.</p> <p>4. <u>Comment on financials:-</u></p> <ul style="list-style-type: none"> i. Satisfactory financials for the past 12 months for the restaurant and guesthouse business which recorded 10% growth in revenue with sales of USD1.27M recorded for 2017. The hotel occupancy also on the increasing trend up to 45% in 2017 The revenue can only be justified via physical sales invoices since the business is in the province and borrower do not keep cash in FI. ii. Combined monthly net income of USD41.9K provides comfortable DSR of 3.41x and to be further improve to 4.62x by 2020 where borrower is continue to project a higher revenue for both business segment with occupancy rate to improve to 60% by 2020. iii. Under sensitized scenario with a lower EBIT by 30%, DSR is still able to service the facility with minimal DSR of 2.39x. <p>5. Recommended for management approval as recommended by LU subject to:-</p> <ul style="list-style-type: none"> i. To update all business patent/license for all businesses in the next review. 					
<p>Concurred by:</p> <p></p> <p>Tang Siew Hon Senior Manager Date: 14/03/18</p>					