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RHB BANKING GROUP

☑ RHB Indochina Bank Ltd ☐ RHB Bank Bhd

CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2015-0012	Branch: City Mall Olympic Branch

Request Type

☐ New ☑ Additional ☐ Renewal ☐ R&R

Approving Authority

☑ Joint Approval: DLA Level __III___ Reason for escalation:

☐ Group CCO & Head of Business:

Part 1.0 CUSTOMER PROFILE

1.1 CUSTOMER INFORMATION

Borrower	Mr. Chea Yi and Mdm. Ting Bopha	CIS No.	120003707
Group/ Ultimate Parent	N/A	Registration No.	N/A
Ultimate Borrower's Beneficial Owner	N/A		
Business Address	No. 391, National Road No. 1, Toul Thnot Village, Korki Commune, Kien Svay District, Kandal Province.		
NBC Sector	Other Non-Financial Service	Sub Sector	N/A
Core Business	Jewelry Seller and Money Transfer and Exchange (Yi Yi Jewelry and Money Transfer and Exchange shop)		
Date of Incorporation	1995	Relationship Since	June 2016
Review Due Date	10-06-2016	Next Review Date	10-06-2017
BNM Reporting	☐ Broad Property Sector (Non Exempt) ☐ Bridging Loan ☐ Bullet/ Balloon Repayment		

1.2 CUSTOMER RISK STATUS

Model Used:

☐ LC ☐ MM ☐ GPF ☐ IPRE ☐ NBFI ☐ SCRM ☐ CBRR

Borrower/ Guarantor	Standalone		Final Rating (For credit decision only)	Watchlist Status		Exceptional Credit
	Current CRR Rating	New CRR Rating		EAM	AST	
Borrowers: Mr. Chea Yi and Mdm. Ting Bopha	3	3	3	~~Yes~~/ No	~~Yes~~/ No	~~Yes~~/ No
Guarantors: N/A	N/A	N/A	N/A			

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. Chea Yi	49	Husband	50%	1996	1996	>USD300K
Mdm. Ting Bopha	46	wife	50%	1996	1996	

No. of Employee: 5

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 approve OD2 of USD60K for working capital in business. • To synchronize annual review of the existing TL1 and OD1 to the OD2 disbursement date. • To reduce interest rate from 8.75% p.a. to 8.5% p.a. for existing TL1 and OD1.
2.2	**Please state brief details of waivers, deviation of guidelines & notations.** *N/A*

Part 3.0	FACILITY DETIALS

3.1	FACILITY (USD'000)					
Facility Type	O/S 15-07-2016	Existing Limit	Increase/ Decrease (+/-)	New Limit	Pricing (ECOF: 5.5%)	Purpose
OD1 USD60 (Existing)	57.3 (Dr)	60	-	60	ECOF + 3.25% p.a. subject to min 8.75%p.a	To use as working capital
10-Year TL1 USD250 (Existing)	233.5	233.5	-	233.5		To refinance form Maybank and Phillip Bank
OD2 USD60 (New)	-	-	+60	60	ECOF + 3% p.a. subject to min 8.5%p.a	To use as working capital
Total	**290.8**	**293.5**	**60**	**353.5**		

3.2	Term and Conditions		
Facility Type			Tenor/ Terms of Repayment
TL1 USD250K (Existing)	Tenure	:	10 years
	Processing Fee	:	1% on approved limit
	Repayment	:	120 monthly installments of USD3,130.42
	Prepayment	:	1st -5th Year: 3% and 6th-10th Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date
OD1 USD60K (Existing)	Tenure	:	1 year and renewal on anniversary date subject to annual review by the bank
	Processing Fee	:	1% on approved limit
	Repayment	:	Repayable on demand and interest in arrears to be serviced monthly
	Prepayment	:	1% on the approved limit cancelled and/or reduced prior to expiry of tenure
	Renewal Fee	:	1% on renewed amount
	Commitment Fee	:	1% p.a. on the unutilized amount
OD2 USD60K (New)	Tenure	:	1 year and renewal on anniversary date subject to annual review by the bank
	Processing Fee	:	1% on approved limit
	Repayment	:	Repayable on demand and interest in arrears to be serviced monthly
	Prepayment	:	1% on the approved limit cancelled and/or reduced prior to expiry of tenure

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	Renewal Fee	:	1% on renewed amount
	Commitment Fee	:	1% p.a. on the unutilized amount

3.3	GROUP EXPOSURE PROFILE (USD'000)								
	Borrower			Related Borrowers**			Borrower + Related Borrowers (SCEL**)		
Exposure With	Secured*	Clean	Total	Secured*	Clean	Total	Secured*	Clean	Total
RHB Indochina Bank	353.5		353.5	353.5		353.5	353.5		353.5
RHB Bank Limit: Standalone:									
RHB Labuan/ Islamic/ Investment/ Leasing									
SCEL**									
Beyond SCEL***									
Total RHB Group	353.5		353.5	353.5		353.5	353.5		353.5
Total Credit (RHB Group Exp+Other Banks)	353.5		353.5	353.5		353.5	353.5		353.5

** 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	Approved Amount (USD'000)	Outstanding as at	Security	Security Coverage
	N/A						
Comments: N/A							
Credit Bureau Findings: The repayment has been promptly paid World check: There are no entries matching.							

Additional loan: Mr. Chea Yi and Mdm. Ting Bopha

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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 TL of USD250K and OD of USD60K as the principal instrument.* 2. *Open All Monies 1st party 1st legal charge over the following property as subsidiary instrument* ***Property 1*** Title No.: KN012982 Registered owner: Mr. Chea Yi and Mdm. Ting Bopha (Husband & Wife) Description: : A parcel of land accomdating a 2 storey shop house Land: 95 sqm Built-up: 222 sqm Address/Location: The property stands along house No. 391, National Road No. 1, Korki Commune, Kean Svay District, Kandal Province. . Previous OMV: USD184,300, Formal Valuation by KEY dated 06-Jun-2015 OMV/FSV: USD184,300 Tenure: freehold Lease expiry: N/A Insurance policy by: RHBIBL's panel: Forte Cambodia Expiry date of insurance policy: 16-Jun-2017 Sum-insured: USD56,000 Verbal valuation	**184.3**	**129.01**

Valuer	Date	OMV/FSV (USD)
1) KEY	21-06-2016	Land cost: USD137,750 (USD1,450/sqm) Building cost: USD50,083 (USD226/sqm) **Total: USD188,000**
2) CARE	21-06-2016	Land cost: USD166,250 (USD1,750/sqm) Building cost: USD51,060 (USD230/sqm) **Total: USD217,310**
3) BRG	22-06-2016	Land cost: USD166,250 (USD1,750/sqm) Building cost:USD52,170 (USD235/sqm) **Total: USD218,420**

Comment: Branch still adopted the Formal VR of KEY on 06-06-2015 since it is reasonable and lower than KYCARE's and BRG's indicative value recently. ***Property 2*** Title No.: KN017695 Registered owner: Mr. Chea Yi and Mdm. Ting Bopha (Husband & Wife) Description: : Vacant Land Land: 11,592 sqm Address/Location: It stands along National Road No. 1, Dey Eth Eohpos Village, Dey Eth Commune, Kean Svay District, Kandal Province. . Previous OMV: USD753,480, Formal Valuation by KEY dated 06-Jun-2015 OMV/FSV: USD753,480/USD527,000	**753.4**	**376.7**

Tenure: freehold
Lease expiry: N/A

Insurance policy by:
RHBIBL's panel: N/A

Verbal valuation

Valuer	Date	OMV/FSV (USD)
1)KEY	21-06-2016	Land cost: USD753,480 (USD65/sqm) **Total: USD753,480**
2) CARE	21-06-2016	Land cost: USD753,480 (USD65/sqm) **Total: USD753,480**
3) BRG	22-06-2016	Land cost: USD753,480 (USD65/sqm) **Total: USD753,480**

Comment: Branch still adopted the Formal VR of KEY on 06-06-2015 since it is as same as the KEY CARE's and BRG's indicative value recently.

New/ Additional (To Be Obtained)

3. *Facility Agreement stamped for OD of USD60K as the principal instrument.*
4. *Open All Monies 1st party 1st legal charge over the following property as subsidiary instrument*

Total	**937.7**	**505.7**
Security Coverage (Times) - Existing & New/ additional	**2.65x**	**1.43x**

5.2	SECURITY ANALYSIS

- P1 is a 2-storey shop house, located along the National Road No. 1, (Korki Market), Korki Commune, Kien Svay District, Kandal Province, surrounded by residents, school, and other business activities.
- P2 is a vacant land and also located along the National Road No. 1, Dey Eth Commune, Kien Svay District, Kandal Province. It is about 5Km from the P1 and can be convert to be warehouses and factories, etc.

Part 6.0	CONDITIONS PRECEDENT & COVENANTS

6.1	CONDITIONS PRECEDENT			
No.	Details	Complied		To comply
		Yes	No	
1	**Existing** TL of USD250K and OD1 of USD60K 1.1 Acceptance of Letter of Offer 1.2 Payment of processing fee of 1% on approved limit 1.3 Release of facilities subject to:- 1. Compliance of Terms under Condition Precedent. 2. 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, registration fee duly paid and registered at such registries as the Bank may deem necessary 3.Receipt of valuation report from RHBIBL's panel valuer with value of not less than USD 937,780.00 on subject properties **Disbursement Method** • USD87K or redeem amount to be released by issuing NBC check to redeem the collateral from Maybank • USD123K or redeem amount to be released by issuing NBC check to	 √ √ √ √ √ √ √		

	redeem the collateral from Phillip Bank • After completion of blocking on the redeemed collateral, the balance is to be released to the borrower's account.	√		
2	**New** OD2 of USD60K 1.1 Acceptance of Letter of Offer 1.2 Payment of processing fee of 1% on approved limit 1.3 Release of facilities subject to:- 1. Compliance of Terms under Condition Precedent. 2. 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, registration fee duly paid and registered at such registries as the Bank may deem necessary **Disbursement Method** Upon the completion of signing and thumb print on legal documents and charging the TD to RHBIBL, the OD2 of USD60K will be released to the borrower's account maintained with RHBIBL.			√ √ √ √ √

Comments:
N/A

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

Comments:
(Please comment if any breaches/ non-compliance with approved covenants/ other terms & conditions).

(Note: Please refer to Bank Circular on other terms & conditions for plantation, bridging loan & contract financing).

Part 7.0	CREDIT ASSESSMENT

7.1	BORROWER BACKGROUND

Mr. Chea Yi (49 years old) and Mdm. (46 years old) are related as husband and wife. They have operated jewelry business for more than 20 years called "**Yi Yi** Jewelry Shop" registered under Business & Patent License No. 01251 អាជ/សខ/ក្ណ subject to yearly renewal. The business location is situated near Korki Market, Korki Commune, Kandal Province. The business is directly managed by Mr. Chea Yi and Mdm. Ting Bophea, who have long experience of making all kinds of Platinumand Gold jewelry in Korki market.

There are different models of jewelry including a ring, bracelet, necklace and earrings, which are made from gold and platinum. The items are produced in hand-made not machinery because the jewelry is done well in artificial style and tremendous models to meet the customers' demand in the market. They further mentioned that the process of customers' buying and sale follow through issuing receipt, which allows clients to trade in jewelry back to their shop while the original price of gold, diamond or platinum will be 5% to 15% lost or upon renewal fee of kind of jewelry. Based on the experience in the hand-made jewelry, Mr. Chea Yi said that he offers goldsmith with service fee not salary in order to get good quality and fast service.

i) Customer

The Borrowers advised that they have selling all kind of their product to the local customers in Kien Svay District and some customers to Neak Leong and Prey Veng Province. The applicants' shop to make jewelry while some main clients are referred from relatives, friends and existing customers.

The Borrowers also furthered that they have many customers because they have long experience and skill for hand-made jewelry and the current market was noticeably increased by referring from existing customers.

ii) Supplier

Currently, the Borrowers have many suppliers near Olympic Market to choose as partners and they have to select 5 partners to purchase in order to get lower price or good quality material, i.e. gold and platinum.

No.	Name	Product/Service	Contact
1	Chhay Pros	Gold & Platinum	012 953 618
2	Tep Sambo	Gold & Platinum	011 798 994
3	Tong You	Gold & Platinum	016 303 303
4	Chea Keang	Gold & Platinum	012 487 853
5	Kim Chhen	Gold & Platinum	016 899 045

iii) Money Exchange and Transfer

So far, money transfer service is connected to money exchangers located in the location operating such as Phnom Penh, Kandal, Battambong, and Siem Reap with first deposit of USD5K for each. The settle payment will be serviced in end of every month based on verbally disclosed by the borrower. Since it is family business and have a strong relationship with the partners for more than 18 years, the proper invoices/notes are not made. They are usually contact by phone and transfer money by cash through private sector or bank.

iv) Competitor & Strategy

The Borrowers still occupy the leading market among their 4 competitors, who have the same scale of business because they build confidence and good relationship with customers and they can make good jewelry with good quality and fast service. Below is the list of their competitors who offer the same product and service:

1. Seng Seng Jewelry & Money Transfer and Exchange Shop
2. Ly Hour Pheng Jewelry & Money Transfer and Exchange Shop
3. Pheng Pheng Jewelry & Money Transfer and Exchange Shop
4. Ly Samith Jewelry & Money Transfer and Exchange Shop

7.2 JUSTIFICATION OF REQUEST

- To reduce pricing for existing TL1 and OD1 to 8.5% p.a. (ECOF + 2.75% p.a.) each as per revision of increasing in ECOF to 5.50% from 5.25% p.a. with effect from 01 July 2016.
- To approve OD2 of USD60K for working capital in business.

Justification

Items	Historical Jan to May/2016 (Monthly)	Projected 2017 (Monthly)	Remarks
Z) Monthly sales (USD)	110,420.21	122,566.43	Up to date, Stock is about USD80K
A) Debtor turnover (days)	15	15	A/R is about 50K
B) Stockholding turnover (days)	25	25	A/P is about 30K
C) Creditor turnover (days)	7	7	
D) Asset Conversion Cycle = (A + B) – C/30	1.10	1.10	
E) Monthly WC need = (D x Z)	121,462.23	134,823.08	

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Existing + proposed WC lines	60,000.00	120,000.00	
(Shortfall)/Excess in WC lines	(61,462.23)	(14,823.08)	

- Borrowers have granted TL of USD250K and OD1 of USD60K to refinance from Maybank & Philip Bank, and to use as working capital.
- In fact, phone card, money transfer and exchange should have no stockholding and debtor. So, the WC should focus on revenue of Jewelry only.
- For the first 5 months of 2016 (Jan to May), the revenue of gold & platinum only reported USD552.1K, i.e. USD122.6K per month. In this view, WC need shall be of USD121.5K to smoothly manage their cash flow in business based on the WC table above while the existing WC limit is at USD60K. Noticeably, there is a shortfall of about USD61.5K.
- Moreover, the debtor turnover is up to 15 days. So, the borrower has faced on shortfall of working capital when the debtors ask for delay payment, sometimes. Mr. Chea Yi further revealed that the inventory, A/R, and A/P are summed of about USD80K, 50K, and 30K respectively.
- All in all, the borrowers have requested additional OD2 of USD60K for additional working capital in business.

7.3	INDUSTRY LENDING DIRECTION

Sector: Other Non-Financial Service

Within Industry Lending Limit? Yes / ~~No~~ (as at 19/07/2016)

☐ Most attractive ☐ Highly attractive ☐ Attractive

☑ Selective ☐ Unattractive ☐ Most unattractive

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

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7.4 SOURCE OF REPAYMENT

	Historical 2015 (Monthly)	Projected 2016 (Monthly)	Remarks
A) EBITDA B) Other recurring income (rental income, FD interest, etc.)	USD12,979.73 N/A	USD14,407.50 N/A	• DSR is at 3.25x based on the furnished income statement as at Dec 2015 • DSR to be further improved to 3.61x in 2016
C) Total cash flow available for debt service (A + B)	USD12,979.73	USD14,407.50	
D) Existing debt RHBIBL-TL: USD250K RHBIBL-OD1: USD60K E) Proposed additional Debt Repayment RHBIBL-OD2: USD60K	USD3,130.42 USD437.50 USD425.00	USD3,130.42 USD437.50 USD425.00	
F) Total debt repayment (D + E)	USD3,992.92	USD3,992.92	
DSR [(A+B)/(D+E)]	3.25x	3.61x	
G) Other source of income (scheduled/dividend repayment)	N/A	N/A	
Adjusted DSR [(C + G)/F]	N/A	N/A	

7.5 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:

(Share price movement over past 12 months (high/low/current price), its equivalent to S & P and Moody's Ratings & reasons for high score if 4% and above and whether EDF score is reflective of credit rating).

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									

Additional loan: Mr. Chea Yi and Mdm. Ting Bopha

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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

Bank: RHBIBL

Mr. Chea Yi (OD1 Limit of USD60K)

01/07/2015 to 30/06/2016

Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)
Balance Forward					73.51
Jul-15	17	(40,585.33)	2	16,000.00	(24,511.82)
Aug-15	12	(35,428.08)	3	10,000.00	(49,939.90)
Sep-15	7	(19,464.09)	3	13,000.00	(56,403.99)
Oct-15	9	(14,484.52)	2	15,000.00	(55,888.51)
Nov-15	11	(17,988.51)	3	15,000.00	(58,877.02)
Dec-15	11	(23,501.43)	6	25,000.00	(57,378.45)
Jan-16	8	(14,513.22)	4	12,800.00	(59,091.67)
Feb-16	6	(19,270.91)	3	40,000.00	(38,362.58)
Mar-16	11	(51,536.34)	4	34,800.00	(55,098.92)
Apr-16	11	(20,495.42)	3	16,000.00	(59,594.34)
May-16	9	(29,473.61)	2	30,000.00	(59,067.95)
Jun-16	9	(8,189.11)	3	12,000.00	(55,257.06)
Total	**121**	**(294,931.00)**	**38**	**239,600**	
Average	**10**	**(24,578.00)**	**3**	**19,967.00**	**(52,456.00)**
OD utilization rate					**87.43%**

Comment:

- Conduct of account for the last 12 months, total turnover credit and debit reported USD239.6K and USD294.9K derived monthly deposit and withdrawal of USK19.9K and USD24.6K respectively, i.e. about 10.72% of total revenue for the first 5-month in 2016 was channeled with RHBIBL since the balance was kept for daily business operation and it is mostly used in cash basic, disclosed by Mr. Chea Yi. Moreover, he further mentioned that he cannot deposit with bank since the bank is too far from his business location.
- The average OD balance reached of USD52.4K (Dr) for latest 12 months, i.e. 87.43% of OD utilization rate. And there was no exceeded limit of OD. Meanwhile, the monthly installment and interest have been promptly paid while there is no history of check return.
- Common transactions are cash deposit, check withdrawal, and monthly interest & installment.

Conduct Account:

Conduct of TL: USD250K
Period: Jul/15 to Jun/16
Account No. :40001001251100000

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Account Name: Mr. Chea Yi

No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	3,099.64	27-Jul-15	27-Jul-15	0
2	3,099.64	26-Aug-15	26-Aug-15	0
3	3,099.64	26-Sep-15	26-Sep-15	0
4	3,099.64	26-Oct-15	26-Oct-15	0
5	3,099.64	27-Nov-15	27-Nov-15	0
6	3,099.64	26-Dec-15	26-Dec-15	0
7	3,099.64	26-Jan-16	26-Jan-16	0
8	3,099.64	26-Feb-16	26-Feb-16	0
9	3,099.64	26-Mar-16	26-Mar-16	0
10	3,099.64	26-Apr-16	26-Apr-16	0
11	3,099.64	26-May-16	26-May-16	0
12	3,099.64	27-Jun-16	27-Jun-16	0

Comment:

- During the last 12 months, the repayment history of TL has been promptly paid.

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

- Borrowers are experienced in Jewelry business for over 20 years.
- Professional service providers are academically qualified.
- There is no segregation of the finance and operation functions.
- No diversification from core business (Jewelry Shop).
- Has adequate borrowing to meet expansion business.

8.2	Industry Risks		Low		Medium	✓	High

- There are some competitors entering to the marketplace with offering the same service recently. However, they still have a strong commitment to compete the market since the company has good reputation and relationship with other business partner for over 20 years.
- Gold business is considered as high risk business.

8.3	Product Risks	✓	Low		Medium		High

- Product / services have been in the market for over 20 years.
- Volume of sale is highly increased in high season of tourism.

8.4	Supplier / Buyer Risks	✓	Low		Medium		High

- N/A

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

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

8.7	FINANCIAL HIGHLIGHTS & ANALYSIS

Income Statement

	Income Statement			
	2013	**2014**	**2015**	**2016**
Revenue	12 Months	12 Months	12 Months	(Jan to May)
Gold & Platinum	950,760.00	1,056,400.00	1,193,732.00	552,101.05
Money Exchange	479,970.00	533,300.00	602,629.00	278,715.91
Money Transfer	2,403,000.00	2,670,000.00	3,017,100.00	1,395,408.75
Phone Card	14,985.00	16,650.00	18,814.50	8,701.71
Total Revenues	3,848,715.00	4,276,350.00	4,832,275.50	2,234,927.42
Cost of Goods Sold				
Gold & Platinum	851,490.00	946,100.00	1,068,987.01	496,890.95
Money Exchange	465,030.00	516,700.00	584,550.13	269,100.21
Money Transfer	2,379,600.00	2,644,000.00	2,986,929.00	1,381,454.66
Phone Card	14,490.00	16,100.00	18,193.00	8,262.65
Total Cost of Goods Sold	3,710,610.00	4,122,900.00	4,658,659.14	2,155,708.48
Gross Profit	138,105.00	153,450.00	173,616.36	79,218.94
Operating Expenses				
Workers	5,292.00	5,880.00	6,644.40	3,599.05
Utilities	1,035.00	1,150.00	1,299.50	703.90
Other expense	7,897.50	8,775.00	9,915.75	5,371.03
Total Operating expenses	14,224.50	15,805.00	17,859.65	9,673.98
EBIT	123,880.50	137,645.00	155,756.71	69,544.97
Average	10,323.38	11,470.42	12,979.73	13,908.99

Comments:

- During the last 3 years, the company is profitable with good return on investment by gaining customer from year to year.
- In 2015, total revenue reported of USD4,832K, increased by 13% against to USD4,276K in 2014 while the profit before tax is increased by 13% against to USD137.6K in 2014. It was increased because the borrowers have granted facility form RHBIBL for working capital since June 2015.
- Total revenue reached of USD2,234K for the first 5 month of 2016 increased by 10% against to USD4,832K in 2015.
- Total sale is justified from the furnished purchase invoice for the last 3 months reported of USD553.5K in total. (Some invoices are enclosed). The borrower stated that sale invoices are not properly kept as it is a family business. It was destroyed when the customer make a full payment.
- Profit margin at 10%, 3%, 1%, and 5% with Goldsmith, Money Exchange, Money Transfer, and Phone Card respectively.
- Note that the profit margin of Gold revenue is acceptable compared to other existing customers, Mr. I Heng and Eng Kheang Impex who have the same business (Jewelry) with profit margin between 9% and 11% respectively.

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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2015-0012	Branch: City Mall Olympic Branch

Income Projection

	Income Projection		
	2016	**2017**	**2018**
Revenue	12 Months	12 Months	12 Months
Gold & Platinum	1,325,042.52	1,470,797.20	1,632,584.89
Money Exchange	668,918.19	742,499.19	824,174.10
Money Transfer	3,348,981.00	3,717,368.91	4,126,279.49
Phone Card	20,884.10	23,181.35	25,731.29
Total Revenues	5,363,825.81	5,953,846.64	6,608,769.77
Cost of Goods Sold			
Gold & Platinum	1,186,575.58	1,317,098.89	1,461,979.77
Money Exchange	648,850.64	720,224.22	799,448.88
Money Transfer	3,315,491.19	3,680,195.22	4,085,016.70
Phone Card	20,194.23	22,415.60	24,881.31
Total Cost of Goods Sold	5,171,111.64	5,739,933.92	6,371,326.65
Gross Profit	192,714.16	213,912.72	237,443.12
Operating Expenses			
Workers	7,375.28	8,186.57	9,087.09
Utilities	1,442.45	1,601.11	1,777.24
Other expense	11,006.48	12,217.20	13,561.09
Total Operating expenses	19,824.21	22,004.87	24,425.41
EBIT	172,889.95	191,907.85	213,017.71
Average	14,407.50	15,992.32	17,751.48

Comment: Revenue is projected to growth by 11% on sale in the next 3 year based on the past track recorded.

DSR Scenario

Average Monthly EBIT (USD)	2015	2016	2017	2018
Net Income	12,979.73	14,407.50	15,992.32	17,751.48
RHBIBL 10-Year TL1: USD250K	3,130.42	3,130.42	3,130.42	3,130.42
RHBIBL OD1: USD60K	437.50	437.50	437.50	437.50
RHBIBL OD2: USD60K	425.00	425.00	425.00	425.00
Total commitment	3,992.92	3,992.92	3,992.92	3,992.92
DSR (Time)	3.25x	3.61x	4.00x	4.44x

In case of 30% drop of net income

Average Monthly EBIT (USD)	2015	2016	2017	2018
Net Income	9,085.82	10,085.25	11,194.63	12,426.04
RHBIBL 10-Year TL1: USD250K	3,130.42	3,130.42	3,130.42	3,130.42
RHBIBL OD1: USD60K	437.50	437.50	437.50	437.50
RHBIBL OD2: USD60K	425.00	425.00	425.00	425.00
Total commitment	3,992.92	3,992.92	3,992.92	3,992.92
DSR (Time)	2.75x	2.53x	2.80x	3.11x

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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2015-0012	Branch: City Mall Olympic Branch

RECOMMENDATION BY LENDING UNIT

SUMMARY & RECOMMENDATION

i) Borrowers have long experienced in various businesses with more 20 years. They have been banking with us since June 2015.

ii) The business is stable and profitable by year to year.

iii) Conduct of account for the latest 12 months have been promptly paid and there was no exceeded limit OD. The OD utilization rate was 87.43%.

iv) The property is located in the favorable zone in Takeo Province with high marketability. The security coverage is 2.65x.

v) RHBIBL is a sole banker.

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.

Prepared by:	Recommended by:
Sok Ratanak Assistant Manager-Credit Relationship *Date: 19-07-2016*	*Keang Chanveasna* *Branch Manager* *Date: 19-07-2016*
	Recommended by:
	Chiv Hak *Senior Manager* *Date: 19-07-2016*

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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2015-0012	Branch: City Mall Olympic Branch

Part 10.0	INDEPENDENT EVALUATION/ RECOMMENDATION/ APPROVAL

10.1	CREDIT EVALUATION MEMORANDUM/ RECOMMENDATION

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
(Justification/Rationale to support or decline)

Evaluated by:
Name:
Position:
Date:

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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2015-0012	Branch: City Mall Olympic Branch

10.2	APPROVAL
Approver 1	Decision: [ ] Approved [ ] Declined Comments: (if any) Additional Terms/ Conditions/ Covenants: (if any) Yong Ching San Head, Credit Management Date:
Approver 2	Decision: [ ] Approved [ ] Declined Comments: (if any) Additional Terms/ Conditions/ Covenants: (if any) Thoo Kim Seng Deputy Country Head **Date:**

	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)

Additional loan: Mr. Chea Yi and Mdm. Ting Bopha