

Credit Evaluation – Loans and Credit Administration							
<b>Date</b>	:	05/01/2018			<b>Branch</b>	:	TKK
<b>From</b>	:	Credit Evaluation – Loans and Credit Administration					
<b>To</b>	:	Head, Credit Management & Acting DCH					
<b>1.0 Borrower Information</b>							
<b>Borrower:</b>	1	Mr.Khoeurn Kheang (36)			<b>Nature of business/ Employment</b>	1	Grocery Store
	2	Mdm Kim Kanika (26)				2	
	3						
<b>Guarantor:</b>	1				<b>Borrowing R's ship since:</b>	New	
	2						
	3						
<b>CRR Grade</b>	5						
<b>2.0 Term Sheet</b>							
<b>New/ Additional</b>	<b>Facility</b>	<b>Existing Limit (USD)</b>	<b>+/-</b>	<b>Proposed Limit (USD)</b>	<b>O/S balance</b>	<b>Tenure</b>	<b>Interest rate ECOF = 5.50% p.a.</b>
New	HL		+56K	56K	-	15 years	Y1: 7.50%p.a. Y2: 8.25%p.a.
<b>Total</b>			+56K	56K			
<b>Fees</b>	<b>Processing fee</b>	:	1% on approved limit				
	<b>Prepayment fee</b>	:	1 <sup>st</sup> – 3 <sup>rd</sup> year: 3% 4 <sup>th</sup> – 15 <sup>th</sup> year: 1%				
	<b>Renewal fee</b>	:	NA				
	<b>Commitment fee</b>	:	NA				
<b>Loan Purpose:</b>	- To part finance purchase of a unit single storey house						
<b>Request/ Deviation:</b>	- To allow CRR grade 5						

<b>3.0 Comment by Credit Evaluation:</b>	
1.	Borrowers are husband and wife where they have been operating their own grocery store in their parent's premise under the name of Mey Mey and also conduct money exchange & transfer service under agents by Ly Hour money transfer. The business has no patent registered as it is a small store in a residential area.
2.	The proposed purchase of a single storey house is for owner occupation which is also nearby to their business premise. The purchase price of USD82.8K is within OMV cross checked ranges from USD80.5K to USD81K.
3.	<b>Comment on financials:-</b> i. The past 3 financial year has been satisfactory with average monthly sales of USD14.3K mainly generated from the money exchange/transfer service. The reported revenue can only be substantiated via purchase invoices from Oct to Dec 2017 with average monthly purchase of

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## RHB Indochina Bank

- ii. USD8.2K and AMD with Aceda Bank totaling USD9K or 62.9% against reported revenue.  
The monthly EBIT of USD1,318.9K provides adequate DSR of 2.43x while under sensitized scenario with 20% drop in revenue, DSR is still acceptable at 1.95x.

4. Key issue:-


- i. CRR at grade 5 due to young age, low network while the business also has no proper business patent but was mitigated from site visit conducted on the business and there is proper license for the money transfer service business.

### 4.0

### Recommendation by Credit Evaluation

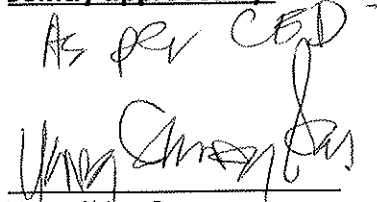
1. I would concur on branch's recommendation for Management's approval subject to the HL to be structured under KHR with final KHR loan amount to be based on prevailing exchange rate during drawdown for the USD56K loan.

### Concurred by:



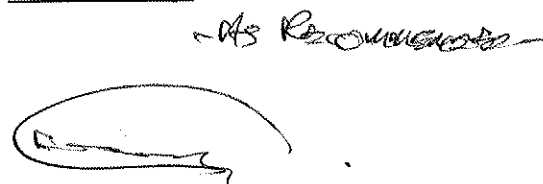
Tang Siew Hon  
Senior Manager  
Date: 05/01/2018

### Jointly approved by:

As per CED  


Yong Ching San,  
Head, Credit Management  
Date: 9/1/18

### Concurred by:

As Recommended  


Simon Cheong  
Acting DCH  
Date: 10/01/2018

# RHB Indochina Bank

## CONSUMER LOAN APPLICATION

Branch	TKK	Date	03-Jan-2018
To	HOC and ADCH	CA No.	RHBIBL-BDM-0010-2017-00188

Borrower(B) / Guarantor(G) Profile						
No.	Name	B/G	ID /Passport No.	Age	Borrowing Relationship Since (Year)	
1	Mr. Khoeurn Kheang	B	011031391	36	New	
2	Mdm. Kim Kanika	B	030467316	26	Related / Connected Party	
					Borrow KYC Level	
					Credit Grade	
					5	

### Applicant's Background

#### Borrower's Background

Applicants, Mr. Khoeurn Kheang and Mdm. Kim Kanika, are husband and wife. They are residing along National Road No. 4, Sangkat Chom Chao, Khan Por Senchey, Phnom Penh, where is the parents' house.

A couple has involved in grocery shop under named "Mey Mey" operated in their current resident as address above. They have been in the business line since 2012 and managed by applicants. Presently, it is not only offered grocery items but it is also served the money exchange and money transfer operated as a family business. The business has been well operated and satisfactory growth while there are not many competitors located the surrounded premise business.

Since the business has been operated as a family business, income statement and sale invoices are not properly recorded but they provided purchased invoices for last 3 months. Reportedly, the average monthly purchase of USD3,933.02 (COGS) from grocery items such as daily consumer plastic product, electric home and kitchen appliance, rice, etc. and average monthly money exchange of USD8,233.33 evidence of invoice with private money exchange near Olympic Market. Totally, the applicant generate average monthly net income of USD1,198.27.

Request			
<ul style="list-style-type: none"> <li>To request 15-Year HL of USD56,000 at interest rate 7.5% for 1st year and 8.25% p.a. from 2nd year onwards. (Under Home Loan: Realizing Your Dream Home Package)</li> <li>To seek for approval CRR in grade 5.</li> </ul>	Request for	Y	N
	Age deviation		N
	DSR deviation		N
	MOA deviation		N

Loan Details (USD'000)							
Type	Existing Limit	Proposed Limit (USD)	Total Limit (USD)	Outstanding Balance	Pricing (Current ECOF @ 5.5%)	Repayment Period (Years)	Repayment Amount (USD)
HL	-	56	56	-	ECOF + 2% p.a. on monthly rest subject to minimum 7.5% p.a. (1st year) and; 8.25% p.a. (from 2nd to 15th year)	15	-1 <sup>st</sup> Year: 520 -2 <sup>nd</sup> -15 <sup>th</sup> year: 542
Total	-	56	56	-			

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## Loan Purpose

To part finance on purchase a parcel land erected upon with one storey house located in No. C65, St. 07, Phum Aung, Sangkat Chom Chao, Khan Por Senchey, Phnom Penh. (Borey New Town)

Under Construction	Y	N	Completed from developer	Y	N	
Name of Developer			: Borey New Town			- Applicants want to purchase house located in above address where is near their current premise business.
Panel			: N/A			- The purchased price worth of <b>USD82.8K</b> .
Unit Capping			: N/A			- Based on the furnished SPA, a partial of USD26.8K will be paid by applicant (MOF:32.37%) and the balance of USD56K shall be financed from RHBIBL (MOF:67.63%)
Approved unit @ to date			: N/A			
% of completion			: 100% completed			
SPA Price			: USD82.8K			

% MOA financed by RHBIBL

House	Description	Area	SPA	Verbal Check	
				9-Base	ARC
The purchased house (Borey New Town)	Land	66sqm (Based on Hard TD)	-	66,000	<b>64,680</b>
	Building	66sqm (approximately)	-	15,000	<b>15,840</b>
	Total	-	82,800	81,000	<b>80,520</b>
	Requested Loan	-	56,000	56,000	<b>56,000</b>
	% MOF	-	67.63%	69.14%	<b>69.55%</b>

### Note:

- LU adapts the conservative verbal value of ARC as it is lower than 9-Base's and SPA's.
- %MOA is at 69.55% and 67.63% against with ARC's and SPA's respectively.

## I. Refinancing

Bank	Approved / Operating Limit	Outstanding Balance	Pricing	Repayment Record	Remark
N/A	N/A	N/A	N/A	N/A	N/A

## II. Others

N/A

## Details of Property to be Charged

Property	
Address	No. C65, St. 07, Phum Aung, Sangkat Chom Chao, Khan Por Senchey, Phnom Penh. (Borey New Town)
Land Area	66sqm
Built Up Area	66sqm (Approximately)
Title Details	
i. <b>Title No</b> /Expiry Date of LH	12090224-0658
ii. <b>Tenure</b> – FH/LH (Balance of Years)	None
iii. Registered Owner	To be registered under the borrower's name.
iv. Encumbrances	None
v. Restriction in Interest/Conditions	None
Remark (s)	N/A
Registered Owner's Relationship With borrower	N/A
Fire Insurance by	To be insured by RHBIBL's panel insurance
Cross Charge (Y/N) (Please furnish details if "Y")	No

# RHB Indochina Bank

<u>Valuation</u>		
<b>i. Valuation Report</b> <ul style="list-style-type: none"><li>- Land value</li><li>- Building Value</li><li>- Total OMV</li><li>- Value Name</li><li>- Date</li></ul>	To be issued by the bank's panel with total price of not less than USD80,520 prior to loan disbursement.	
<b>ii. Verbal/Cross Check</b> <ul style="list-style-type: none"><li>- Land value</li><li>- Building Value</li><li>- Total OMV</li><li>- Valuer Name</li><li>- Date</li></ul>	<b>By 9-Base</b>	<b>By ARC</b>
	USD66,000 USD15,000 USD81,000 Mr. Pech 23-Nov-2017	USD64,680 USD15,840 USD80,520 Mr. Sithon 23-Nov-2017
<b>Adopt market value</b>	<b>USD80,520 (To be issued by RHBIBL's panel valuer)</b>	
Margin of Financing (%)	<b>69.55%</b>	
Security Coverage (Times)	<b>1.44x</b>	

Conduct of Account I) With (Own/Related Account)					
Name	Facility	Approved/ Operating Limit	Outstanding Balance	Pricing	Conduct
N/A	N/A	N/A	N/A	N/A	N/A
Conduct of Account II) With other financial institution as per CBC checking					
Bank	Facility	Approved/ Operating Limit	Outstanding Balance at	Pricing	Conduct
N/A					

## CBC, AML and World Checking

Based on the CBC report in Dec 2017, the applicant has no maintained loan with other MFIs/Banks. Further, there is no entry matching to World Check and AML as well.

Account with ACLEDA Bank

Bank: ACLEDA			
A/C name: Mr. Khoeurn Kheang			
A/C number: 3500-02-522638-2-7 (KHR)			
Month	Debit (KHR)	Credit (KHR)	Balance (KHR)
<b>Balance Forward</b>			12,600
Oct-17	8,000,000	9,000,900	1,013,500
Nov-17	7,000,100	27,001,700	21,015,100
Dec-17	20,000,000	-	1,015,100
Total	35,000,100	36,002,600	
Average	11,666,700	12,000,867	
<b>Convert to USD</b>	<b>2,916.67</b>	<b>3,000.21</b>	

Bank: ACLEDA			
A/C name: Mr. Khoeurn Kheang			
A/C number: 3500-02-522638-1-7 (USD)			
Month	Debit (USD)	Credit (USD)	Balance (USD)
<b>Balance Forward</b>			3.31
Oct-17	10,500.00	10,500.14	3.45
Nov-17	6,700.00	6,700.00	3.45
Total	17,200.00	17,200.14	
<b>Average</b>	<b>8,600.00</b>	<b>8,600.07</b>	

# RHB Indochina Bank

Statement of Assets and Liabilities (USD'000)			
Assets Owned by borrowers		Liabilities	
Property to be charged with RHBIBL	80,520	RHBIBL (Under process loan of USD56K)	56,000
Owned car (Highlander)	15,000		
Inventory	12,000		
<b>Total Assets</b>	<b>107,520</b>	<b>Total Liabilities</b>	<b>56,000</b>
<b>Net Assets</b>	<b>51,520</b>		

Repayment Risk Analysis			
Total monthly Income*	USD1,318.91		
	Net income from businesses: USD1,318.91		
Less Total Commitment**	USD542.00		
	RHBIBL-15-Year-HL: USD56K		
DSR	2.43x		
Balance Uncommitted	USD776.91		
Estimated / Disclosed Net worth***	USD51,520		
Within Bank Lending Criteria	1/3 Income	N	
	45% Income	N	
Risks		Mitigating Factors	
<ul style="list-style-type: none"> <li>- Premise business is operated on the property owned by parents.</li> <li>- No Patent.</li> <li>- Financial report is not proper record.</li> </ul>		<ul style="list-style-type: none"> <li>- The property owner is the applicant' parents who are living together. So, risk shall be not highly concerned for business moving. Moreover, there are many opportunities of house rental in the surrounded area if the current shop house is to be sold.</li> <li>- As it is operated as a family and small business, the Patent has not been complied but the business is well operated for more than 5 years.</li> <li>- However, the income is not well justified by sale invoice, but it can be verified by the premise business conducting and the bank's account as well as the purchase invoice (COGS). Further, they revealed that they generates profit margin of about 30% for grocery shop and 5% for money exchange where is considered as a reasonable rate comparing to our existing customer who run the same industry.</li> <li>- Noted that, their working capital shall be at around USD10,000 per month to manage their business operation based on the furnished invoice of about USD24,700 on money exchange for latest 3 months. Though, the monthly installment with us of USD542 should be concerned by the applicant.</li> </ul>	

# RHB Indochina Bank

## Financial Analysis

Description	Income Statement		
	2015	2016	2017
	12-Month	12-Month	11-Month
Revenues			
Grocery items	66,142.16	60,680.88	61,804.60
Money exchange	102,023.96	93,599.96	95,333.29
Total incomes	168,166.12	154,280.84	157,137.89
Expenses			
COGS-Grocery	46,299.51	42,476.62	43,263.22
COGS-Money exchange	96,922.76	88,919.96	90,566.63
Living exp.	5,956.50	6,270.00	6,600.00
Other exp.	1,985.50	2,090.00	2,200.00
Total expenses	151,164.27	139,756.58	142,629.85
<b>Net income</b>	<b>17,001.85</b>	<b>14,524.26</b>	<b>14,508.04</b>
<b>Average</b>	<b>1,416.82</b>	<b>1,210.36</b>	<b>1,318.91</b>

### Comment:

- For Y2017, total incomes reported of USD157.1K for last 11 months (Jan to Nov) derived monthly sale of USD14.3K from grocery shop and money exchange. A profit margin of 30% for grocery shop and 5% for money exchange were justified and verified by the furnished purchase invoice (COGS) for last 3 months and the average monthly deposit with ACLEDA of about USD9K or 62.94% of total sale.
- Profit margin of 30% for grocery shop and 5% for money exchange are reasonable, compared with the existing loan customers who have run the same industry, i.e. Mr. Ea Leanghorn (29.57%)
- All sales are not channeled with the bank's account. It is habitually used cash in hand for daily business operating.
- After deduction of all expenses, the applicant get net income of USD1.3K per month where translates DSR is at 2.43 times against with their commitment.

Description	Income Projection		
	2018	2019	2020
	12-Month	12-Month	12-Month
Revenues			
Grocery items	74,165.52	81,582.07	89,740.28
Money exchange	109,199.96	114,659.95	120,392.95
Total incomes	183,365.48	196,242.03	210,133.23
Expenses			
COGS-Grocery	51,915.86	57,107.45	62,818.20
COGS-Money exchange	103,739.96	108,926.96	114,373.30
Living exp.	7,560.00	7,938.00	8,334.90
Other exp.	2,520.00	2,646.00	2,778.30
Total expenses	165,735.82	176,618.41	188,304.70
<b>Net income</b>	<b>17,629.65</b>	<b>19,623.62</b>	<b>21,828.53</b>
<b>Average</b>	<b>1,469.14</b>	<b>1,635.30</b>	<b>1,819.04</b>

### Comment:

- Sales are projected to increase 10% based on the past sale record.

# RHB Indochina Bank

- COGSs are estimated to remain unchanged.
- All expenses are assumed to increase 5%.

## Computed DSR

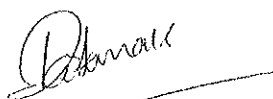
Year	2017 Monthly	2018 Monthly	2019 Monthly	2020 Monthly
Net income	1,318.91	1,469.14	1,635.30	1,819.04
Commitment				
RHBIB: 15-Year HL: USD56K	542.00	542.00	542.00	542.00
DSR (Times)	2.43x	2.71x	3.02x	3.36x

## Sensitized scenario (20% drop of income)

Year	2017 Monthly	2018 Monthly	2019 Monthly	2020 Monthly
Net income	1,055.13	1,175.31	1,308.24	1,455.24
Commitment				
RHBIB: 15-Year HL: USD56K	542.00	542.00	542.00	542.00
DSR (Times)	1.95x	2.17x	2.41x	2.68x

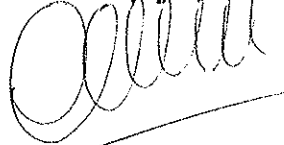
## Recommendation

### Prepared by



Mr. Sok Ratanak  
Assistant Manager,  
Retail & Consumer, BDM  
Date: 03-01-2018

### Recommended by



Mr. Chiv Hak  
Senior Manager,  
Retail & Consumer, BDM  
Date: 03-01-2018

### Recommended by



Mr. Huot Sovathanak  
Branch Manager

Date: 03-01-2018

Credit Policy : Non-Compliance/ In Compliance

D/P Check: HOC and ADCH

AML/CFT Check: No name matched

## DP Check (Amount in USD)

Description	Borrower + related borrowers (RHBIBL only)	Borrower + related borrowers (RHB Banking Group)
Total Exposure	USD56,000.00	N/A
Less standalone facilities	N/A	N/A
Total exposure excluding standalone facilities	USD56,000.00	N/A
Of which	N/A	
Secured facilities	USD56,000.00	N/A
Unsecured facilities	N/A	N/A
This application is within DP of	HOC and ADCH	N/A



# RHB Indochina Bank

Head office use only

Comment by Loan and Credit Administration

## Term Sheet

<b>Home Loan (New)</b>	<b>USD56,000.00</b>	<b>Tenure</b>	: 15 Years
		<b>Installment amount</b>	: 1 <sup>st</sup> year: USD520 and 2 <sup>nd</sup> year onward: USD542
		<b>Processing fee</b>	: 1% of approved limit
		<b>Prepayment</b>	: 1 <sup>st</sup> to 3 <sup>rd</sup> year: 3% on prepayment amount if the facility is fully/partially settled before expiry date. 4 <sup>th</sup> to 15 <sup>th</sup> year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.

### Condition precedent:

1. Acceptance of Letter of Offer
2. Payment of processing fee of 1% on approval limit
3. Release of facilities subject to :-
  - a) Compliance of Terms under Condition Precedent.
  - b) 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 Applicants and/or the relevant security parties, registration fee duly paid and registered at such registries as the Bank may deem necessary.
  - c) To submit valuation report from the bank' panel on the subject property with total value of not less than USD80.5K prior to loan release. Otherwise, to reduce limit to maintain the MOA at 69.55% only.

### Disbursement method:

After completion of LOO acceptance and TD blocking, HL of USD56,000 shall be issued by banker' check to the seller/vendor subject to:-

- Submission of SPA and satisfactory differential sum on the purchase house.
- Or reimbursement is allowed subject to evident of full settlement by the applicant.

Post drawdown condition: N/A

Other terms and conditions (if any):N/A

## Appendix I

Repayment Analysis				
Item	Yes	No	NA	Remark (mandatory if "NO" is (x))
Employment Confirmation Letter	x			
Salary slip for the last 3 months		x		
Rental agreements	x			
Income statement (P&L)			x	
Sale/Purchase invoices (for the last 3 months)			x	
Balance Sheet			x	
Income Projection			x	
Sale-Purchase Agreement	x			

Security Document	New/Complied
Facility agreement of USD56,000 as principal instrument	New
Hypothec Agreement as subsidiary instrument on Property __1__	New

