

Credit Evaluation – Loans and Credit Administration							
Date	:	14/11/2017			Branch	:	CMO
From	:	Credit Evaluation – Credit Management Department					
To	:	Branch Manager & Head, Credit Management					
<b>1.0 Borrower Information</b>							
Borrower:	1	Mr. Chiv (Cheav) Seng			Nature of business/ Employment	1	Selling wooden furniture
	2	Mdm. Lay Yeang				2	
Guarantor:	1	N/A			Borrowing R's ship since:	August 2014	
CRR Grade	3						
<b>2.0 Term Sheet</b>							
New/ Additional	Facility	Existing Limit (USD)	Increase/ Decrease (+/-)	Proposed Limit (USD)	O/S balance	Tenure	Interest rate ECOF = 5.50% p.a.
Existing	HL	132.1K	-	132.1K	132.1K	12 years	ECOF+3% p.a. on monthly rest subject to min 8.5% p.a.
New	TL	-	+ 65K	65K	-	10 years	ECOF+3% p.a. on monthly rest subject to min 8.5% p.a.
<b>Total</b>		132.1K	+ 65K	197.1K	132.1K		
<b>Fees</b>	<b>Processing fee</b>		:	1% on the additional approved limited			
	<b>Prepayment fee</b>		:	- 1 <sup>st</sup> -5 <sup>th</sup> year: 3% - 6 <sup>th</sup> -10 <sup>th</sup> year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.			
	<b>Renewal fee</b>		:	n/a			
	<b>Commitment fee</b>		:	n/a			
<b>Loan Purpose:</b>	- To part finance purchase a vacant land costing USD165K.						
<b>Request/ Deviation:</b>	- Annual review of the existing facilities.						
<b>3.0 Comment by Credit Evaluation:</b>							
<p>1. Borrower is our existing HL customer since 2014 and they remains involved in selling wooden furniture and still in operation. Beside the above, borrower also earn a rental income from double storey house and a ground floor of double storey house (subject property) of USD1,450 per month. (TD and lease agreement valid until 2019 &amp; 2020 respectively enclosed).</p> <p>2. Borrower has purchased a vacant land located in Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh costing USD165K. Branch has cross checked the value with our panel valuer revealed that the land value range from USD101.5K to USD145K. Borrower informed that they willing to purchase the land with higher price due to they plan to construct a warehouse to stock wooden furniture as the current business premise is not sufficient for their inventory stocking.</p>							

3. Comment on financial

- i. The average revenue grows by 8% in 2017 (Jan-Sep) compared to 2016. The reported income of USD352K from Jan-Sep 2017 or USD39K per month can be substantiated via summary sale record from Jul-Sep 2017 with an average of USD39.2K reflecting 100% of the reported turnover. The AMD of USD27K is reflecting 69% of the reported turnover.
- ii. The net profit margin at 30% deem justified for the wooden furniture business especially for luxury wood.

4. Strong DSR at 4.25x with good borrowing track record with us since 2014.

5. Collateral offered is a ground floor of double storey house with acceptable MOA at 68.43%. Security coverage at 1.02x (ascribe value).

6. Major risk/concern:

- i. The purchase property will not charge to us while the proposed interest rate for purchase vacant land also low at 8.5% p.a. LU has proposed to charge the purchase property with higher interest rate at 9% p.a. however borrower is not agreeable to charge the purchase property and insist for interest rate at 8.5% p.a. due to Kookmin Bank has approached them for 7% p.a. while Sacom bank offer interest rate at 9% p.a. without lock-in period.

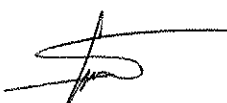
4.0

**Concurred by Credit Evaluation**

I would concur for management approval subject to

- i. Shorter loan tenor at 8 years instead of 10 years due to strong DSR at 4.25x (agreeable by borrower)
- ii. To charge the purchase property (a vacant land) as additional collateral with interest rate at 8.5% p.a. or to charge interest rate at 9% p.a. if the purchase property not charge due to high MOA at 68.43%.  
**(best effort basis)**

**Prepared by:**



Ngan Chhayheang  
 Assistant Manager  
 Date: 14/11/2017

**Concurred by:**



Tang Siew Hon  
 Senior Manager  
 Date: 14/11/2017

**RHB BANKING GROUP**☒ RHB Indochina Bank Ltd☐ RHB Bank Bhd**CREDIT APPLICATION (CA2)***(Form for joint approval)*

Application No. : RHBIBL-0002-2014-0020-1 Branch: City Mall Olympic Branch

☐ New☒ Additional**Request Type**☒ Renewal☐ R&R**Approving Authority**☒ Joint Approval: DLA Level 4 Reason for escalation: ✓☐ Group CCO & Head of Business:Part  
1.0**CUSTOMER PROFILE**

1.1

**CUSTOMER INFORMATION**

Borrower	Mr. Chiv (Cheav) Seng and Mdm. Lay Yeang	CIS No.	120003110
Group/ Ultimate Parent	N/A	Registration No.	PTS201704239
Ultimate Borrower's Beneficial Owner	N/A		
Business Address	No. 27, St/ 271, Phum Trapaing Chuk, S/K Tek Thla, Khan Sen Sok, Phnom Penh		
NBC Sector	Real Estate Operation-Residential	Sub Sector	N/A
Core Business	Selling wooden furniture		
Date of Incorporation	2015	Relationship Since	Aug 2014
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**

<b>Model Used:</b>						
<input type="checkbox"/> LC	<input type="checkbox"/> MM	<input type="checkbox"/> GPF	<input type="checkbox"/> IPRE	<input type="checkbox"/> NBF1	<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. Chiv (Cheav) Seng and Mdm. Lay Yeang	4	3	3	Yes/ No	Yes/ No	Yes/ No
Guarantor/ 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 Network
Mr. Cheav Seng	38	Husband	100%	N/A	N/A	USD200K
Mdm. Lay Yeang	36	Wife				
No. of Employee: 3						
Succession Plan for key Personnel: N/A						
CBC / World Check Findings (if any): There are no entries matching to World Check.						
Connected party: Yes / No		(If yes, please comment)				

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<b>Part 2.0</b>	<b>DETAILS OF REQUEST</b>
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<b>2.1</b>	<b>Brief details of new, additional or renewal request.</b> <ul style="list-style-type: none"> <li>- To request additional 10-Year TL of USD65K to part finance on purchase vacant land.</li> <li>- To annual review for existing facilities.</li> </ul>
<b>2.2</b>	<b>Please state brief details of waivers, deviation of guidelines &amp; notations.</b> N/A

<b>Part 3.0</b>	<b>FACILITY DETAILS</b>
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<b>3.1</b>	<b>FACILITY (USD'000)</b>					
Facility Type	O/S as at 25-10-2017	Existing Limit	Increase/Decrease (+/-)	New Limit	Pricing	Purpose
12-Year HL 160	132.1	132.1	-	132.1	ECOF + 3% p.a. on monthly rest subject to min 8.5% p.a.	To part finance the purchase of a ground floor of double storey flat
10-Year TL 65	-	-	+65	65	ECOF + 3% p.a. on monthly rest subject to min 8.5% p.a.	To part finance on purchase vacant land
<b>Total</b>	<b>132.1</b>	<b>132.1</b>	<b>+65</b>	<b>197.1</b>		

<b>3.2</b>	<b>Repayment Terms</b>		
Facility Type		Tenor/ Terms of Repayment	
HL USD160K (Existing)	Interest Rate	:	ECOF + 3% p.a. on monthly rest subject to min 8.5% p.a.
	Tenure	:	12 Years
	Repayment	:	144 monthly installment of USD1,777
	Processing Fee	:	1% on approved amount
	Prepayment	:	1 <sup>st</sup> -5 <sup>th</sup> Year: 3% and 6 <sup>th</sup> -12 <sup>th</sup> Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.
TL USD65K (New)	Interest Rate:	:	ECOF + 3% p.a. on monthly rest subject to min 8.5% p.a.
	Tenure:	:	10 Years
	Repayment:	:	120 monthly installment of USD805.91
	Processing Fee:	:	1% on approved amount
	Prepayment:	:	1 <sup>st</sup> -5 <sup>th</sup> Year: 3% and 6 <sup>th</sup> -10 <sup>th</sup> Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.

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**Branch: City Mall Olympic Branch**

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	197.1	-	197.1	-	-	-	197.1	-	197.1
RHB Bank Limit:									
Standalone:									
RHB Labuan/ Islamic/ Investment/ Leasing									
SCEL**									
Beyond SCEL***									
Total RHB Group	197.1	-	197.1	-	-	-	197.1	-	197.1
Total Credit (RHB Group Exp+Other Banks)	197.1	-	197.1	-	-	-	197.1	-	197.1

\* 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 (USD)	Security	Security Coverage
	N/A						
Total							
Credit Bureau Findings: The borrowers have no loan with other banks.							
World check: No name matched. There is no match name record							

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<b>Part 5.0</b>	<b>SECURITY DETAILS</b>
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<b>5.1</b>	<b>SECURITY DESCRIPTION</b>
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Security Description	OMV (USD'000)	Security Value (as per CP)									
<p><b>Existing</b></p> <p>1. Facility Agreement stamped for HL of USD160K as the principal instrument. 2. Open All Monies 1<sup>st</sup> party and 1<sup>st</sup> legal charge over the following property as subsidiary instrument</p> <p><b>Existing Property</b></p> <p>Title No.: 15041 Registered owner: Mr. Chiv Seng and Mdm. Lay Yeang Description: A ground floor of double storey flat Land: 66.60sqm Built-up: 66.60sqm Address/Location: No. 240DEo, St. 182, S/K Phsar Depo 1, Khan Toul Kork, Phnom Penh.</p> <p>Tenure: freehold Lease expiry: N/A</p> <p><b>OMV: USD237,552 (Formal VR by CARE on 23-Jul-2014)</b> Insurance: Campu Longpac Expiry date: 10-Aug-2018</p> <p>Verbal Check by:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th>Valuer</th><th>Date</th><th>OMV/FSV (USD)</th></tr> <tr> <td>9-Base</td><td>Oct 2017</td><td>USD303,300 (A unit of Eo)</td></tr> <tr> <td>ARC</td><td>Oct 2017</td><td>USD288,000 (A unit of Eo)</td></tr> </table> <p><b>Comment:</b></p> <ul style="list-style-type: none"> <li>- We are adapts to the min. verbal value from ARC as it is reasonable value and lower than 9-Base's indicative value.</li> <li>- And the property value is increased by 21% against with the previous OMV in 2014 where is reasonable for current market in real estate sector.</li> </ul>	Valuer	Date	OMV/FSV (USD)	9-Base	Oct 2017	USD303,300 (A unit of Eo)	ARC	Oct 2017	USD288,000 (A unit of Eo)	<b>288</b>	<b>201.6</b>
Valuer	Date	OMV/FSV (USD)									
9-Base	Oct 2017	USD303,300 (A unit of Eo)									
ARC	Oct 2017	USD288,000 (A unit of Eo)									
<p><b>New/ Additional (To Be Obtained)</b></p> <p>1. Facility Agreement stamped for TL of USD70K as the principal instrument. 2. Open All Monies 1<sup>st</sup> party and 1<sup>st</sup> legal charge over the following property as subsidiary instrument</p>											
<b>Total</b>	<b>288</b>	<b>201.6</b>									
<b>Security Coverage (Times) - Existing &amp; New/ additional</b>	<b>1.46x</b>	<b>1.02x</b>									

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<b>5.2</b>	<b>SECURITY ANALYSIS</b>
<ul style="list-style-type: none"> <li>- We are adapts to the min. verbal value from ARC as it is reasonable value and lower than 9-Base's indicative value.</li> <li>- And the property value is increased by 21% against with the previous OMV in 2014 where is reasonable for current market in real estate sector especially property in central city.</li> <li>- The property is located in a favorable area of Phnom Penh City where is easy to access and run business.</li> <li>- MOA is at 68.43% with security coverage of 1.02x (Ascribe value). And it shall be further improved as all facilities are TLs with monthly principal installment.</li> </ul>	

<b>5.3</b>	<b>GURRANTORS</b>
N/A	

<b>Part 6.0</b>	<b>CONDITIONS PRECEDENT &amp; COVENANTS</b>
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<b>6.1</b>	<b>CONDITIONS PRECEDENT</b>			
No.	Details	Complied		To
		Yes	No	comply
1	<b>Existing (HL: USD160K)</b> <ul style="list-style-type: none"> <li>- Acceptance of Letter of Offer</li> <li>- Payment of Processing fees</li> </ul> <b>Release of facilities subject to:-</b> <ul style="list-style-type: none"> <li>- Compliance of Terms under Condition Precedent.</li> <li>- 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.</li> <li>- Receipt of formal valuation report from bank's panel of valuer on market price is at least USD230K on the subject property</li> </ul> <b>Disbursement Method</b> HL of USD160K shall be disbursed to seller by issuance banker's cheque upon blocking certificate of ownership No. 15041 and upon compliance with conditions precedents to the Bank's satisfaction.	✓ ✓		
	<b>Post Drawdown</b> Submission Patent License within 3 months from disbursement date	✓		
2	<b>New (TL: USD65K)</b>  <b>New</b> <ul style="list-style-type: none"> <li>- Acceptance of Letter of Offer</li> <li>- Payment of Processing fees</li> </ul> <b>Release of facilities subject to:-</b> <ul style="list-style-type: none"> <li>- Compliance of Terms under Condition Precedent.</li> <li>- Completion of relevant security documentation. All loan/security documents which are required herein and/or such other documents as</li> </ul>			✓ ✓  ✓ ✓

**RHB BANKING GROUP**☒ RHB Indochina Bank Ltd☐ RHB Bank Bhd**CREDIT APPLICATION (CA2)***(Form for joint approval)*

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	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.			
	<ul style="list-style-type: none"><li>- Submission of new formal valuation report from our panel on the subject property with total value is not less than USD288K ✓</li></ul>			✓
	<u>Disbursement</u> After blocking of Title deed, the additional TL of USD65K shall be released by issuing banker's cheque to seller subject to : <ul style="list-style-type: none"><li>- Submission a SPA and differential sum on purchase a vacant land. ✓</li><li>- Reimbursement is allowed subject to full payment evidence. ✓</li></ul>			✓ ✓
<b>Comments:</b> N/A				

6.2 COVENANTS / OTHER TERMS & CONDITIONS				
No.	Details	Complied		To comply
		Yes	No	
1	Existing N/A			
2	New N/A			
<b>Comments:</b>				





RHB BANKING GROUP

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Part  
7.0**CREDIT ASSESSMENT**

7.1

**BORROWER BACKGROUND**

- Borrowers, Mr. Chiv (Cheav) Seng (Age:38) and Mdm. Lay Yeang (Age:36) are related as husband and wife. They are residing in No. 27CEo, St. 271, Phum Trapeang Chuk, S/K Tek Thla, Khan Sen Sok, Phnom Penh where is the premise business. They have been our loan customer with initial approval HL of USD160K since Aug 2014.
- Historically, they used to involve in selling construction material (painting) when they applied loan with us in 2014. But their business has been changed industry to sell wooden furniture since 2015. And the business' location is still the same area with monthly rental fee USD500 per month (Patent 2017 and Rental agreement is enclosed)
- Presently, the business is offered a variety of furniture such as bed, chair, cabinet, table, etc which are made in wood. Those are sold in both set and retail with the price up to USD2,000/unit upon the kind of wood and customer's order. As revealed by Mr. Chiv Seng, he decided to change the business industry as he think it is more comfortable and profitable than the previous one as there is no validity of product and get net profit up to 30% as well. Further, the borrower has advised and consulted from his relative who also has the same business. As a result, their business has been profitable and stable; however, it is just operated almost 3 years.
- All furniture is delivered from some provinces such as Kratie, Steung Treng, Pursat, etc. Mr. Chiv Seng stated that their customers are retail who buy for personal use. And he noted that his sale is gradually increased for last one year meanwhile most of customers are purchased Borey for resident, so they need furniture for decoration and use however, it is worthy products.
- Mr. Chiv Seng mentioned that A/P and A/R are not made as all payment has to be paid in cash. And stock is lump sum of about USD50K. He further said that all furniture are stored in the premise business as mentioned above where is not comfortable for big chair, bed, and chair. So, he has purchased a vacant land for construct a warehouse for stock.

**Competitors:**

- Khmer Pronit Furniture
- Sophal Furniture
- Reaksmey Furniture

Some competitor entering to the marketplace with offering the same service recently. But the borrower has no concern and strong commitment to compete the market share since they have good relationship with customers as well as the qualified products.

- Beside the business, the borrower also generate income from property rental as follow

Tenant	: Ms. Um Chantevy
Lessor	: Mr. Chiv Seng
Property 1 address	: No. 240DEo, St. 182, Phsar Depo 1, Toul Kork, Phnom Penh (The charged property)
Tenure	: 3 years (02-Oct-2017 to 02-Oct-2020)
Monthly Rental Fee	: USD950/month
Deposit	: USD2,850

Tenant	: Great Wall Taxi
Lessor	: Mr. Chiv Seng
Property 2 address	: No. 11F, St. 369, Phum Ou Andoung, S/K. Prek Pra, Khan Chbar Ampov, Phnom Penh
Tenure	: 2 years (20-Jul-2017 to 20-Jul-2019)
Monthly Rental Fee	: USD500/month
Deposit	: USD2,000

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**7.2**
**JUSTIFICATION OF REQUEST**
**To request TL: USD65K**

Borrower has engaged in selling wooden since 2015. It is profitable and stable business however, it is just started a few year operation. Now, the borrower has purchased a vacant land located along street No. 1966, Sankat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh city. They plan to construct a warehouse for furniture stock as the current premise business is not comfortable for their inventory.

Based on the furnished SPA, the purchased property is briefed as follow

Property Type	Steps	SPA	Payment	Verbal Check in Oct 2017 (USD)	
		Amount (USD)	Date	9-Base	ARC
<b>Vacant Land 116sqm</b>	1st deposit	30,000	07-Oct-17	-	-
	2nd deposit	50,000	07-Nov-17	-	-
	Final settlement	85,000	After completion ownership transfer to the borrower	-	-
	<b>Total</b>	<b>165,000</b>		<b>145,000</b>	<b>101,500</b>
	<b>% MOF</b>	<b>39.39%</b>		<b>44.83%</b>	<b>64.04%</b>

- ❖ MOF is at 39.39% against with SPA and 44.83% against with the 9-Base's and 64.04% against with ARC's.
- ❖ Noted, MOF is over request against with ascribe value of vacant land subject to following reason:
  - LU adapts verbal value with 9-Base (Average indicative value) as it is reasonable with the furnished SPA.
  - Force sale value of SPA (20% down) is at USD132K which is similar with the minimum verbal value by 9-Base.
  - Noted, ARC is almost always provides a lower than market price and it turns to increase when they issue a formal valuation.
  - The purchased land is to be constructed as warehouse, revealed by the borrower. So, the total value of property and MOF shall be increased and decreased respectively against with loan request. Noted, the construction plan is about USD30K as confirmed by borrower.
- ❖ MOA is at 68.43% against with collateral provided security coverage of 1.02x (Ascribe value). And it shall be further improved as all facilities are TLs with monthly principal installment.

**To request tenure of loan with 10 years**

Repayment capacity of borrower is well substantiated from business and rental income derived average EBIT of USD10.9K, where provides DSR of 4.25x. However, DSR is strongly comfortable but the borrower still want to request a long tenure of 10 years as they plan to construct a new warehouse on the purchased vacant land as mentioned in loan purpose. So, a long tenure shall be facilitated the borrower's cash flow on their budget plan.

All in all, the borrower requested additional 10-Year TL of USD65K to part finance on purchase vacant land for business expansion's purpose. ✓

**7.3**
**INDUSTRY LENDING DIRECTION**
**Sector: Real Estate Operation-Residential**
**Within Industry Lending Limit? Yes / No (as at 27-10-2017)**

- |   |  |  |
|---|--|--|
| <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

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7.4 SOURCE OF REPAYMENT			
	Historical 2017 (Monthly)	Projected 2018 (Monthly)	Remarks
A) EBITDA			
Wooden Furniture	USD9,525.11	USD9,709.76	
Properties rental	USD1,450.00 ✓	USD1,450.00	
B) Other recurring Income	N/A	N/A	
C) Total cash flow available for debt service (A + B)	USD10,975.11	USD11,159.76	
D) Existing debt repayment RHBIBL12-Year HL: USD160K	USD1,777.00	USD1,777.00	
E) Proposed additional Debt Repayment RHBIBL10-Year TL: USD70K	USD805.91	USD805.91	
F) Total debt repayment (D + E)	USD2,582.91	USD2,582.91	
DSR [(A+B)/(D+E)]	4.25x	4.32x	
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:				
RAM	MARC	S&P	Fitch	Moody's
Comments:				

7.6 CUSTOMER PROFITABILITY									
Facility	Average Utilization	Last 12 mths	Current RAROC	Current RRWA	Current ROA	Projected 12 mths	Projected RAROC	Projected RRWA	Projected ROA

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		Gross Income				Gross Income			
N/A									
Reasons/ account strategy if less than model recommended target return.									

7.7	<b>ANCILLARY BUSINESS/ CROSS SELLING</b>
N/A	

7.8	<b>CONDUCT OF ACCOUNT ANALYSIS</b>
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Borrowers have maintained account with RHBIBL since Aug 2014 while they are granted HL of USD160K. The conduct account is briefed as follow:

<b>Bank: RHBIBL</b>			
Mr. Cheav Seng (Account No: 2010002000038615)			
12 months			
Month	Debit (USD)	Credit (USD)	Balance (USD)
		<b>Bal. forward</b>	15.55
Nov-2016	1,796.00	1,800.00	19.55
Dec-2016	1,796.09	1,802.37	25.83
Jan-2017	1,796.00	9,800.00	8,029.83
Feb-2017	7,796.00	-	233.83
Mar-2017	1,796.00	1,700.00	137.83
Apr-2017	21,777.00	34,000.00	12,360.83
May-2017	11,777.00	-	583.83
Jun-2017	1,777.91	1,322.87	128.79
Jul-2017	1,777.00	1,700.00	51.79
Aug-2017	1,847.00	1,900.00	104.79
Sep-2017	60,777.00	70,800.00	10,127.79
Oct-2017	51,777.00	51,877.26	10,228.05
<b>Total</b>	<b>166,490.00</b>	<b>176,702.50</b>	
<b>Average</b>	<b>25,613.85</b>	<b>27,185.00</b>	<b>3,502.73</b>

**Comment:**

- For last 12 months, total turnover credit and debit reported USD176.7K and USD166.5K derived monthly deposit and withdrawal of USD27.2K and USD25.6K respectively.
- Common transactions are cash deposit and loan installments.

**Repayment History of HL**

RHBIBL

**Conduct of 12-Year HL: USD160K**

Period: 12 Months

Account No.: 40001000923500000

Account Name: Mr. Cheav Seng

No.	Installment Amount	Due Date	Payment Date	Days Past Due	Remarks
1	1,796	11-11-16	11-11-16	0	
2	1,796	12-12-16	13-12-16	1	Deposit on due date
3	1,796	11-01-17	11-01-17	0	
4	1,796	13-02-17	13-02-17	0	
5	1,796	11-03-17	13-03-17	2	Sat-Sunday
6	1,777	11-04-17	12-04-17	1	Deposit on due date
7	1,777	11-05-17	11-05-17	0	
8	1,777	12-06-17	13-06-17	1	Deposit on due date
9	1,777	11-07-17	12-07-17	1	Deposit on due date
10	1,777	11-08-17	12-08-17	1	Deposit on due date

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11	1,777	11-09-17	12-09-17	1	Deposit on due date
12	1,777	11-10-17	11-10-17	0	

**Comment:** For the Last 12 months repayment record of HL has been promptly paid.

Part 8.0	<b>GUIDED RISK ANALYSIS TEMPLATE</b>
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We have reviewed the facility as required and confirmed the following:

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

8.2	<b>Industry Risks</b>	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
<p><b>Wooden Furniture</b> Cambodian Wooden Furniture is a popular product for both house and office. With the Cambodia Real Estate Growth recently, the number of usage of wooden furniture is gradually increased since the buyers need wooden furniture to equip their new house for resident. Most products are of bed, kitchen appliance, and cabinet. Meanwhile, there are many type of furniture which are made in plastic and steel but those are not more popular than wooden products however, it is more expensive.</p> <p>Regarding to the Cambodia is the developing country; some main industries are still growth such as Borey, Hotel, Restaurant, etc. In this view, the wooden furniture is still on demand in market and it is considered as a long term business in Cambodia.</p>							

8.3	<b>Product Risks</b>	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
N/A							

8.4	Supplier / Buyer Risks		Low	✓	Medium		High						
<ul style="list-style-type: none"><li>Credit-terms are offered to potential customers to strengthen/built relationship stronger.</li></ul> <p>Adverse findings from Trade Quality Assurance Department (if any)</p> <table><tr><td>Supplier/ Buyer</td><td>Due Diligence Findings</td><td>Action Taken</td></tr><tr><td>N/A</td><td></td><td></td></tr></table>								Supplier/ Buyer	Due Diligence Findings	Action Taken	N/A		
Supplier/ Buyer	Due Diligence Findings	Action Taken											
N/A													

8.5	<b>Production Risks</b> (applicable to manufacturing company only)	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Medium	<input type="checkbox"/>	High
<ul style="list-style-type: none"> <li>Not highly labour intensive or where affirmative is not a major concern.</li> <li>Product is in good working condition and well maintained.</li> <li>Pricing allows positive returns.</li> </ul>							

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

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**8.7 FINANCIAL HIGHLIGHTS & ANALYSIS**Income Statement

Description	2015	2016	2017
	12-Month	12-Month	9-Month (Jan to Sep)
<b>Revenue</b>			
Wooden Furniture	397,530.38	432,098.24	352,254.00
Property 1 rental	11,400.00	11,400.00	8,550.00
Property 2 rental	6,000.00	6,000.00	4,500.00
<b>Gross Profit</b>	414,930.38	449,498.24	365,304.00
COGS	278,271.27	302,468.77	249,759.00
<b>Profit</b>	136,659.11	147,029.47	115,545.00
<b>Expenses</b>			
Salaries exp.	4,680.00	4,914.00	3,869.78
Living exp.	9,600.00	10,080.00	7,938.00
Other exp.	6,000.00	6,300.00	4,961.25
<b>Total exp.</b>	20,280.00	21,294.00	16,769.03
<b>EBIT</b>	116,379.11	125,735.47	98,775.98
<b>Average</b>	<b>9,698.26</b>	<b>10,477.96</b>	<b>10,975.11</b>

Comment:

- For last 3 years, sale was increased by 8% on wooden furniture and reported average monthly sale of USD39.1K with profit margin is at 30%. It can be verified by the summary sale record (note-book) for the last 3 months (Jul to Sep 2017) with average sale of USD39.2K. (Note-book record and some sale invoice are enclosed)
- About 66.98% of total income was channeled with us and the balance was used for daily business operation.
- Property rental incomes are totally of USD1.4K per month where are justified by the furnished rental agreement.
- As such, the borrower get average net monthly income of USD10.9K provided a comfortable DSR of 4.25x.

Income Projection

Description	2018	2019	2020
	12-Month	12-Month	12-Month
<b>Revenue</b>			
Wooden Furniture	507,245.76	547,825.42	591,651.45
Property 1 rental	11,400.00	11,400.00	11,400.00
Property 2 rental	6,000.00	6,000.00	6,600.00
<b>Gross Profit</b>	524,645.76	565,225.42	609,651.45
COGS	367,252.03	395,657.79	426,756.02
<b>Profit</b>	157,393.73	169,567.63	182,895.44
<b>Expenses</b>			
Salaries exp.	5,417.69	5,688.57	5,973.00
Living exp.	11,113.20	11,668.86	12,252.30
Other exp.	6,945.75	7,293.04	7,657.69
<b>Total exp.</b>	23,476.64	24,650.47	25,882.99
<b>EBIT</b>	133,917.09	144,917.16	157,012.45
<b>Average</b>	<b>11,159.76</b>	<b>12,076.43</b>	<b>13,084.37</b>

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**Comment:**

- Sale is projected to increase by 8% for the next 3 years coming based on the past record.
- COGS are estimated to remain unchanged with 70%.
- Rental incomes are expected to remain unchanged based on the furnished rental agreement and increased by 10% subject to renewal agreement after maturity date.
- All expenses are project to increase by 5% for next 3 years.

**Current DSR Scenario**

Year	2017	2018	2019	2020
Average Monthly EBIT (USD)	10,975.11	11,159.76	12,076.43	13,084.37
RHBIBL 12-Year HL: USD160K	1,777	1,777	1,777	1,777
RHBIBL 10-Year TL: USD65K	805.91	805.91	805.91	805.91
Total commitment	2,582.91	2,582.91	2,582.91	2,582.91
DSR (X)	4.25x	4.32x	4.68x	5.07x

**Sensitized DSR Scenario: (50% drop of EBIT)**

Year	2017	2018	2019	2020
Average Monthly EBIT (USD)	5,487.55	5,579.88	6,038.21	6,542.19
RHBIBL 12-Year HL: USD160K	1,777	1,777	1,777	1,777
RHBIBL 10-Year TL: USD65K	805.91	805.91	805.91	805.91
Total commitment	2,582.91	2,582.91	2,582.91	2,582.91
DSR (X)	2.12x	2.16x	2.34x	2.53x

Part  
9.0

**RECOMMENDATION BY LENDING UNIT**
**SUMMARY & RECOMMENDATION**

- Borrowers have involved in wooden furniture business since 2015. The business is well operated and profitable from year to year.
- They have been our loan customer since Aug 2014 and their repayment history has been promptly paid so far.
- Loan purpose is clarified.
- Repayment capacity of borrower is well substantiated from business and rental income derived average EBIT of USD10.9K, where provides DSR of 4.25x. However, DSR is strongly comfortable but the borrower still want to request a long tenure of 10 years as they plan to construct a new warehouse on the purchased vacant land as mentioned in loan purpose. So, a long tenure shall be facilitated their cash flow management.
- Collateral locates in good location with higher security coverage and marketable. MOA is at 68.43% with security coverage of 1.02x (Ascribe value). And it shall be further improved as all facilities are TLs with monthly principal installment.
- Borrowers are 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.



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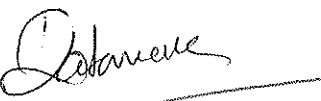
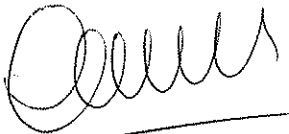
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(Form for joint approval)

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Prepared by:	Recommended by:
	
Sok Ratanak Assistant Manager, Credit Relationship Date: 27/10/2012	Chiv Hak Senior Manager Date: 27/10/2012

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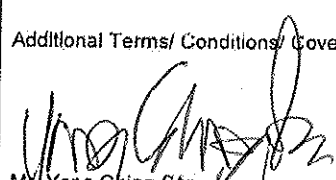
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CREDIT APPLICATION (CA2)

(Form for joint approval)

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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></p> <p>Mr. Keang Chanveasna</p> <p>Date: 27-10-2017</p>
Approver 2	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any)</p> <p>As recommended by CED</p> <p>Additional Terms/ Conditions/ Covenants: (if any)</p> <p></p> <p>Mr. Yong Ching San</p> <p>Date: 14/11/17</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)