

# RHB Indochina Bank

## CONSUMER LOAN APPLICATION

Branch	City Mall	Date	14-February-2017
To	HCM & DCH	CA No.	RHBIBL-BDM-0002-2017-0022
(To be escalated to next level if applicable)		N/A	

Borrower(B) / Guarantor(G) Profile						
No.	Name	B/G	ID /Passport No.	Age		
1	Mr. Cheam Kak	B	030696379	42	Borrowing Relationship Since (Year)	New
2	Mdm. Lim Eang	B	030413011	33	Related / Connected Party	Y N
					Borrower KYC Level	H M L
					Credit Grade	4

### Borrower Background

Mr. Cheam Kak and Mdm. Lim Eang are related as husband and wife with two children (5 years old son and 2 years old daughter). Applicants are residing at Phum Srah Keo, Khum Vangchas, Srok Udong, Kompong Speu Province. Mr. Cheam and Mdm. Lim are involved of four businesses such as retail sale of construction material, truck rental (Excavator, Dump Truck, Bulldozer, Front Loader and etc...), infrastructure sub-contractor and Chicken Farm.

### Business Background

The business of selling of construction material has been operated over 20 years. It is located Phum Srah Keo, Khum Vangchas, Srok Udong, Kompong Speu province, which is also the applicant's residential. The business profit has increased dramatically as a result of Cambodia's economy growth and the pattern of people, particularly next generation, required to have their owned residence. By this huge demand, Mr. Cheam, is the successor and the next business controller following his father (Mr. Cheam Ty) since 2008, Mr. Cheam has bought more stock in order to expand its sale volume to meet the market demand. The business is fully managed by Mdm. Lim with 3 assistants on the total land area about 5,500 Square Meter.

While the Business name is still under their father "Cheam Ty", the business received license under Mr. Cheam Kak from provincial department of Commerce No. ៥២៩. ៣៣. គអ (business license 2015 is enclosed for reference whilst 2016 & 2017 are not yet received).

He informed that most of the goods are purchased from local importers/suppliers namely: SL, DHGI, Sy Hour Eang, Kea Thy, CH and etc.

Mr. Cheam revealed that the local importers/suppliers provide him with credit term of two weeks.

The client base consists mainly house builders within 10km radius. He grants credit term of 30 days to 20% of his clients. The transactions with the remaining 40% are on cash basis.

As disclosed by Mr. Cheam there are less competitors in the area such as Song Y Construction Shop, Luy Heng, and Chin Sou. Based on branch site visit we notice that Mr. Cheam's business premises have a lot of produce display for his customer and furthermore his location is in commercial zone and quite huge than other.

- Mr. Cheam is running a truck rental business currently he has more than 10 staff. (Patent 2015 is obtained for further reference). He has owned 7 trucks (Excavator, Dump Truck, Bulldozer, Front Loader, Loading Truck and etc...) the truck rental business is not included in repayment capacity since applicants do not have any evidence to validate the income.
- Beside of above business, Mr. Cheam has invested more than USD300,000 during 2015 into Chicken farm, which presently he has 60,000 chickens and it can produce around 50,000 eggs every day. An egg is whole sold at 350 Riel per egg with net profit is 150 Riel per egg or around USD1,800 per day. We also do not include in repayment capacity since applicants do not have any evidence or proper license to validate the income. (Picture of Chicken farm is attached for further reference)
- Occasionally, Mr. Cheam Kak has won infrastructure-sub contract for government work such as road, irrigation and so on. (Contract agreement for amount of USD168,000.00 is obtained for further reference).



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Request			
- New HL of USD261,877.0 under One Park End Financing Package	Request for	Y	N
	Age deviation		N
	DSR deviation		N
	MOA deviation		N

Loan Details							
Type	Existing Limit (USD)	Proposed Limit (USD)	Change	Outstanding Balance	Pricing (Current ECOF @ 5.5%)	Repayment Period (Years)	Repayment Amount (USD)
HL (New)	-	261,877	261,877	-	ECOF + 3.0%p.a. on monthly rest subject to minimum 8.5% p.a.	12	2,907 (round up)

Loan Purpose					
To part finance the purchase of 1 unit (No. E09) of 2.5-storey shop house for their parents and their children's residence for better education in Phnom Penh.					
Under Construction	Y	N	Completed from developer	Y	N
Name of Developer Panel	: Graticity Real Estate Development Co., Ltd (One Park Project)			The applicant purchased one shop house on 30 June 2016. The total value of the purchased houses was USD445,000.00	
Unit Capping	: 16 units—Shop House; 30 units—Condo.			Applicants already paid of USD183,123.00 (Loan Schedule is enclosed).	
Approved unit @ to date %, of completion	: N/A				
SPA Price	: <b>USD445,000 (Based on SPA)</b>				

I. Refinancing					
Bank	Approved / Operating Limit		Outstanding Balance	Pricing	Repayment Record
N/A	N/A		N/A	N/A	N/A

II. Others	
N/A	

Details of Property to be Charged	
	Property
Address	Village 1, Sangkat Sras Chak, Khan Daun Penh, Phnom Penh.
Land Area	71.40sqm
Built Up Area	278.98sqm

Title Details	
i. Title No/Expiry Date of LH	(to be subdivided and issued)
ii. Type of Property	1 unit of parcel of land accommodating of 2.5 storey of shophouse
iii. Tenure – FH/LH (Balance of Years)	Freehold
iv. Registered Owner	To be transferred under the name of Mr. Cheam Kak
v. Encumbrances	None
vi. Restriction in Interest/Conditions	None
Fire Insurance by	To be insured by RHBIBL's panel valuer upon full completion
Cross Charge (Y/N) (Please furnish details if "Y")	N

Valuation		
i. Valuation Report		Formal valuation report to be issued by RHBIBL's panel valuers
- Land Value		
- Building Value		
- Total OMV		
- Value Name		
- Date		
ii. Verbal/Cross Check		
		Verbal 1
- Land Value	USD392,700 (USD5,500 psqm)	Verbal 2
- Building Value	USD69,745 (USD250 psqm)	USD385,560 (USD5,400 psqm)
- Total OMV	USD462,445 (as per completion)	USD69,745 (USD250 psqm)
		USD455,305

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- Value Name - Date	ARC 16/01/2017	CARE 17/01/2017
<b>Adopt market value</b>	USD445,000.00 (Based by SPA)	
Margin of Financing (%)	<b>58.84% based on SPA</b>	
Security Coverage (Times)	<b>1.70x times based on SPA</b>	
Remark (s)	<p><b>1/ Before Ownership Transfer (Under Construction)</b></p> <ul style="list-style-type: none"> <li>- Buy back guarantee from Developer until the hard/strata title under borrower's name is duly charged with RHB Bank;</li> <li>- Deed of Assignment on SPA from buyer allowing RHB Bank to sell the property back to developer or 3<sup>rd</sup> party in case of default;</li> <li>- Undertaking letter by developer to apply for strata title within 3 months from completion of building block;</li> <li>- Undertaking letter by developer to surrender strata title to the Bank within 1 month up on issuance.</li> </ul> <p><b>2/ Post Ownership Transfer (Hard Title Deed)</b></p> <p>Hypothetic registration of the Title Deed under buyer name is to be dully made within <b>12 months</b> from completion of building block, <b>failing which the interest rate will be increased by 3% p.a.</b></p>	

## CBC, AML and World Checking

Based on latest CBC and World checking on 07 February 2017, the applicant has no loan with other banks and MFIs. In addition, there is no entry matching to World Check and AML as well.

### > **Conduct of Account**

<b>Period</b>	<b>Mar'16 to Jan'17</b>
Account Number	3438-20-422690-2-6
Customer Name	Cheam Kak, Sun Muoykim and Lim Eang
Bank	Acleda
Type of Account	Saving

Month/Year	Dr (No.)	Cr (No.)	Dr (USD)	Cr (USD)	Closing Balance (USD)	No. of returned cheque
Mar-16	40	7	55,206.4	60,006.4	10,009.7	nil
Apr-16	5	2	9,980.1	7,003.2	7,032.8	nil
May-16	26	6	16,492.3	35,877.6	26,418.0	nil
Jun-16	0	0	-	-	26,418.0	nil
Jul-16	2	3	26,390.4	20,003.7	20,031.4	nil
Aug-16	23	6	409,673.7	579,997.0	190,354.7	nil
Sep-16	24	2	87,875.7	34,862.6	137,341.6	nil
Oct-16	23	1	111,076.7	2,300.0	28,564.9	nil
Nov-16	11	3	26,920.6	17,219.4	18,863.7	nil
Dec-16	20	4	39,010.9	0.3	5,000.3	nil
Jan-17	20	4	40,002.4	0.1	15,090.8	nil
<b>Total</b>	<b>194</b>	<b>38</b>	<b>822,629.2</b>	<b>757,270.3</b>	<b>485,126.0</b>	<b>nil</b>
<b>Average</b>	<b>18</b>	<b>3</b>	<b>74,784.5</b>	<b>68,842.8</b>	<b>44,102.4</b>	<b>nil</b>



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## Comment:-

- There was one transaction in Aug amount USD524K, which is come from the payment of his sub-contract to build road.
- Excluded the figure, average monthly credit turnover is around USD21K, which is 88% reflective of the reported sales.

## Repayment Risk Analysis

Monthly Income			6,430.9
Less Total Commitment	i) RHBIBL	2,907	2,907.00
	ii) Other FIs		
DSR			2.21x
<b>Balance Uncommitted</b>			3,523.9
Estimated / Disclosed Net worth*			Over USD183.1K
Within Bank Lending Criteria	1/3 Income		N
	45% Income		N
<b>Risks</b>	<b>Mitigating Factors</b>		
<ul style="list-style-type: none"> <li>There are many competitors in the construction material businesses.</li> </ul>	<ul style="list-style-type: none"> <li>The business of selling of construction material has been operated over 20 years. The business profit has increased dramatically as a result of Cambodia's economy growth and the pattern of people. He has many customer based.</li> <li>The subject property is developed and constructed by a well-known and experienced constructor—Graticity Real Estate Development. The disbursement is under progressive released in accordance to the stage of the completion of construction. The developer also guarantee to buy back during the incompleteness of construction and imperfection of title transfer ownership.</li> </ul>		

Note: Estimated Networth is over USD183.1K from the current resident (the properties to be charged to RHBIBL).

## Financial Analysis

The borrower submit financial statement from the sale of construction material as below:

Description	FY 2015	FY 2016
<b>Income</b>	Jan-Dec	Jan-Dec
Sale Revenue	276,324.4	300,352.6
COGS	199,519.9	214,537.6
<b>Total Revenue</b>	<b>76,804.5</b>	<b>85,815.0</b>
<b>Expenditures</b>		
Staffs (3 staff)	4,968.0	5,400.0
Utilities	1,104.0	1,200.0
Family Exp	4,416.0	4,800.0
Transportation	2,208.0	2,400.0
Other Exp	1,104.0	1,200.0
<b>Total Expense</b>	<b>13,800.0</b>	<b>15,000.0</b>
<b>Net income</b>	<b>63,004.5</b>	<b>70,815.0</b>
<b>Monthly Net Income</b>	<b>5,250.4</b>	<b>5,901.3</b>
Commitment	2,907.0	2,907.0
<b>DSR</b>	<b>1.81</b>	<b>2.03</b>
<b>Uncommitted Bal</b>	<b>2,343.4</b>	<b>2,994.3</b>
GPM	27.8%	28.6%
NPM	22.8%	23.6%
Sales Growth		8.7%
COGS Growth		7.5%
Opex Growth		8.7%

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## Comment:-

- Sales turnover grew by 8.7% in 2016 compared 2015. The growth is supported from Cambodia's economy growth and the pattern of people, particularly next generation, requires having their owned residence.
- The COGS has been validated by last 3 month purchased invoice of 15.3K, which is 85.9% reflective the average monthly reported COGS about USD19.2K:-

Month	No. Purchase Invoice	Amount (USD)
December 2016	11	16,454.0
January 2017	16	12,151.1
February 2017	25	17,480.3
Average	17	15,361.8

- As revealed by the applicants the purchased invoice 20% has been misplaced.
- Gross profit margin of 28% and net profit margin of 23% is high compare to our existing customer at SMY branch, Mr. Chhuon Kim San , Mdm. Neou Chorvy and Mr Chhuon Ratana, which reported GPM of 18.32% and NPM of 17.43%. The high profit margin, however, is due to the business nature is sell of construction material in the province and also produce of sewage pipe and pillars, which its profit margin is as high as 50%.
- Our comfort is the applicant not only has one business, but they have many other business that was not included in repayment capacity.

## Income Projection:

Applicant submitted the financial projection up to year 2019 expecting the annual sales to increase around USD24K per year based on 2015 increment, which should be achievable with the increased population and inflation rate.

Description	FY 2017	FY 2018	FY 2019
<b>Income</b>	<b>Projection</b>	<b>Projection</b>	<b>Projection</b>
Sale Revenue	320,352.6	340,352.6	360,352.6
COGS	229,052.1	243,352.1	257,652.1
<b>Total Revenue</b>	<b>91,300.5</b>	<b>97,000.5</b>	<b>102,700.5</b>
<b>Expenditures</b>			
Staffs (3 staff)	5,940.0	6,534.0	7,187.4
Utilities	1,200.0	1,200.0	1,200.0
Family Exp	4,944.0	5,092.3	5,245.1
Transportation	2,520.0	2,646.0	2,778.3
Other Exp	1,320.0	1,452.0	1,597.2
<b>Total Expense</b>	<b>15,924.0</b>	<b>16,924.3</b>	<b>18,008.0</b>
<b>Net income</b>	<b>75,376.5</b>	<b>80,076.2</b>	<b>84,692.5</b>
<b>Monthly Net Income</b>	<b>6,281.4</b>	<b>6,673.0</b>	<b>7,057.7</b>
Commitment	2,907.0	2,907.0	2,907.0
<b>DSR</b>	<b>2.16x</b>	<b>2.30x</b>	<b>2.43x</b>
<b>Uncommitted Bal</b>	<b>3,374.4</b>	<b>3,766.0</b>	<b>4,150.7</b>
GPM	28.5%	28.5%	28.5%
NPM	23.5%	23.5%	23.5%
Sales Growth	6.7%	6.2%	5.9%
COGS Growth	6.8%	6.2%	5.9%
Opex Growth	6.2%	6.3%	6.4%



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- **Sensitized Scenario:**

We conduct sensitized scenario base on the following two events:-

- **Sensitized Scenario 1:** Net Profit from business drop by 20%
- **Sensitized Scenario 2:** Net Profit from business drop by 50%

Description (USD)	Monthly 2016	Monthly 2016	
		Sensitized 1	Sensitized 2
Monthly Net Income	5,901.3	4,721.0	2,950.6
Monthly Commitment	2,907.0	2,907.0	2,907.0
DSR (X)	2.03	1.62	1.02
Uncommitted balance	2,994.3	1,814.0	43.6

In the worst case, where net profit drop as much as 50%, the repayment capacity remains sufficient with DSR is 1.02x, Since applicants have many other businesses, they can survive their daily expense.

## Recommendation


Prepared By:



**Tek Sovichet**  
Assistant Manager, Mortgage

16-02-2017

Recommend By



**Srean Raksme**  
Senior Manager, Mobile Credit & Mortgage  
16-02-2017

Credit Policy : In Compliance / Non-Compliance

D/P Check: HCM & DCH

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	USD261,877.00	
Less standalone facilities	N/A	
Total exposure excluding standalone facilities	USD261,877.00	
Of which	N/A	
Secured facilities	USD261,877.00	
Unsecured facilities	N/A	
This application is within DP of	HCM & DCH	

## Head office use only

Comment by Loan and Credit Administration

## Term Sheet

<b>HL</b>	<b>USD261,877.00</b>	<b>Tenure: 12 Years</b> <b>Installment amount: USD2,907</b> <b>Processing fee: 1% of approved amount</b> <b>Prepayment: 1<sup>st</sup> to 3<sup>th</sup> year: 3% on prepayment amount if the facility is fully/partially settled before expiry date.</b> <b>4<sup>th</sup> year to 12<sup>th</sup> year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.</b>
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## Condition precedent:

1. Acceptance of Letter of Offer
2. Payment of processing fee of 1% on approval limit (USD2,618.77)
3. Submission of the latest business patent for the year 2016 or 2017
4. Release of facilities subject to :-
  - i. Compliance of Terms under Condition Precedent.
  - ii. 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.

## Disbursement method:

1. **Progressive Disbursement** to vendor's account as per payment schedule in the SPA after:-
  - i. Completion of legal documents;
  - ii. Satisfactory submission of evidence of initial sum of deposits paid to developer;
  - iii. Obtaining necessary approval for construction permit and developer license; and
  - iv. Site Visit from Bank Staff confirms the on-going progress of the project.
2. **Final 10% of SPA** will be disbursed upon:-
  - i. Full completion of the financed unit;
  - ii. Purchase of Fire Insurance over the financed unit; and
  - iii. Obtain valuation report from bank's panel valuer indicate property is value at least the SPA price or fully secure the loan.

## Post drawdown condition:

Hypothec registration of the Tittle Deed under buyer name is to be dully made within **12 months** from completion of building block, **failing which the interest rate will be increased by 3% p.a.**

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

## Other comments:

## Appendix I

### Repayment Analysis

Item	Yes	No	NA	Remark (mandatory if "NO" is (x))
Employment Confirmation Letter			x	Self-employed earner
Salary slip for the last 3 months			x	Self-employed earner
Income statement (P&L)	Y			
Sale/Purchase invoices (for the last 3 months)	Y			
Balance Sheet		x		
Income Projection	Y			
SPA	Y			

### Security Document

### New / Complied

Facility agreement of USD261,877.00 as principal instrument	New
Hypothec Agreement as subsidiary instrument on Property __1__	New