



RHB BANKING GROUP

☒ RHB Indochina Bank Ltd☐ RHB Bank Bhd

CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

Request Type

☒ New☐ Additional☐ Renewal☐ R&R

Approving Authority

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

Part 1.0	CUSTOMER PROFILE
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1.1	CUSTOMER INFORMATION			
Borrower	Mr. Duong Phakdey and Mdm. Oum Sopheak	CIS No.	New	
Group/ Ultimate Parent	N/A	Registration No.	0330៣៣៣៣	
Ultimate Borrower's Beneficial Owner	N/A			
Business Address	Along Preah Vonivong Blvd , Phum 2, Sangkat Monorom, Khan 7 Makara, Phnom Penh.			
NBC Sector	Retail	Sub Sector	N/A	
Core Business	Car Dealer			
Date of Incorporation	2008	Relationship Since	New	
Review Due Date	N/A	Next Review Date	N/A	
DNM Reporting	<input type="checkbox"/> Broad Property Sector (Non Exempt) <input type="checkbox"/> Bridging Loan <input type="checkbox"/> Bullet/ Balloon Repayment			

1.2	CUSTOMER RISK STATUS					
Model Used:						
<input type="checkbox"/> LC <input type="checkbox"/> MM <input type="checkbox"/> GPF <input type="checkbox"/> IPRE <input type="checkbox"/> NBFI <input type="checkbox"/> SCRM <input type="checkbox"/> CBRR						
Borrower/ Guarantor	Standalone		Final Rating	Watchlist Status		Exceptional Credit
	Current CRR Rating	New CRR Rating	(For credit decision only)	EAM	AST	
Mr. Duong Phakdey Mdm. Oum Sopheak	-	4	4	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. Duong Phakdey	37	Husband	50%	2008	N/A	>USD300K
Mdm. Oum Sopheak	31	Wife	50%	2008	N/A	
No. of Employee: 7						
Succession Plan for key Personnel: Retail						
CBC / World Check Findings (if any): There are no entries matching						
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. <ul style="list-style-type: none"> To seek approval for 15-Year TL of USD945K to part finance on purchase house.
2.2	Please state brief details of waivers, deviation of guidelines & notations. <ul style="list-style-type: none"> To waive on prepayment fee of cash full/partial settlement except loan refinance purpose.

Part 3.0 FACILITY DETAILS

3.1	FACILITY (USD'000)					
Facility Type	O/S as at	Existing Limit	Increase/ Decrease (+/-)	New Limit	Pricing (ECOF: 5.50%)	Purpose
15-Year TL 945 (New)	-	-	+945	945	ECOF + 2.5% p.a. on monthly rest subject to min 8% p.a.	To part finance on purchase house
Total	-	-	+945	945		

3.2	Repayment Terms	
TL USD945K (New)	Facility Type	Tenor/ Terms of Repayment
	Interest Rate:	ECOF + 2.50% p.a. on monthly rest subject to min 8% p.a.
	Tenure:	15 Years
	Repayment:	180 monthly installment of USD9,030.91
	Processing Fee:	1% on approved amount
Prepayment: (For loan refinance purpose only)	1 st -5 th Year: 3% and 6 th -15 th Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date. (For loan refinance purpose only)	

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	945	-	945	-	-	-	945	-	945
RHB Bank Limit: Standalone:									
RHB Labuan/ Islamic/ Investment/ Leasing									
SCEL**									
Beyond SCEL***									
Total RHB Group	945	-	945	-	-	-	945	-	945



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Total Credit (RHB Group Exp+Other Banks)	945	-	945	-	-	-	945	-	945
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* Based on value as per Credit Policy

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

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

Part 4.0	DETAILS OF OTHER BANKERS/ FINANCIAL INSTITUTIONS						
No.	Name of Banker/ FI	Facility Type	Pricing (p.a)	Approved Amount (USD'000)	Outstanding as at 31-01-2017	Security	Security Coverage
1	Maybank	HL1	8.25%	119.9	112.9	Land & Building (Hard TD)	N/A
2	Maybank	HL2	8.25%	315	308	Land & Building (Hard TD)	N/A
3	Maybank	OD	8.25 %	20	20	N/A	N/A
4	ACLEDA	RL	10.5%	300	150	Land (Soft TD)	N/A
	Total			734.9	590.9		
Credit Bureau Findings: Noticeably, there is inquiry from Taiwan Cooperative Bank with limit of USD1.3M.							
World check: No name matched.							

Note: As confirmed by applicants, Taiwan Cooperative Bank is proceeding loan for the applicants as same as RHBIBL.

Purpose of loan with other banks:**Maybank**

- 9-Year HL1: USD119.9 to refinance existing HL facility from ANZ Royal Bank.
- 15-Year HL2: USD315 to part finance purchase 2-storey detached villa.
- 1-Year OD: USD20K to apply for visa debit card. The applicant has been instructed to open current account (OD) Visa Debit Card purpose.

ACLEDA

- RL: USD300K to use as working capital in car business.



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Part 5.0	SECURITY DETAILS
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5.1	SECURITY DESCRIPTION														
Security Description		OMV (USD'000)	Security Value (as per CP)												
<u>New (To be obtained)</u> 1. Facility Agreement stamped for USD945K as the principal instrument. 2. Open All Monies 1st party 1st legal charge over the following property as subsidiary instrument <u>Property</u> Title No.: 12021021-0187 and No. 12021021-01// Registered owner: Mr. Prom Sun and Mdm. Khin Taing In (To be registered under the applicants' name) Description: 2 parcel of land accommodating with a single 2-storey building house. Land: 478sqm Built-up: 360sqm Address/Location: Along Street No. 70, Sangkat Srak Chak, Khan Daun Penh, Phnom Penh. Tenure: freehold Lease expiry: N/A Fire Insurance: To be insured by bank's panel. Expiry date: N/A Verbal Check: <table><tr><th>Valuer</th><th>Date</th><th>OMV/FSV (USD)</th></tr><tr><td>BRG</td><td>24-02-2017</td><td>Land cost: USD1,338,400 (USD2,800) Building cost: USD12,600 (USD35/sqm) Total: USD1,351,000</td></tr><tr><td>ARC</td><td>24-02-2017</td><td>Land cost: USD1,434,000 (USD3,000) Building cost: USD14,400 (USD40/sqm) Total: USD1,448,400</td></tr><tr><td>CARE</td><td>24-02-2017</td><td>Land cost: USD1,386,200 (USD2,900/sqm) Building cost: USD12,600 (USD35/sqm) Total: USD1,398,800</td></tr></table> Comment: We are agreeable to indicative value of BRG as it is reasonable value and lower than ARC's and CARE's.		Valuer	Date	OMV/FSV (USD)	BRG	24-02-2017	Land cost: USD1,338,400 (USD2,800) Building cost: USD12,600 (USD35/sqm) Total: USD1,351,000	ARC	24-02-2017	Land cost: USD1,434,000 (USD3,000) Building cost: USD14,400 (USD40/sqm) Total: USD1,448,400	CARE	24-02-2017	Land cost: USD1,386,200 (USD2,900/sqm) Building cost: USD12,600 (USD35/sqm) Total: USD1,398,800	1,351	945.7
Valuer	Date	OMV/FSV (USD)													
BRG	24-02-2017	Land cost: USD1,338,400 (USD2,800) Building cost: USD12,600 (USD35/sqm) Total: USD1,351,000													
ARC	24-02-2017	Land cost: USD1,434,000 (USD3,000) Building cost: USD14,400 (USD40/sqm) Total: USD1,448,400													
CARE	24-02-2017	Land cost: USD1,386,200 (USD2,900/sqm) Building cost: USD12,600 (USD35/sqm) Total: USD1,398,800													
Total		1,351	945.7												
Security Coverage (Times) - Existing & New/ additional		1.43x	1.00x												

5.2	SECURITY ANALYSIS
	<ul style="list-style-type: none"> MOA of the property would be 69.94% with secure coverage of 1.00x (ascribe value). The collateral is located in favorable area surrounded by shop houses, Borey, school, Banks, residences, etc. and located along St. 70 near to old Stadium and connected to Toul Kork and Chroy Changva Bridge. The property is currently a construction material shop.



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Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

Part 6.0 CONDITIONS PRECEDENT & COVENANTS

6.1 CONDITIONS PRECEDENT				
No.	Details	Complied		To comply
		Yes	No	
1	<u>Existing</u> <ul style="list-style-type: none">Acceptance of Letter of OfferPayment of Processing fees <u>Release of facilities subject to:-</u> <ul style="list-style-type: none">Compliance of Terms under Condition Precedent...Completion of relevant security documentation. All loan/security documents which are required herein and/or such other documents as may be required by the Bank and/or its solicitors shall have been executed by the Borrower and/or the relevant security parties, duly stamped and registered at such registries as the Bank may deem necessary.Submission of Formal Valuation Report of not less than USD1,351K by the bank's panel of RHBIBL.Branch to issue an understanding letter for loan offering and disbursement to sellers. <u>Disbursement Method:-</u> <p>Upon completion of signing and thumb print on legal documents, ownership transfer and charging the title deed to RHBIBL, the loan will be released by issuing Banker's check to the seller upon and evidence of differential sum.</p>			<div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div> <div>✓</div>
Comments: N/A				

6.2 COVENANTS / OTHER TERMS & CONDITIONS				
No.	Details	Complied		To comply
		Yes	No	
1	<u>Existing</u> N/A			
2	<u>New</u> N/A			
Comments:				
Part 7.0 CREDIT ASSESSMENT				



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Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

7.1

BORROWER BACKGROUND

Applicants, Mr. Duong Phakdey (Age: 37) and Mdm. Oum Sopheak (Age: 31), are related as husband and wife with 3 children. They are residing in No. 80, Street 156, Phum 3, Sangkat Phar Depo 1, Khan Toul Kork, Phnom Penh. A couple has engaged in car trading business since 2008. And they have maintained HLs and OD of USD455K (O/S: USD440.9K) and RL of USD300K (O/S: USD150K) as at 31-Jan-2017 with Maybank and ACLEDA respectively.

Brief information business is summarized as follows:

Business Operation

Applicants have been involved in selling cars over nine years. As confirmed by Mr. Duong, he has experienced in business since 1997 while he was an employee in a shop.

Presently, they are running business in car dealer located along Monivong Blvd., Phum 2, Sangkat Monorom, Khan 7 Makara, Phnom Penh, and monthly rental fee of USD5,000 with tenure of 2 years (15-05-2016 to 15-05-2018) subject to renewal agreement after maturity date (Lease agreement is enclosed). Noted that, the rental agreement will be expired in 2018 while the applicant revealed that there is no concern on the renewal contract so far. They further stated that they also think about future plan on their business to mitigate risk in case of non-renewal lease agreement. That's a reason they are applying with RHBIBL to part finance purchase house where is located in a favorite zone for running business.

The business was registered in Ministry of Commerce under Business License No. 0330០០០០០០ dated 14-02-2017 and the shop is under named "Phnom Penh Pick Up". So far, the annual patent are made but now it is pending as the General Department of Taxation (GDT) is yet ready on annual income to identify on patent payment which should be as Small/Medium/Big Enterprise, revealed by applicant.

All cars are stored in the premise business as mentioned above, located about 300 meters from Central Market. So far, the applicant has enjoyed car business by purchasing second hand/used cars which already both registration number (number plate) and no number plate such as Tacoma, Tundra, Highlander, Prius, Lexus, Camry, Nissan, Montero, Alphard, etc. with the price between of USD11K and USD38K per car upon the series of car. Mr. Duong revealed that he can generate project margin up to 15% with average monthly sale of 18 cars. Most sold cars are Pick-up which the companies and farm owners are always to buy as it is a convenience for transportations. Actually, the CP Cambodia is also a customer who enjoyed using Pick-up for goods delivery and transportation from branch to branch across the Cambodia. During the site visit the premise business, we noted that there are about 40 cars are parked in the warehouse.

In addition, the business is not only offered car dealing but car service and maintenance is also provided with a convenience place (Coffee shop) during a waiting time.

Suppliers

Name	Products and Service
Ta Mong	Car Trading from oversea
Hea Se	Car Trading from oversea
Hea Chhay	Car Trading from oversea
Local dealers	Car Trading

Basically, all purchases are made in cash with a full amount of price without A/P. About 30 and 40 cars are usually purchased per month, confirmed by Mdm. Oum.

Customer

Name	Kind of cars	Sale (%)
CP (Cambodia)	Pick-up	10%
End users	Pruis, Highlander	50%
Local companies	Nissan,	20%
Farm owners	Pick-up	10%
Others	Others	10%



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For payment method, it is made in cash/Bank' check with the first deposit between 5% and 30% of total price. And the full settlement is always made after a few days of deposit date. And it shall be longer than that if the customers are proceeded car loan from some MFIs and Banks such as New World, Ly Hour, PPCB, ORO, etc. Up to date, A/R lump sum of about USD50K.

Competitors

Name	Products and Service
Som Chantha	Selling cars
Warehouse No. 69	Selling cars
Chamroeun Sok Heng	Selling cars
Heng Kong 666	Selling cars
Warehouse 888	Selling cars

Working Capital requirement in Car Business

Items	Historical	Projected	Remarks
	2016	2017	
	(Monthly)	(Monthly)	
Z) Monthly sales (USD)	406,256.42	438,756.93	<ul style="list-style-type: none"> • WC line of USD300K is financed from ACLEDA Bank • Up to date, A/R is USD50K. • Stock is USD800K
A) Debtor turnover (days)	3	3	
B) Stockholding turnover (days)	20	20	
C) Creditor turnover (days)	0	0	
D) Asset Conversion Cycle = $(A + B) - C/30$	0.77	0.77	
E) Monthly WC need = $(D \times Z)$	311,463.25	336,380.31	
Existing + proposed WC lines	300,000.00	300,000.00	
(Shortfall)/Excess in WC lines	(11,463.25)	(36,380.31)	

Property Rental

Besides business, the applicants also generate income from property rental as follows:

Lessor	: Mr. Duong Phakdey
Lessee	: Vuthisastra American International School
Tenure	: 5 Year (01-May-2016 to 31-Apr-2021)
Monthly Rental Fee	: USD2,000/month
First Deposit	: USD10,000 (Will be returned on the maturity date of contract)



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Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

7.2**JUSTIFICATION OF REQUEST**

Applicants request for 15-Year TL of USD945K at interest rate 8% p.a. with the following reasons:

- Applicants have bought a house, located along street No. 70, Sangkat Srah Chak, Khan Daun Penh, Phnom Penh, in purpose of future business operating as now they are currently leased the property for running business with 2 year renewal contract. Based on the furnished SPA, the property's price and deposits are proceeded as follows:

No.	Description	Amount	Remark
1	1 st deposit	USD10,000	Paid on 12-Jan-2017
2	2 nd deposit	USD590,000*	Paid on 10-Feb-2017
3	3 rd deposit/full settlement	USD1,216,400	Will be paid on 20-Mar-2017
Total		USD1,816,400	

Note:

- Based on SPA, there is an error on the 2nd deposit mentioned amount of USD600K. Actually, 1st deposit is just a verbal deposit only and the applicant paid of USD600K as at 2nd deposit. The balance of USD1,216,400 is to be paid on 20-Mar-2017. Total price is at USD1,816,400, confirmed by applicants.
- Applicants further stated that they could not revised SPA now as the sellers have been gone to USA and will be back to Cambodia prior to the date of 3rd deposit.
- However, we proposes loan with limit of USD945K or 69.95% against the bank panel' indicative value not the SPA.
- SPA is enclosed.
- Based on the cross check with the bank's panel, the property price and deposits are indicated as follows:

Description		SPA on 10-Feb-2017 (USD)		Verbal check (USD)					
				BRG		ARC		CARE	
No	Purchased property	OMV	Price/sqm	OMV	Price/ sqm	OMV	Price/ sqm	OMV	Price/ sqm
1	Land (478sqm)	1,816,400	3,800/sqm	1,338,400	2,800	1,434,000	3,000	1,386,200	2,900
2	Building (360sqm)			12,600	35	14,400	40	12,600	35
3	Total value	1,816,400		1,351,000		1,448,400		1,398,800	
% RHBIBL's finance		52.02%		69.95%		65.24%		67.56%	

Note: We adapted to the verbal value by BRG as it is a reasonable price and lower than ARC's and CARE's. However, it is about 34% lower than SPA.

- Applicants request loan tenure of 15 years as they have been approved 15-Year HL with Maybank as well. The longer period also facilitates to the applicant for monthly installment. However, they revealed that they might partially/ fully settle loan before maturity date when they can sell their own properties as currently it is on sale. It is also a reason that they request to waive fee for pre-payment on loan except loan refinance purpose. However, they might settle the loan at Maybank first due to property redemption for sale.
- Interest rate at 8% p.a. is requested comparing to the current competitive interest rate with other Banks. Moreover, it is acceptable as the purpose of loan is purchasing fixed asset.
- More importantly, the Taiwan Cooperative Bank is under loan process for the applicants as well. Evidentially, they have been inquired in CBC report with limit of USD1.3M



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Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TTK

7.3	INDUSTRY LENDING DIRECTION
Sector: Retail	
Within Industry Lending Limit? Yes / No (as at 03-Mar-2017)	
<input type="checkbox"/> Most attractive <input type="checkbox"/> Highly attractive <input type="checkbox"/> Attractive <input checked="" type="checkbox"/> Selective <input type="checkbox"/> Unattractive <input type="checkbox"/> Most unattractive	
If Sector falls under unattractive or most unattractive, justification for maintain or increase exposure: N/A	

7.4	SOURCE OF REPAYMENT		
	Historical 2016 (Jan to Dec) (Monthly)	Projected 2017 (Monthly)	Remarks
A) EBITDA			N/A
Selling Cars	USD53,855.13	USD58,626.04	
B) Other recurring Income:			
Property rental	USD2,000.00	USD2,000.00	
C) Total cash flow available for debt service (A + B)	USD55,855.13	USD60,626.04	
D) Existing debt repayment			
Maybank: 9-Year HL1: USD119.9K	USD1,577.00	USD1,577.00	
Maybank: 15-Year HL2: USD315K	USD3,057.00	USD3,057.00	
Maybank: OD: USD20K	USD137.50	USD137.50	
ACLEDA: RL: USD300K (Interest only)	USD2,625.00	USD2,625.00	
E) Proposed additional Debt Repayment			
RHBIBL: 15-Year TL: USD945K	USD9,030.91	USD9,030.91	
F) Total debt repayment (D + E)	USD16,427.41	USD16,427.41	
DSR [(A+B)/(D+E)]	3.40x	3.69x	



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

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

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 Gross Income	Current RAROC	Current RRWA	Current ROA	Projected 12 mths Gross Income	Projected RAROC	Projected RRWA	Projected ROA
N/A									
Reasons/ account strategy if less than model recommended target return.									

7.7	ANCILLARY BUSINESS/ CROSS SELLING
Applicants are potential customers in line business who may refer customers with RHBIBL.	

7.8	CONDUCT OF ACCOUNT ANALYSIS
<p>Bank Statement</p> <p>Applicants have maintained current and saving account with Maybank and ACLEDA Bank since they are loaned with them. Actually, the applicants have current account at Maybank with OD approved limit of USD20K at interest rate 8.25% p.a. but it is not the business operating account as it is used for payment on VISA debit card only, confirmed by Mdm. Oum. So, she do not provide us the Bank Statement (OD account). However, there is no any distress on payment based on CBC report.</p> <p>The conduct account is summarized as follows:</p>	



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

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

MAYBANK: 00001/02/002621/00

Mr. Duong Phakdey and Mdm. Oum Sopheak

12 Months

Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)
Balance Forward					25946.91
Mar-16	23	213,079.24	14	221,431.03	34,298.70
Apr-16	20	152,299.38	7	186,021.03	68,020.35
May-16	20	230,733.65	7	206,016.05	43,302.75
Jun-16	29	309,096.35	15	285,545.88	19,752.28
Jul-16	22	186,485.65	9	201,114.13	34,380.76
Aug-16	24	295,554.62	14	267,815.47	6,641.61
Sep-16	17	116,664.50	6	122,012.44	11,989.55
Oct-16	17	150,796.60	9	140,512.11	1,705.06
Nov-16	9	22,544.03	6	30,000.77	9,161.80
Dec-16	16	132,750.71	9	126,513.15	2,924.24
Jan-17	22	232,654.27	11	232,006.65	2,276.62
Feb-17	18	526,935.70	11	586,000.00	61,340.92
Total	237	2,569,594.70	119	2,604,988.71	
Average	20	214,132.89	10	217,082.39	24,649.55

Comment:

- For the last 12 months, turnover credit and debit of USD2.6M and USD2.57M and derived monthly deposit and withdrawal of USD217K and USD214.1K respectively.
- Common transactions are cash & check deposit and cash withdrawal, and monthly installments.

ACLEDA Bank: 1800-20-183784-1-1

Mr. Duong Phakdey and Mdm. Oum Sopheak

12 Months

Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)
Balance Forward					1542.20
Mar-16	36	138,749.80	11	137,887.12	679.52
Apr-16	24	150,874.86	12	150,479.30	283.96
May-16	22	146,723.14	8	148,664.27	2,225.09
Jun-16	23	94,825.30	7	97,588.27	4,988.06
Jul-16	41	256,462.28	11	253,953.92	2,479.70
Aug-16	22	215,902.82	8	214,330.19	907.07
Sep-16	23	145,730.94	11	145,748.23	924.36
Oct-16	29	59,753.18	8	77,727.05	18,898.23



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Branch: TTK

Nov-16	38	173,720.03	11	159,293.98	4,472.18
Dec-16	16	35,259.73	6	31,004.35	216.80
Jan-17	20	71,093.03	6	71,101.19	224.96
Feb-17	16	252,665.34	12	313,121.19	60,680.81
Total	310	1,741,760.45	111	1,800,899.06	
Loan drawdown of USD440,262.38					
Total	-	1,301,498.07	-	1,360,636.68	
Average	26	108,458.17	9	113,386.39	8,081.73

Comment:

- Excluding loan drawdown, for the last 12 months, turnover credit and debit of USD1.36M and USD1.30M and derived monthly deposit and withdrawal of USD113.3K and USD108.4K respectively.
- Common transactions are cash & check deposit and cash withdrawal, interest payment, and others.

Conduct Account

MAYBANK				
9-Year HL1: 119.9K				
12 months				
Account Name: Duong Phakdey				
No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	1,577	7-Mar-16	7-Mar-16	0
2	1,577	7-Apr-16	7-Apr-16	0
3	1,577	7-May-16	7-May-16	0
4	1,577	7-Jun-16	7-Jun-16	0
5	1,577	7-Jul-16	7-Jul-16	0
6	1,577	7-Aug-16	7-Aug-16	0
7	1,577	7-Sep-16	7-Sep-16	0
8	1,577	7-Oct-16	7-Oct-16	0
9	1,577	7-Nov-16	7-Nov-16	0
10	1,577	7-Dec-16	7-Dec-16	0
11	1,577	7-Jan-17	7-Jan-17	0
12	1,577	7-Feb-17	7-Feb-17	0

Comment:

Monthly installments have been promptly paid for the last 12 months.

MAYBANK				
15-Year HL2: 315K				
12 months				
Account Name: Duong Phakdey				
No.	Installment Amount	Due Date	Payment Date	Days Past Due



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(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 | Branch: TTK

1	3,057	7-Mar-16	7-Mar-16	0
2	3,057	7-Apr-16	7-Apr-16	0
3	3,057	7-May-16	7-May-16	0
4	3,057	7-Jun-16	7-Jun-16	0
5	3,057	7-Jul-16	7-Jul-16	0
6	3,057	7-Aug-16	7-Aug-16	0
7	3,057	7-Sep-16	7-Sep-16	0
8	3,057	7-Oct-16	7-Oct-16	0
9	3,057	7-Nov-16	7-Nov-16	0
10	3,057	7-Dec-16	7-Dec-16	0
11	3,057	7-Jan-17	7-Jan-17	0
12	3,057	7 Feb 17	7 Feb 17	0

Comment:

Monthly installments have been promptly paid for the last 12 months.

MAYBANK: 0000/02/002760/04

Mr. Duong Phakdey and Mdm. Oum Sopheak

7 Months

Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)	Remark
Balance Forward					(20,082.60)	
Sep-16	1	(147.38)	1	500.00	(19,729.98)	
Oct-16	2	(246.57)	0	-	(19,976.55)	
Nov-16	1	(149.82)	0	-	(20,126.37)	exceeded limit of USD126.37
Dec-16	1	(154.48)	1	200.00	(20,080.85)	exceeded limit of USD80.85
Jan-17	2	(650.90)	1	1,000.00	(19,731.75)	
Feb-17	1	(138.12)	0	-	(19,869.87)	
Mar-17	6	(15,000.00)	1	20,500.00	(14,369.87)	
Total	14	(16,487.27)	4	22,200.00		
Average	2	(2,355.32)	1	3,171.43	(19,126.46)	
OD limit					20,000.00	
OD Utilization					95.63%	

Comment:

- For last 7 months, turnover credit and debit were USD22.2K and USD16.5K respectively.
- Common transactions are cash deposit, POS purchase, ATM withdrawal, and OD interest.
- Purpose of OD is used for Debit Visa Card. That is why the check withdrawal is not recorded.
- Noted that, there was a few exceeded OD limit in Nov and Dec 2016 because of OD interest charge. As applicant disclosed, they are mostly used account No. 00001/02/002621/00 where is for TLs installment and cash flow on business. So, they are not intended to exceed limit OD while there is a sufficiency fund in main account with Maybank.

Repayment History Record with ACLEDA (RL: USD300K)

As the applicants confirmed, they have maintained RL with original limit of USD300K at interest rate 10.5% p.a (Monthly interest only). Based on the furnished bank statement for the last 12 months, the monthly interest payments have been



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Application No. : RHBIBL-BDM-0010-2017-0034 | Branch: TKK

promptly paid as well as the CBC report. Branch also asked for the loan schedule repayment, but the customers said they will find it and submit to us accordingly. Loan schedule is not properly kept as they think that they have channeled account with ALCEDA and monthly interests have 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	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Medium	<input type="checkbox"/>	High
	<ul style="list-style-type: none"> There is no promptly financial recorded, since it is a family business. However, the borrowers are operating business well and profitably from year to year. 						

8.2	Industry Risks	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
	<p>Car trading has progressed since Cambodian economy and infrastructure have improved. The business has been enjoying the growth due to the increase in living standard.</p> <p>Last year there were 45,000 used and new vehicles imported into Cambodia with 4,000 of those new cars, an increase of 8 to 9 percent. The number of new cars imported into Cambodia is increasing. The percentage of new cars coming in by authorized dealers will get higher and higher. Now it is only 7 to 8 percent, but for sure it will increase to 15 to 16 percent. The total number of imports is 45,000 and the number of new cars was 4,000 in 2015. However, Cambodians want to buy cheap cars, and Japanese cars such as Toyota have the biggest market share in Cambodia since spare parts and reasonably price.</p> <p>Cambodia launched public bus transportation service in Phnom Penh in February 2014. While the number of passengers using public transportation is slowly increasing, the majority of people prefer to travel by motorbike or private car. With Cambodia's growing prosperity, automobile ownership is rapidly increasing. The vast majority of cars are imported second-hand vehicles. The most popular models are four-wheel-drive vehicles and mid-sized Japanese sedans. All car imports must be left-hand drive. Local dealers estimate that Cambodia's demand for new vehicles is around 4,000 vehicles annually and the demand for second-hand cars is about 14,000 units annually. The United States appears to be the largest supplier of used vehicles in Cambodia. A number of companies sell used and new cars in Phnom Penh. Ford has a local dealership and Chevrolet opened its first dealership in May 2013. The market also supports Mercedes, Sanyong, Great Wall Motor, Hyundai, BMW, and Peugeot dealers as well as representatives of major Japanese companies including Toyota, Honda, Nissan, Subaru, and Mitsubishi.</p>						

8.3	Product Risks	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
	<ul style="list-style-type: none"> Demands for used cars are increasing; however, there are a few company where imported new car in Cambodia. 						

8.4	Supplier / Buyer Risks		Low	✓	Medium		High
<ul style="list-style-type: none">Used cars are purchased from local dealers.Credit-terms are offered to potential customers to strengthen/built relationship stronger.							
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)	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Medium	<input type="checkbox"/>	High
	<ul style="list-style-type: none"> Not highly labour intensive or where affirmative is not a major concern. Product is in good working condition and well maintained. Pricing allows positive returns. 						

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



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Application No. : RHBIBL-BDM-0010-2017-0034 | Branch: TTK

8.7 FINANCIAL HIGHLIGHTS & ANALYSISIncome Statement

Phnom Penh Pick-up Car Shop		Income Statement			Average 2016
		2014	2015	2016	
Revenue		12-months	12-months	12-months	
	Selling cars	4,171,115.88	4,485,070.84	4,875,077.00	-
	Total revenue	4,171,115.88	4,485,070.84	4,875,077.00	406,256.42
COGS					
	Cars	3,545,448.50	3,812,310.21	4,143,815.45	-
	Total COGS	3,545,448.50	3,812,310.21	4,143,815.45	345,317.95
Gross Profit		625,667.38	672,760.63	731,261.55	60,938.46
Operating Expenses					
	Utilities	5,415.00	5,700.00	6,000.00	500.00
	Salary	6,317.50	6,650.00	7,000.00	583.33
	Warehouse rental (Premise Business)	60,000.00	60,000.00	60,000.00	5,000.00
	Other expenses	10,830.00	11,400.00	12,000.00	1,000.00
Total expense		82,562.50	83,750.00	85,000.00	70,833.33
EBIT		543,104.88	589,010.63	646,261.55	53,855.13
Average monthly EBIT		45,258.74	49,084.22	53,855.13	-
Monthly rental income		2,000.00	2,000.00	2,000.00	-
Total monthly income		47,258.74	51,084.22	55,855.13	-

Comment:

- Sale was gradually increased by 7% and 8% from Y2015 and Y2016 respectively.
- Profit margin was at 15%.
- Average sale in Y2016 reached of USD406K per month as the applicant could averagely sell of 18 cars per month with a range price between USD11K and USD38K upon the series of car.
- Note that, the premise business is leased with monthly rental fee of USD5K. After operating deduction, EBIT reported of USD53.8K per month generated from car trading.
- Besides, property rental of USD2K is an additional income as the applicant has leased to Vuthisastra American International School.

Justification

- Average monthly sale of USD406K is reasonable and acceptable based on the furnished sale invoices for last 12 months (Jan to Dec) which showed that they sold 18 cars per month. Moreover, it was strongly verified by average monthly deposit of USD330K with Banks, ACLEDA and Maybank, i.e. 81.28% of sale was channeled with Banks.
- 18 cars per month (average) is not a bulk of sale as the applicants have corporate with Banks and MFI for car loan. Further, they have good relationship with customers such as CP Cambodia, company staff, etc. as they are provided a good quality and trust as they have experienced in business for over 9 years.
- Profit margin is at 15% is reasonable comparing to the existing loan customers, Mr. Khat Viroth, and Mr. Koet Khe, who have run business in the same scale.



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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

Income Projection

Phnom Penh Pick-up Car Shop		Income Projection		
		2017	2018	2019
Revenue		12-months	12-months	12-months
	Selling cars	5,265,083.16	5,686,289.81	6,141,193.00
	Total revenue	5,265,083.16	5,686,289.81	6,141,193.00
COGS				
	Cars	4,475,320.69	4,833,346.34	5,220,014.05
	Total COGS	4,475,320.69	4,833,346.34	5,220,014.05
Gross Profit		789,762.47	852,943.47	921,178.95
Operating Expenses				
	Utilities	6,300.00	6,615.00	6,945.75
	Salary	7,350.00	7,717.50	8,103.38
	Warehouse rental (Premise Business)	60,000.00	63,500.00	66,000.00
	Other expenses	12,600.00	13,230.00	13,891.50
Total expense		86,250.00	91,062.50	94,940.63
EBIT		703,512.47	761,880.97	826,238.32
Average monthly EBIT		58,626.04	63,490.08	68,853.19
Monthly rental income		2,000.00	2,000.00	2,000.00
Total monthly income		60,626.04	65,490.08	70,853.19

Comment:

- Revenue projected to increase by 8% in next 3 years based on the previous year recorded and the economic growth and market demand on used car.
- Profit margin is expected to remain unchanged.
- Rental income is assumed to remain unchanged based on the furnished lease agreement.
- Operating expenses are projected to increase by 5% upon the increase of sale, while the warehouse rental is expected to increase by 10% after maturity date on 15-May-2018.

Current DSR Scenario

Description	2016	2017	2018	2019
Average Monthly EBIT (USD)	55,855.13	60,626.04	65,490.08	70,853.19
MAYBANK-9 Year-HL1: USD119.9K @8.25% p.a.	1,577.00	1,577.00	1,577.00	1,577.00
MAYBANK-15 Year-HL2: USD315K @8.25% p.a.	3,057.00	3,057.00	3,057.00	3,057.00
MAYBANK-OD: USD20K @8.25% p.a.	137.50	137.50	137.50	137.50
ACLEDA-RL: USD300K @10.5% p.a.	2,625.00	2,625.00	2,625.00	2,625.00
RHBIBL-15 Year-TL: USD945K @8% p.a.	9,030.91	9,030.91	9,030.91	9,030.91
Total commitment	16,427.41	16,427.41	16,427.41	16,427.41
DSR (X)	3.40x	3.69x	3.98x	4.31x



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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

Sensitized DSR Scenario (30% drop)

Description	2016	2017	2018	2019
Average Monthly EBIT (USD)	39,098.59	42,438.22	45,843.05	49,597.23
MAYBANK-9 Year-HL1: USD119.9K @8.25% p.a.	1,577.00	1,577.00	1,577.00	1,577.00
MAYBANK-15 Year-HL2: USD315K @8.25% p.a.	3,057.00	3,057.00	3,057.00	3,057.00
MAYBANK-OD: USD20K @8.25% p.a.	137.50	137.50	137.50	137.50
ACLEDA-RL: USD300K @10.5% p.a.	2,625.00	2,625.00	2,625.00	2,625.00
RHBIBL-15 Year-TL: USD945K @8% p.a.	9,030.91	9,030.91	9,030.91	9,030.91
Total commitment	16,427.41	16,427.41	16,427.41	16,427.41
DSR (X)	2.38x	2.58x	2.79x	3.01x

Part
9.0

RECOMMENDATION BY LENDING UNIT

SUMMARY & RECOMMENDATION

- Borrowers are experienced in business more than 9 years. And the business is profitable and stable from year to years.
- Presently, the applicants are loan customers with ACLEA and Maybank. Note that, the monthly installments have been promptly paid for the last 12 months.
- Repayment capacity of borrower is well substantiated from average monthly net income of USD55.8K derived from selling car and property rental translates DSR at 3.40x.
- Turnover deposit of USD3.9M was channel with Banks, ACLEDA and Maybank.
- In overall, MoA is 69.94% with secure coverage of 1.00x (ascribe value).
- Collateral locates in good location with higher security coverage and marketable.

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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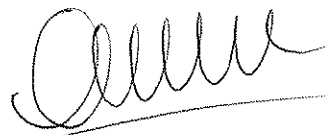
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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TTK

Prepared by:  _____ SoK Ratanak Assistant Manager Date: 03-03-2017	Recommended by:  _____ Prum Hul Branch Manager Date: 03/03/17
	Recommended by:  _____ Chiv Hak Senior Manager Date: 03-03-2017

Credit Evaluation – Loans and Credit Administration							
Date	:	18 March 2017			Branch	:	TKK
From	:	Credit Evaluation – Credit Management Department					
To	:	Country Head & Head, Credit Management					
1.0 Borrower Information							
Borrower:	1	Mr. Duong Phakdey			Nature of business/ Employment	1	Car Dealer
	2	Mdm. Oum Sopheak				2	Property rental
						3	
Guarantor:	1	N/A			Borrowing R's ship since:	New	
CRR Grade		4					
2.0 Term Sheet							
New/ Additional	Facility	Existing Limit (USD)	Proposed Limit (USD)	O/S balance	Tenure	Interest rate ECOF = 5.5% p.a.	
New	TL	-	945,000	-	15 years	ECOF+ 2.5% p.a. on monthly rest, subject to minimum 8.0% p.a.	
Total		-	945,000				
Fees	Processing fee		: 1% on approved limit				
	Prepayment fee		: 1 st - 5 th year : 3% 6 th - 15 th year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.(Applicable of loan refinancing)				
	Renewal fee		: N/A				
	Commitment fee		: N/A				
Loan Purpose:	- To part finance purchase of 2 parcel of land accommodating with 2 storey building						
Request/ Deviation:	- To waive on prepayment fee of cash partial/full settlement.						

3.0 Comment by Credit Evaluation:	
1.	Borrowers are related as Husband and Wife where they have engage in car dealership business since 2008 known as "Phnom Penh Pick Up". The business premises is operated on the rented warehouse with monthly rental fee of USD5, 000 which is located about 300m from Central Market.
2.	Beside the above, borrowers also have additional income from rental property with monthly rental fee of USD2, 000 (TD& lease agreement attached).
3.	The purpose of loan is to part finance purchase of 2 parcel of land accommodating with 2 storey building for future business premise with total purchase price of USD1, 816K as per SPA. Up to date, borrower has paid 2 nd payment to seller already with total amount of USD600K while we will finance 52% of total purchased price or 69.95% based on the lowest verbal value by our panel.

4. As per CBC report borrowers maintained 4 loans with Acleda & Maybank. The previous repayment has been promptly paid and up to date; however, there are 2 OD excess occasions for the last 7 months due to OD interest debit which were regularized within the same month.
5. Comment on financial
 - i) Financial for the past 3 year has seen 8% growth in revenue. Average monthly sale of USD406K is verified again last 12 months sale invoice(Jan-Dec2016) with average 18 cars were sold per month .
 - ii) Moreover, the reported average revenue can be substantiated via AMD of Maybank & Acleda bank with an average of USD 330K reflecting 81.28% of the reported turnover.
 - iii) Total net income of USD55.85K translates to adequate DSR of 3.4x with 30% reduction in net Income, DSR still acceptable at 2.38x.
6. The collateral to be charged is the purchased property with total OMV of USD1, 351K deriving security coverage of 1x(ascribe value) . We have proposed for additional property or lower loan limit in order to improve SCR, but were informed that borrowers are not agreeable as they earlier request for TL of USD1M and they also use the same collateral to apply loan of USD 1.3M with Taiwan bank as evident by CBC report on 03/03/2017.

4.0 Concluded by Credit Evaluation


- I would concur on branch recommendation for Management approval subject to:
 - i) Submission of 2017 patent upon next annual review.
 - ii) Borrower to channel the fair sale in operating account with RHBIBL.

Prepared by:



Hok Kimsovichheka
 Assistant Manager
 Date: 20/03/2017

Concurred by:



Tang Siew Hon
 Senior Manager
 Date: 20/03/2017



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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 | Branch: TKK

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

Evaluated by:

Name:

Position:

Date:



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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-BDM-0010-2017-0034 Branch: TKK

10.2	APPROVAL
Approver 1	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any) <i>① To price at 8.50% instead due to security coverage of only 1 time.</i></p> <p>Additional Terms/ Conditions/ Covenants: (if any) <i>② No waiver of early settlement fee upfront. Borrower may request for consideration from bank.</i></p> <p><i>[Signature]</i> Mr. Yong Ching San Head, Credit Management Date: 20/9/17</p>
Approver 2	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any) <i>As recommended above</i></p> <p>Additional Terms/ Conditions/ Covenants: (if any)</p> <p><i>[Signature]</i> Mr. Lim Loong Seng Country Head Date: 21/9/17</p>

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