

*RHB INDOCHINA BANK LIMITED*  
**CONSUMER LOAN APPLICATION**

*Please use  
same font.*

**From: City Mall Olympic**  
**To: Head Office**

**Date : 17 July 2015**

**CA No: RHBIBL/0002/2015/00028**

**PART 1**

<b>BORROWER :</b>			<b>GROUP NAME:</b>		
<b>Mr. Chea Makara and Mdm. Sourkea Naly</b>			<b>SHPP Trading Co., Ltd.</b>		
Credit Grade	Security Coverage (%)	Borrowing Relationship Since:	Credit Grade	Security Coverage (%)	Exposure
<b>3</b>	<b>220%</b>	<b>11/07/2013</b>	<b>3</b>	<b>318.36%</b>	<b>USD63,363.65</b>
<b>Self-Employed / Employed</b>		<b>Finance Manager/ Motor Washing and Lubricant wholesaler &amp; Retailer</b>			<b>Industry: Wholesale &amp; Retail sell</b>
<b>Borrower's KYC Level</b>		<b>Low</b>		<b>Related/Connected Party : Yes/<u>No</u></b>	

Note: The borrowers had been granted TL of USD21,000 since 11/07/2013 and fully settled since 21/04/2015

<b>Branch :</b>	<b>City Mall Olympic</b>			<b>Date : 17 July 2015</b>
<b>To:</b>	<b>BM &amp; Head of Credit management</b>			<b>From: City Mall Olympic</b>
<b>Request</b>	<b>To seek approval for:</b> <b>(i) New Term Loan of USD80,000 for purchase land</b>			<b>Product Code: N/A</b>
<b>Facility Type</b>	<b>Current limit (USD)</b>	<b>Proposed Limit (USD)</b>	<b>O/S</b>	<b>Pricing (Currently ECOF@5.25%)</b>
<b>Term Loan ("TL")</b>	<b>0.00</b>	<b>80,000.00</b>	<b>0.00</b>	<b>ECOF + 4.75% p.a. on monthly rest subject to min 10%p.a.</b>
<b>Total</b>	<b>0.00</b>	<b>80,000.00</b>	<b>0.00</b>	

Next Review Date: One year from disbursement date.

**1.0 Purpose**

*Part finance*

<b>Term Loan</b>	<b>: Partial purchase of land</b>
------------------	-----------------------------------

**2.0 New Conditions Precedent and Other Terms & Conditions.**

**Complied**

**2.1 Acceptance of Letter of Offer**

**New**

**2.2 Payment of processing fee USD800.00**

**New**

**2.3 Release of facilities subject to:-**

**New**

1. Compliance of Terms under Condition Precedent.
2. Completion of relevant security documentation. All loan/security documents which are required herein and/or such other documents as may be required by the Bank and/or its solicitors shall have been executed by the Borrower and/or the relevant security parties, registration fee duly paid and registered at such registries as the Bank may deem necessary.
3. To submit a formal VR which value is not less than USD176,000 from our panel valuer

**3.0 Security**

**Ascribed Value (USD)**

**3.1 Facility Agreement for USD80,000 as principal instrument.**

**3.2 Hypothec Agreement as subsidiary instrument.**

**3.3 1<sup>st</sup> Ranking Hypothecator (1<sup>st</sup> Party Legal Charge) in favour of RHB Indochina Bank Limited over the following property:**

Title Details			
<b>A parcel of land held under title deed No. 12070508-0451 issued on 27 December 2007 by Phnom Penh Department of Land Management Urban Planning and Construction.</b>			
Tenure	<b>Freehold</b>		
Land Use	<b>Residential</b>		
Land Condition	<b>N/A</b>	Build-up Area	: N/A
		Land Area	: 519sqm
Registered Owner / Relationship	<b>To be transferred under name Mr. Chea Makara and Mdm. Sourkea Naly (Husband and Wife)</b>		
Occupant	<b>Occupied as Residence</b>		
Restriction in Interest/	<b>No</b>		
Encumbrances	<b>No</b>		
Formal Valuation By	<b>To be issued by KRE</b>		<b>Date: N/A</b>
<b>OMV</b>	<b>Cross Check with "KRE" on 29 June 2015 with Mrs. Bin Beakna, Valuation Manager</b> Land: 549sqm x USD330/sqm: USD181,000 <b>Total: USD181,000</b>		<b>FSV : N/A</b>
<b>Cross Check</b>	<b>"ARC" on 30 July 2015 with Mr. Vanda, Valuation Officer</b> Land: 549sqm x USD320/sqm: USD176,000 <b>Total: USD176,000</b>		
Comment on the valuation	We still adopt the formal VR of ARC since it is lower and reasonable.		
Marketability Factor of the property and "as is basis"	The property is about 300m from New World Housing Developer and it is a medium density of residential area and surrounding by residential development projects.		
Insurance By:	<b>To be insured by panel insurer</b>	Expiry	
Mortgagee Clause	<b>Yes</b>		
Address of Property	<b>Phum Dey Thmey, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh</b>		
Cross Charge (if applicable)	<b>No.</b>		

USD176,000  
(OMV)

OR

4.0	Other Security	Ascribed Value (USD)
4.1	1 <sup>st</sup> Party / 3 <sup>rd</sup> Party Memorandum of Deposit of Fixed Deposit and Letter of Set-Off (Depositors : _____ Amount: _____)	(N/A)
4.2	Personal Guarantee for ..... by Mr. .... (ID Card No. ....) and Mdm. .... (ID Card No. ....)	(N/A)
4.3	Corporate Guarantee (where applicable) for \$xxxxx by (Guarantor's name / Business Registration No.)	(N/A)

**5.0 Terms and Conditions**

<b>5.1</b>	<b>Term Loan ("TL") USD80,000</b>	<b>Purpose</b>	<b>: To partial purchase of land</b>
		<b>Tenor</b>	<b>: 10 years</b>
		<b>Interest Rate</b>	<b>: ECOF (currently at 5.25%) + 4.75 % p.a. on monthly rest subject to min 10%p.a.</b>
		<b>Repayment</b>	<b>: 120 monthly installments of USD1,057.21 each commencing one month after full Release of loan.</b>
		<b>Processing fee</b>	<b>: 1% on the total approved limit (USD800)</b>

**Prepayment**

: 1<sup>st</sup> to 5<sup>th</sup> year: 3% on prepayment amount if the facility is fully/partially settled before expire date.  
 6<sup>th</sup> to 10<sup>th</sup> year: 1% on prepayment amount if the facility is fully/partially settled before expire date.

**5.2 Valuation Report (To be submitted upon loan approval)****5.3 Additional terms and conditions (N/A)**

(Note : For review/enhancement, insert new/additional proposed terms and conditions, if any )

For existing loans, are previous conditions been complied with? **(N/A)**  
 (Explain if 'No')

☐

Yes

☐

No

**6.0 Background Profile****6.1 Applicant and Joint Applicant's Information**

**Applicant** : Mr. Chea Makara **Date of Birth:** 07-01-1983 **ID/Passport No.:** 010381008  
**Joint Applicant** : Mdm. Sourkea Naly **Date of Birth:** 20-12-1983 **ID/Passport No.:** 010231399  
**Business Type** : Deputy Directing Manager/Finance Manager/ Motor Washing and Adhesive and Lubricant Distributor.  
**Biz. Address** : No. J311, St.271, Sangkat Tamnub Teuk, Khan Chamkamorn, Phnom Penh.  
**Address** : No.164Eo, St.369, Sangkat Chbar Ampov 2, Khan Meanchey, Phnom Penh.  
**Relationship** : Husband and wife. **Since** : Nil  
**Telephone No.** : 012983888 & 012929119

**6.2 Business Background****6.2.1 Business Industry**

Ministry of Commerce officials maintained that low import taxes and increased demand from consumers were the causes behind the 45.26 increase in vehicle imports in the first half of 2012 compared to the same period last year.

The data showed 486,827 vehicles, of all makes and models, were imported during the first six months of the year compared to 335,131 vehicles during the first six months of 2011; the value of the imports increased from US\$179.45 million to \$239.20 million.

Kong Putheara, director of the Department of Statistics and Information at the Ministry of Commerce, said Cambodia's economic growth and tax deductions led to an increase in vehicle imports. "The government decided to make the tax lower than that of Vietnam, so people with a decent income are able to afford a car."

Cambodia imports vehicles from Thailand, the United States, Germany, the United Arab Emirates, Taiwan and Singapore, though most Cambodians like vehicles from the US and Germany, according to Kong Putheara.

**6.2.2 Business & Borrowers Information****(i) Borrower Background**

Mr. Chea Makara (aged 32) and Mdm. Sourkea Naly (aged 32) are related as husband and wife. They have current address at No.164Eo, St.369, Sangkat Chbar Ampov 2, Khan Meanchey, Phnom Penh.

Mdm. Sourkea Naly works at VHK Business Group Co., Ltd. She was entitled as a job description of Finance Manager with monthly salary of USD850.

Mr. Chea Makara is the owner of Rally Shop and he has invested his own resources into the family business as a "Rally" since year 2006 and he has operated it by supporting from 7 workers including 4 motor washing workers and 3 sale staffs. The "Rally" is located at No. J311, St.271, Sangkat Tamnub Teuk, Khan Chamkamorn, Phnom Penh.

The Rally is in the good location where it is nearby Sovanna Shopping Mall under the rental agreement with Mr. Chea Makara as "Lessor" and Mdm. Teng San as "Lessee". The both parties entered into a three-year term of rental agreement with effective date from 09 Mar 2013 to 09 Mar 2016 while the monthly rental price is equivalent to sum of USD650 for the first year and will be increased to USD700 from the second year onward while the contract was just renewal.

"Leased contract is attached for reference"

Currently, Mr. Chea Makara also works at VHK Business Group Co., Ltd as a Deputy Managing Director with monthly salary of USD900.

## (ii) Customer and Product

During our discussion with borrowers, they advised that they offer motor washing and engine oils change service with the following price.

No-	Description	Charge (USD)
1	Motor Washing	0.75
2	Engine oils change (Motor)	4.5

Note: engine oil price is variable upon the brand.

A part from motor washing service, Rally also wholesale & retail all kinds of lubricants, i.e. Valvoline Brand. Rally, however, can do the better service by not risking selling fake product rather than damage reputation and they have sale staffs to sell the products in door to door surrounding Phnom Penh City such as:

No.	Customer Name	Location
1	Cheng Ly	Doun Penh
2	Vannak	Phsar Doerm Thcov
3	Thon Kaya	Toul Svay Prey I
4	Cheang Thon	Phsar Kabkor
5	Cheang Ouk	Chak Angre Krom
6	Chea Kimsan	Russey Keo
7	Chou Kimheng	Toul Kork
8	Sok Chun	Chum Chao
9	Cheang Hab	Phsar Dermkor
10	Nget Phat	Teok Laork II

Note: invoices are enclosed for reference.

## (iii) Competitor

Branch also observed that there are many competitors entering to the marketplace with offering the same service and they mentioned that they have more competitive advantage in the pricing. As confirmed by borrowers, the competitors who have the same size of business operation nearby their shops are listed as below:-

- Mr. San Sopheak
- Mdm. Tep Sophorn
- Excel and G2000 Lubricant Shop (next to Rally)
- Brak Vanny
- Song Borith

## (iv) Sale Strategy

With over 8 years' of experience under family operated business, the couple usually uses payment by cash to support their business activities. Borrowers advised that they can capture a good market share among the competitors by building good networking and reputations and they are able to offer reasonable prices and door sale service via sale staffs.

**7.0 Banking Information**

As per the CBC Check on 17 July 2015, the borrower does not have any loan facilities at any banks.

**8.0 Loan Purpose**

The applicants has approached us for USD80,000 to partial finance on purchase of land located at Phum Dey Thmey, Sangkat Phnom Penh Thmey, Khan Sen Sok, Phnom Penh. As per SPA provided, the property price is USD195,000 and the borrower already deposited USD20,000 dated 23 May 2015 while the remaining balance of USD175,000 will be paid on 27 October 2015. Therefore, the request facility will be used in addition to borrower's fund to fully pay on purchase land as mentioned above.

**Disbursement Method**

Upon completion of signing and thumb print on legal documents and charging the title deed to RHBIBL, the loan will be released by issuing banker check to the seller upon completing of ownership transfer to borrowers & charging the TD to RHBIBL and evidence of differential sum.

**9.0 Collateral Information**

The offered property is about 100m from New World Housing Developer and it is a medium density of residential area and surrounding by residential development projects. The property value was indicated by two panel valuers as below:

Vacant Land	Cross Check	Cross Check
	29 June 2015	30 June 2015
	"KRE"	"ARC"
	(USD)	(USD)
Land (549sqm)	181,000 (USD330/sqm)	176,000 (USD320/sqm)
<b>Total</b>	<b>181,000</b>	<b>176,000</b>
<b>MOF (%)</b>	<b>44.20%</b>	<b>45.45%</b>

**10.0 Financial Analysis****1. Income Statement**

Description (USD)	2013	2014	2015
Revenue	12-month (USD)	12-month (USD)	Jan-Jun (USD)
Motor Washing	5,952.00	6,249.60	3,281.04
Lubricant	260,760.00	273,798.00	143,743.95
Total Revenue	266,712.00	280,047.60	147,024.99
Cost of Goods Sold	213,369.96	224,037.96	117,619.98
<b>Gross Profit</b>	<b>53,343.00</b>	<b>56,009.64</b>	<b>29,405.01</b>
Operating Expenses			
Rental Expense	7,950.00	8,400.00	4,200.00
Salaries	10,920.00	11,760.00	6,300.00
Utilities	6,204.00	6,514.20	3,420.00
<b>Total Expenses</b>	<b>25,074.00</b>	<b>26,674.20</b>	<b>13,920.00</b>
<b>Net Income</b>	<b>28,269.00</b>	<b>29,335.44</b>	<b>15,485.01</b>
Salary Mr. Chea Makara	10,773.00	10,260.00	5,400.00
Salary Mdm. Sourkea Naly	9,205.44	9,690.00	5,100.00
<b>Total Net Income</b>	<b>48,247.44</b>	<b>49,285.44</b>	<b>25,985.01</b>
<b>Monthly Average</b>	<b>4,020.62</b>	<b>4,107.12</b>	<b>4,330.84</b>

The average monthly net profit was **USD4,330.84** as from Jan-Jun 2015 while the revenues are derived from Motor Washing and Lubricant sale. The rational revenue is equivalent to 5% increase from the year 2013 to the year 2015. As it is a family business, purchase and sale invoices are not promptly recorded. However, summary of daily sale is provided.

**2. Income Projection**

Description	2016	2017	2018
Revenue	12-month (USD)	12-month (USD)	12-month (USD)
Motor Washing	6,892.20	7,236.84	7,598.64
Lubricant	301,862.28	316,955.40	332,803.20
Total Revenue	308,754.48	324,192.24	340,401.84
Cost of Goods Sold	247,002.00	259,352.16	272,319.72
<b>Gross Profit</b>	<b>61,752.48</b>	<b>64,840.08</b>	<b>68,082.12</b>
Operating Expenses			
Rental Expense	8,800.00	9,600.00	9,600.00
Salaries	13,440.00	14,280.00	15,120.00
Utilities	7,182.00	7,541.10	7,918.15
<b>Total Expenses</b>	<b>29,422.00</b>	<b>31,421.10</b>	<b>32,638.15</b>
<b>Net Income</b>	<b>32,330.48</b>	<b>33,418.98</b>	<b>35,443.97</b>
Salary Mr. Chea Makara	11,340.00	11,907.00	12,502.32
Salary Mdm. Sourkea Naly	10,710.00	11,245.56	11,807.88
<b>Total Net Income</b>	<b>54,380.48</b>	<b>56,571.54</b>	<b>59,754.17</b>
<b>Monthly Average</b>	<b>4,531.71</b>	<b>4,714.30</b>	<b>4,979.51</b>

**3. Repayment Analysis**

Description (USD)	Jan-Jun 2015	2016	2017	2018
Average monthly income	4,330.84	4,531.71	4,714.30	4,979.51
RHBIBL's monthly instalment	1,057.21	1,057.21	1,057.21	1,057.21
DSR	4.09x	4.28x	4.45x	4.71x

**4. Sensitized Scenario**

We assumed that borrowers will have a 20% drop in all their average monthly income so the repayment will be as below:

Description (USD)	Jan-Jun 2015	2016	2017	2018
Average monthly income	3,464.67	3,625.37	3,771.44	3,983.61
RHBIBL's monthly instalment	1,057.21	1,057.21	1,057.21	1,057.21
DSR	3.27x	3.42x	3.56x	3.76x

Borrowers advised that revenue is expected to increase by 5% from 2016 to 2018 based on the reason that Cambodia's economic growth and tax deductions led to an increase in vehicle imports. "The government decided to make the tax lower than that of Vietnam, so people with a decent income are able to afford a car."

**11.0 Repayment Risk Analysis****11.1 Income Assessment / Employment**

a) Average Monthly Income ( <b>Average EBIT Jan-Jun 2015</b> )	<b>USD4,330.84</b>
b) Less: Total Commitment (include other FIs) RHBIBL TL: USD80,000 @ USD1,057.21 <b>Total</b>	USD1,057.21
<b>c) Balance Uncommitted</b>	<b>USD3,273.63</b>
<b>d) Estimated / disclosed net worth</b>	<b>USD176,000.00</b>

<b>Whether within Bank's Lending Criteria</b>	<b>Y/N</b>
1/3 income	<b>Y</b>
45% income	<b>Y</b>
Age	<b>32 &amp; 32 Years</b>
Tenor	<b>10 years</b>
Pricing	<b>ECOF (currently at 5.25%)+4.75%p.a. on monthly rest subject to minimum 10%p.a</b>
Margin Of Finance	<b>45.45%</b>
Length of Employment / Business	<b>8 03 Years</b>
Income Justification	<b>Yes</b>
Repayment Record (for refinancing cases)	<b>Yes</b>
Unexpired leasehold term	<b>N/A</b>

**12.0 Conduct of Account (including related borrowings)****12.1 Track record/Utilization/Repayment record.**

As per the CBC Check on July 2015, the borrower does not have any loan facilities at any banks.

**12.2 Credit/Debit Turnover (with the Bank &/or other FIs) :**

The borrower does not have any account maintained at any banks.

**12.3 No adverse credit findings/reports (including the company – if self employed)**

No adverse record finding

**12.4 Trade Credit Checks (If applicable)**


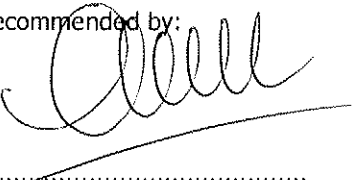
According to cross check, the applicants are a good and honest person with good reputation.

**12.5 Credit Scoring (If applicable)**

Grade 3.

**13.0 Recommendation**

- The borrowers' businesses have been operated successfully around 8 years with a strong position in market especially with their wholesale.
- They have a strong financial position where the revenues from that business and their salaries are sustainable to secure the proposed loan with DSR of 4.09x.
- The secured collateral is in the moderate location of Phnom Penh and has comfortable security coverage.

Prepared by:  ..... Sok Ratanak Assistant Manager /Credit Relationship	Recommended by:  ..... Chiv Hak Branch Manager
---	--

Credit Policy : In Compliance  
 D/P Check: BM + HOC  
 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	USD80,000	N/A
Less standalone facilities	N/A	N/A
Total exposure excluding standalone facilities	USD80,000	N/A
Of which		N/A
Secured facilities	USD80,000	N/A
Unsecured facilities	N/A	N/A
This application is within DP of	BM + HOC	N/A