

Credit Evaluation – Loans and Credit Administration							
Date	:	25/04/2017			Branch	:	TKK
From	:	Credit Evaluation – Credit Management Department					
To	:	Head, Credit Management Department & Country Head					
1.0 Borrower Information							
Borrower:	1	Mdm. Chhout Sino (age 49)			Nature of business/ Employment	1	Construction shop
	2	Miss. Leang Mesa (age 20)					
Guarantor:	1	N/A			Borrowing R's ship since:	New	
CRR Grade	5						
2.0 Term Sheet							
New/ Additional	Facility	Existing Limit (USD)	Proposed Limit (USD)	O/S balance	Tenure	Interest rate ECOF = 5.50% p.a.	
New	HL	-	44,496	-	15 years	- 1 st -2 nd Y: ECOF+1.5% p.a. on monthly rest subject to min 4% p.a. - 3 rd Y onward: ECOF+2.5% p.a. on monthly rest subject to min 8% p.a.	
Total			44,496				
Fees	Processing fee	:	Waive				
	Prepayment fee	:	Waive				
	Renewal fee	:	n/a				
	Commitment fee	:	n/a				
Loan Purpose:	To take over the existing staff housing, i.e. Mr. Leang Kimhuy (pass away)						
Request/ Deviation:	- To allow CRR grade 5 - To allow MOA at 90% - To allow waiver processing, lawyer fee and prepayment fee. - To allow interest rate at 4% p.a. for the 1 st -2 nd year.						
3.0 Comment by Credit Evaluation:							
1. Borrowers are related as mother and daughter and they are the family of the late Mr. Leang Kimhuy (RHBIBL's staff), who pass away on illness. 2. Mdm. Chhout Sino has operated a construction material shop since 2010. The business is owned and operated from a double storey shophouse at Kampong Svay District, Kampong Thom Province. 3. <u>Comment on financial</u> i. The reported turnover of USD72K in 2016 or USD6K per month can be substantiated via branch physical inspection and verification based on the sale transaction of about USD200 per day is deem achievable as the business is one of the largest in town.							


- ii. The net profit margin at 21% deems reasonable for retail business.
- iii. Adequate DSR at 3.04x.
- 4. Collateral offer is single storey house with MOA at 90%.
- 5. Noted: CRR grade 5 due to high MOA at 90%.

4.0

Concurred by Credit Evaluation

I would concur for management approval as per branch proposed.

Prepared by:



Ngan Chhayheang
 Assistant Manager
 Date: 25/04/2017

Concurred by:



Tang Siew Hon
 Senior Manager
 Date: 25/04/2017

Jointly Approved by :

Subject to:

As recommended, Exceptionally.



Yong Ching San
 Head, Credit Management
 Date: 26/4/17

Jointly Approved by :

Subject to:

Approved as a special case as discussed with Chris Koh, GMB to resolve potentially contentious issues



Lim Loong Seng
 Country Head
 Date: 27/4/17

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CONSUMER LOAN APPLICATION

Branch	TKK Branch	Date	24 April 2017
To	HCM & CH	CA No.	RHBIBL/BDM/0010/2017/0068

Borrower(B) / Guarantor(G) Profile						
No.	Name	B/G	ID /Passport No.	Age		
1	Mdm. CHHOUT SINO	B	150813593	49	Borrowing Relationship Since (Year)	New
2	Miss. LEANG MESA	B	150723069	20	Related / Connected Party	Y N
					Borrow KYC Level	H M L
					Credit Grade	5

Applicant's Background/Business information

Mdm. Chhout Sino and Miss. Leang Mesa is related as mother and daughter. Mdm. Chhout Sino is currently residing at Phum Sampov Meas, Sakor commune, Kampong Svay district, Kampong Thom province, while Miss. Mesa is currently studying in Phnom Penh. They are the family of the late Leang Kimhuy, who passed away on illness.

Mdm. Chhout Sino started the business in 2010 by operating a small retail outlet selling construction materials such as cement, sand, brick, stone, iron, paint and all kind of pipe.

Their stocks are mainly supplied by the wholesalers from Kampong Thom province and their client base consists of walk-in customers as well as around 10 local building contractors.

The business is directly managed by Mdm. Chhout Sino and her husband. They own 1 truck (2.5 tones capacity) to facilitate their transportation of purchased goods from suppliers and also delivery of ordered goods to their customers.

All their goods are purchased directly from local suppliers/importers such as whole seller in Kampong Thom province.

Mdm. Chhout Sino revealed that the purchases are all paid by cash which enjoy more discounts from suppliers.

Although the applicant has no patent, we can verify the ownership of the business as the business is also their residence.

Request			
1- New Housing Loan (HL) of USD44,496.00	Request for	Y	N
2- Waiver of processing fee and lawyer's fee	Age deviation		N
3- Waiver of any early settlement fee	DSR deviation		N
4- Allowance MoA at 90%	MOA deviation	Y	
5- Allowance CRR at grade 5			
6- To allow interest rate at 4% p.a. for 1 st -2 nd year.			

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Loan Details							
Type	Existing Limit	Proposed Limit (USD)	Total Limit (USD)	Outstanding Balance	Pricing (Current ECOF @ 5.5%)	Repayment Period (Years)	Repayment Amount (USD)
Housing Loan (HL)	0.00	44,496.00	44,496.00	0.00	1st and 2nd year: ECOF - 1.5%p.a. on monthly rest subject to minimum 4.00%p.a. 3th year on ward: ECOF + 2.5%p.a. on monthly rest subject to minimum 8.00%p.a.	15	330.00 (1 st and 2 nd year) 414.00 (from 3 th year) (Round up)

Loan Purpose						
To take over the existing staff housing loan of the late Leang Kimhuy for amount USD44,496.00. ✓						
Under Construction	Y	N	Completed from developer	Y	N	Applicant had been agreed to take over the staff housing loan from the late Leang Kimhuy for a parcel of land with a house #D-65, Borey Moha Sen Sok, S/k. Krang Thnug, Khan Sen Sok, Phnom Penh. Revised SPA will be submitted before the loan drawdown. The house will be completed in June 2017.
Name of Developer	: Maha Family Properties Co., Ltd.					
Panel	: Y/N					
Unit Capping	: 132					
Approved unit @ to date	: 61					
% of completion	: 75% completed (Project)					
SPA Price (D- 65)	: USD49,440.00					
I. Refinancing						
Bank	Approved / Operating Limit		Outstanding Balance	Pricing	Repayment Record	Remark
N/A	N/A		N/A	N/A	N/A	N/A
II. Others		N/A				
Details of Property to be Charged						
Address			Property 1 #D-65, Street Maha D, Borey Moha Sen Sok, S/k. Krang Thnug, Khan Sen Sok and Phnom Penh city			
Land Area			90sqm [as per sub-divided title]			
Built Up Area			57.4sqm (14m x 4.1m)			
Title Details			Under Master Title (To be Sub-divided) Freehold To be registered under Mdm. Chhout Sino and Miss. Leang Mesa None None			
i. Title No /Expiry Date of LH ii. Tenure – FH/LH (Balance of Years) iii. Registered Owner iv. Encumbrances v. Restriction in Interest/Conditions						
Remark (s)			1. Before Ownership Transfer - Buy back guarantee from Developer - Deed of Assignment on SPA from buyer - Undertaking not to charge or encumber the master title without bank's express consent - Undertaking to sub-divide the master title 2. Post Ownership Transfer (Hard Title Deed) Hypothetic registration of the Title Deed under buyer name are to be dully made within 6 month from completion and handing over of financed property			
Registered Owner's Relationship			Mother and Daughter			

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With borrower		
Fire Insurance by	To be insured by RHBIBL's panel upon completing of the property.	
Cross Charge (Y/N) (Please furnish details if "Y")	No	
Valuation	To be issued by RHBIBL's panel	
i. Verbal/Cross Check by ARC <ul style="list-style-type: none"> - Land value - Building Value - Total OMV - Value Name - Date 		
ii. Verbal/Cross Check <ul style="list-style-type: none"> - Land value - Building Value - Total OMV - Valuer Name - Date 	Verbal 1 USD40,500.00 (USD450 per sqm) USD14,350.00 (USD250 per sqm) USD54,850.00 Bonna April 12, 2017	Verbal 2 USD38,700.00 (USD430 per sqm) USD14,350.00 (USD250 per sqm) USD53,050.00 ARC April 12, 2017
Adopt market value	Base on the SPA with Borey, the property price is USD49,440.00 to calculate the MOA.	
Margin of Financing (%)	90.00%	
Security Coverage (Times)	1.11time	

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

CBC, AML and World Checking

Based on latest CBC and World checking on 24 April 2017, the borrowers have no loan with other banks and MFIs. In addition, there is no entry matching to World Check and AML as well.

Financial Analysis

Applicants do not maintain any Balance Sheet. They have furnished us with 3 years Incomes & Expenditures statement which are tabulated below:-

Revenues (USD)	31/12/2014	31/12/2015	31/12/2016
Sales	58,320.0	64,800.0	72,000.0
COGS	43,740.0	48,600.0	54,000.0
Gross profit	14,580.0	16,200.0	18,000.0
Operating expenses			
Trucks maintenance	324.0	360.0	400.0
Petrol	729.0	810.0	900.0
Utilities	486.0	540.0	600.0
Other expenses	810.0	900.0	1,000.0
Total expenses	2,349.0	2,610.0	2,900.0
Net profit	12,231.0	13,590.0	15,100.0
Monthly average	1,019.3	1,132.5	1,258.3

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Comment:

- The business has been operating profitably. In the recorded for FY 2016 a total revenue of USD18,000.00 per year with an average monthly net profit of USD1,258.30.
- The business does not maintain any invoice for income validation the average sales of \$200 per day deem to achievable as the business is one of the largest in town.
- Net profit margin of 21% is reasonable compare to our existing customer, Cheam Kak of CMO, who also report NPM of around 20%.
- Applicants had furnished us with 2 invoices of purchase orders for April 2017 as evidence of its business transactions. The respective monthly purchase is tabulated as follows:-

Month	Purchase amount (KHR)	Purchase amount (USD)
April 10, 2017	3,130,000.00	USD782.50
April 12, 2017	4,353,000.00	USD1,088.25
Total	7,483,000.00	USD1,870.75

(The 2 purchases invoices are enclosed for reference).

- As inform by the borrower, they have purchase order from wholesaler for 4 to 5 time per month. Based on aforesaid 2 purchases invoices in April 2017, judging from the aforesaid, the reported sale figure for year 2016 is deemed reasonable.

Applicants have also furnished us with 3 years (2017 to 2019) Income & Expenditure Projections which the applicant expects the same revenue increment of USD74.16K per years and are summarized as below:-

Revenues (USD)	31/12/2017	31/12/2018	31/12/2019
Sales	74,160.0	76,384.8	78,676.3
COGS	55,620.0	57,288.6	59,007.3
Gross profit	18,540.0	19,096.2	19,669.1
Operating expenses			
Trucks maintenance	440.0	484.0	532.4
Petrol	950.0	950.0	1,000.0
Utilities	660.0	726.0	798.6
Other expenses	1,100.0	1,210.0	1,331.0
Total expenses	3,150.0	3,370.0	3,662.0
Net profit	15,390.0	15,726.2	16,007.1
Monthly average	1,282.5	1,310.5	1,333.9
Installment	414.0	414.0	414.0
DSR	3.10	3.17	3.22

Comment:

- Based on the three years projections (2017 to 2019) provided, the business is expected to generate a yearly net profit of above USD15.39K, which is adequate to meet the loan repayment obligations with DSR is at least 3.10x.
- The aforesaid projections are deemed reasonable judging from the historical records as well as the expected growth in construction sector in Cambodia's growing economy.

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'000)	FY2016	Sensitize	
	Monthly	Case 1	Case 2
Monthly Net Income	1,258.3	1,006.7	629.2
Monthly Commitment	414.0	414.0	414.0
DSR (x)	3.04	2.43	1.52
Uncommitted Balance	844.3	592.7	215.2

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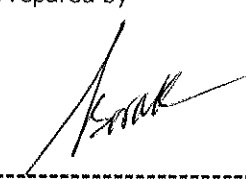
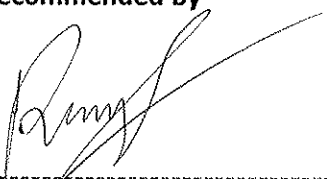
In the worst case, repayment capacity remains sufficient with DSR is 1.52x and uncommitted balance still remain positive at USD215.2

Repayment Risk Analysis		
Total monthly Income*		USD1,258.3
	Construction shop: USD1,258.3	
Less Total Commitment	RHBIBL: USD414.00	
	Other: 0.00	USD414.00
Balance Uncommitted		USD844.00
DSR		3.04x
Estimated / Disclosed Net worth**		USD4,944.00
Within Bank Lending Criteria	1/3 Income	Y
	45% Income	Y
Risks		Mitigating Factors
N/A		N/A

Note:

(*) Income is verified by income statement from the borrower.

(**) Networth of the borrowers is around USD4,944.00 (equity contribution to purchase the property). The property price had been verbal check with Bonna real estate co., Ltd and ARC Co., Ltd on 12/04/2017.

Recommendation	
Prepared by	Recommended by
	
Roern Sarak Senior Executive, Mobile Credit 24 April 2017	Srean Raksme Senior Manager, Mobile Credit & Mortgage 24 April 2017

Credit Policy : Non Compliance / In Compliance

D/P Check: HOC & CH

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	USD44,496.00	N/A
Less standalone facilities	N/A	N/A
Total exposure excluding standalone facilities	USD44,496.00	N/A
Of which	N/A	
Secured facilities	USD44,496.00	N/A
Unsecured facilities	N/A	N/A
This application is within DP of	HOC & CH	N/A

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Head office use only

Comment by Loan and Credit Administration

Term Sheet

Home Loan (New)	USD44,496.00	Tenure	: 15 Years
		Installment amount	: USD330.00 (1 st and 2 nd year), USD414.00 (3 th year onward)
		Processing fee	: waived
		Prepayment	: waived

1. Acceptance of Letter of Offer
2. Release of facilities subject to :-
 - a) Compliance of Terms under Condition Precedent.
 - b) Completion of relevant security documentation. All loan/security documents which are required herein and/or such other documents as may be required by the Bank and/or its solicitors shall have been executed by the Applicants and/or the relevant security parties, registration fee duly paid and registered at such registries as the Bank may deem necessary.

Disbursement method:

Upon completion of above condition precedent, the new HL facility of USD44,496.00 is to settle outstanding SHL of USD34,608 from the late Leang Kimhuy.

The remaining balance will be progressively released as per SPA terms and conditions with final 10% of SPA will be release upon:-

- i. Full completion of the financed property;
- ii. Completion of Ownership Transfer and Hard Title is duly hypothec to RHB;
- iii. Purchase of Fire Insurance over the financed property;
- iv. Obtain valuation report from bank's panel valuer Indicate two property is value at least USD49,440.00

Post drawdown condition: N/A

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

Appendix I

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

Security Document	New / Complied
Facility agreement of USD44,496 as principal instrument	New
Hypothec Agreement as subsidiary instrument on Property <u>1</u>	New