

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

Application No. : RHBIBL-0002-2015-0032-2	Branch: City Mall Olympic Branch
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**Request Type**

☐ New
 ☒ Additional
 ☐ Renewal
 ☐ R&R

**Approving Authority**

☒ Joint Approval: DLA Level \_\_\_III\_\_\_ Reason for escalation:

☐ Group CCO & Head of Business:

Part 1.0	CUSTOMER PROFILE
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1.1	CUSTOMER INFORMATION			
Borrower	Mr. Chorn Ratana (Age: 48) and Mdm. Kruy Limsok (Age: 41)		CIS No.	120000741
Group/ Ultimate Parent	N/A		Registration No.	2253ពណកកអ
Ultimate Borrower's Beneficial Owner	N/A			
Business Address	- Lot. 58 & 62, Street 289,S/K Boeung Kak I, Kh. Toul Kork, Phnom Penh. - St. 181, Village 9, S/K Boeung Kak I, Kh. Toul Kork, Phnom Penh.			
NBC Sector	Wholes and retail trade		Sub Sector	Import
Core Business	Restaurant and sea food distributor			
Date of Incorporation	1997		Relationship Since	Aug 2015
Review Due Date	N/A		Next Review Date	06-May-2016
BNM Reporting	<div><input type="checkbox"/> Broad Property Sector (Non Exempt)</div> <div><input type="checkbox"/> Bridging Loan</div> <div><input type="checkbox"/> Bullet/ Balloon Repayment</div>			

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 (For credit decision only)	Watchlist Status		Exceptional Credit
	Current CRR Rating	New CRR Rating		EAM	AST	
Mr. Chorn Ratana and Mdm. Kruy Limsok	4	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 Networth
Mr. Chorn Ratana	48	Husband	50%	1997	19 years	Above USD300K
Mdm. Kruy Limsok	41	Wife	50%	1997	19 years	Above USD300K
No. of Employee: 25						
Succession Plan for key Personnel: Wholesale						
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
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2.1	<b>Brief details of new, additional or renewal request.</b> <ul style="list-style-type: none"> <li>To approve OD2 of USD70,000 to use as working capital in business.</li> <li>To synchronize &amp; extend annual review of the existing TL1, TL2, and OD1 from OD2 disbursement date.</li> </ul>
2.2	<b>Please state brief details of waivers, deviation of guidelines &amp; notations.</b> <ul style="list-style-type: none"> <li>To request for waiver of cross-charging the new collateral with the existing one.</li> </ul>

Part 3.0	FACILITY DETAILS
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3.1	FACILITY (USD'000)					
Facility Type	O/S as at 31 Aug 2016	Existing Limit	Increase/ Decrease (+/-)	New Limit	Pricing	Purpose
10-Year TL1 USD350K (Existing)	327.14	327.14	-	327.14	ECOF + 3.25%p.a. on monthly rest subject to minimum 8.75%p.a	To refinance from Canadia Bank
OD1 USD350K (Existing)	344.09	350	-	350	ECOF + 3.50%p.a. on daily rest subject to minimum 9%p.a	To refinance from Canadia Bank and use as working capital in business.
10-Year TL2 USD250K (Existing)	246.08	246.08	-	246.08	ECOF + 3.25%p.a. on monthly rest subject to minimum 8.75%p.a	To part finance the purchase of 3 adjoining land and house
OD2 USD70K (New)	-	-	+70	70	ECOF + 3.50%p.a. on daily rest subject to minimum 9%p.a	To use as working capital
<b>Total</b>	<b>917.31</b>	<b>923.22</b>	<b>70</b>	<b>993.22</b>		

1.0 REPAYMENT TERMS		
Facility	Tenor/ Repayment Terms	
TL1: USD350K (Existing)	Interest Rate:	ECOF + 3.25 %p.a. on monthly rest subject to minimum 8.75%p.a
	Tenure:	10 Years
	Repayment:	120 monthly installments of USD4,386.44
	Processing Fee:	1% on approved amount
	Prepayment:	1 <sup>st</sup> to 5 <sup>th</sup> year: 3%, 6 <sup>th</sup> year onward: 1% on the prepayment amount if the facility is fully/partially settled before expiry date
TL2: USD250K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on monthly rest subject to minimum 8.75%p.a
	Tenure:	10 Years
	Repayment:	120 monthly installments of USD3,133.17
	Processing Fee:	1% on approved amount
	Prepayment:	1 <sup>st</sup> to 5 <sup>th</sup> year: 3%, 6 <sup>th</sup> year onward: 1% on the prepayment amount if the facility is fully/partially settled before expiry date.
OD1: USD350K (Existing)	Interest Rate:	ECOF + 3.5 %p.a. on daily rest subject to minimum 9%p.a
	Tenure:	1 Year
	Repayment:	Repayable on demand and interest in arrears to be serviced monthly



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1.0 REPAYMENT TERMS		
Facility		Tenor/ Repayment Terms
	Processing Fee:	1% on approved amount
	Commitment fee	1% p.a. on unutilized OD limit
	Renewal fee:	0.5% of the total approved limit
	Prepayment	1% on prepayment amount if the facility is fully/partially settled before expire date
OD2: USD70K (New)	Interest Rate:	ECOF + 3.5 %p.a. on daily rest subject to minimum 9%p.a
	Tenure:	1 Year
	Repayment:	Repayable on demand and interest in arrears to be serviced monthly
	Processing Fee:	1% on approved amount
	Commitment fee	1% p.a. on unutilized OD limit
	Renewal fee:	0.5% of the total approved limit
	Prepayment	1% on prepayment amount if the facility is fully/partially settled before expire date

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	993.22		993.22				993.22		993.22
RHB Bank Limit: Standalone:									
RHB Labuan/ Islamic/ Investment/ Leasing									
SCEL**									
Beyond SCEL***									
Total RHB Group	993.22		993.22				993.22		993.22
Total Credit (RHB Group Exp+Other Banks)	993.22		993.22				993.22		993.22

\* Based on value as per Credit Policy

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

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

Part 4.0	DETAILS OF OTHER BANKERS/ FINANCIAL INSTITUTIONS						
No.	Name of Banker/ FI	Facility Type	Pricing	Approved Amount (USD)	Outstanding as at	Security	Security Coverage
	N/A						
Credit Bureau Findings: Monthly repayments have been promptly paid. The world check also shown no adverse record.							



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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)
<b>New</b>			
1. Facility Agreement stamped for USD70K as the principal instrument.			
2. Open All Monies 1st party 1st legal charge over the following property as subsidiary instrument			
<b>Existing Property</b>			
1. Facility Agreement of OD1 of USD350K and TL1 & TL2 of USD600K as the principal instrument.			
2. 1 <sup>st</sup> party 1 <sup>st</sup> legal charge over the following property as subsidiary instrument			
<b>Property - (A)</b>			
Title Deed	P1: 12040708-00058 P2: 12040708-00062 P3: PP08982	1,023.21	716.24
Registered owner	P1, P2 & P3: Mr. Chorn Ratana & Mdm. Kruy Limsok (Husband and Wife)		
Description	P1: land accommodating a 2½ storey flat P2: land accommodating a 2½ storey flat P3: land accommodating a 2 storey house		
Address	P1: Lot No. 58, St. 289, Sangkat Boeung Kok 1, Khan Toul Kork, Phnom Penh P2: Lot No. 62, St. 289, Sangkat Boeung Kok 1, Khan Toul Kork, Phnom Penh P3: Village 13, Sangket Boeung Kak 1, Khan Toul Kork, Phnom Penh		
Tenure	Free		
Encumbrance	RHBIBL		
Fire Insurance	Forte Insurance		
Expiry Date	31 Aug 2017 (P1, P2, & P3)		
Land Area	P1: 83sqm P2: 83sqm P3: 100sqm		
Building Area	P1: 262.80sqm P2: 272sqm P3: 171.95sqm		
Valuation Report			
The three properties were evaluated by CARE as below:			
P1 ( Dated on 27 August 2015)			
Land	: 83sqm x USD4,790/sqm	= USD397,570.00	
Building	: 262.80sqm x USD133.44/sqm	= USD35,068.00	
Total		= USD432,638.00	

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P2 ( Dated on 27 August 2015)

Land	: 83sqm x USD4,790/sqm	= USD397,570.00
Building	: 272sqm x USD131.65/sqm	= USD35,808.00
Total		= USD433,378.00

P3 ( Dated on 27 August 2015)

Land	: 100sqm x USD1,400/sqm	= USD140,000.00
Building	: 171.95sqm x USD100/sqm	= USD17,195.00
Total		= USD157,195.00

**Total= USD1,023,211.00 (OMV)**

According cross check with CARE on 01 Sep 2016, the value of the above properties is remained unchanged.

Cross Check with Bonna Reality @ 01 Sep 2016, the property values are as below:

P1

Land	: 83sqm x USD4,800/sqm	= USD398,400.00
Building	: 262.80sqm x USD250/sqm	= USD65,700.00
Total		= USD464,100.00

P2

Land	: 83sqm x USD4,800/sqm	= USD398,400.00
Building	: 272sqm x USD250/sqm	= USD65,700.00
Total		= USD464,100.00

P3

Land	: 100sqm x USD1,500/sqm	= USD150,000.00
Building	: 171.95sqm x USD110/sqm	= USD18,914.50
Total		= USD168,914.50

Total= USD1,097,114.50

Comment:

Branch adopted the VR by CARE since it is lower and reasonable that Bonna Reality.

**Property (B)**

Title Deed	P4: 12040714-0013, 12040714-0045 & 12040714-0047
Registered owner	P4: Mr. Chorn Ratana & Mdm. Kruey Limsok (Husband and Wife)
Description	P4: Land with three adjoining single houses.
Address	P4: Lot No. 13, 45 & 47, St. 281, Village 13, Sangket Boeung Kak 1, Khan Toul Kork, Phnom Penh
Tenure	Free      Lease Expiry: N/A
Encumbrance	RHBIBL
Fire Insurance	Forte Insurance
Expiry Date	05 May 2017 (P4)
Land Area	P4: 195sqm
Building Area	P4: 203.99sqm

**373.56****261.49**

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## Valuation Report

The property was evaluated by CARE as below:

P4 ( Dated on 02 May 2016)

Land	: 195sqm x USD1,880/sqm	= USD366,600.00
Building	: 203.99sqm x USD34.17/sqm	= USD6,969.77
Total		= USD373,569.77

**Total= USD373,569.77 (OMV)**

According cross check with CARE on 01 Sep 2016, the value of the above properties is remained unchanged.

Verbal Check with Bonna Reality on 01 Sep 2016, the value is as below:

P4

Land	: 195sqm x USD1,900/sqm	= USD370,500.00
Building	: 203.99sqm x USD35/sqm	= USD7,139.65
Total		= USD377,639.65

Total= USD377,639.65

Comment:

Branch adopted the VR by CARE since it is lower and reasonable that Bonna Reality.

**New Property (C) Additional**

Title Deed	P5: 12040714-0203	
Registered owner	P5: Mr. Chorn Ratana & Mdm. Kruiy Limsok (Husband and Wife)	
Description	P5: Land with single warehouse.	
Address	P5: Village 14, Sangket Boeung Kak 1, Khan Toul Kork, Phnom Penh	
Tenure	Free	Lease Expiry: N/A
Encumbrance	To be charged to RHBIBL	
Fire Insurance	Bank's Panel	
Expiry Date	N/A	
Land Area	P5: 83sqm	
Building Area	P5: 70sqm (Approximately)	

Verbal Check with CARE on 01 Sep 2016, the value is as below:

P5

Land	: 83sqm x USD1,850/sqm	= USD153,550.00
Building	: 70sqm x USD20/sqm	= USD1,400.00
Total		= USD154,950.00

Verbal Check with Bonna on 01 Sep 2016, the value is as below:

P5

Land	: 83sqm x USD1,900/sqm	= USD157,700.00
Building	: 70sqm x USD25/sqm	= USD1,750.00
Total		= USD159,450.00

**154.95**

**108.46**

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Branch adopted the indicative value by CARE since it is lower and reasonable that Bonna Reality.		
Total	1,551.72	1,086.19
Security Coverage (Times) - Existing & New/ additional (USD993.22K)	1.56x	1.09x

5.2	<b>SECURITY ANALYSIS</b>
<ul style="list-style-type: none"> <li>Overall MoA of the property would be 64% with secure coverage of 1.56x.</li> <li>For P5 only, the MoA property would be 45.17% with additional OD2 of USD70K as the borrower request to waive cross-charging the new collateral with the existing one.</li> <li>The subject property is located in favorable area surrounded by Banks, shop houses, Market, Schools, etc.</li> </ul>	

Part 6.0	<b>CONDITIONS PRECEDENT &amp; COVENANTS</b>
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6.1	<b>CONDITIONS PRECEDENT</b>			
No.	Details	Complied		To comply
		Yes	No	
1	<p><u>Existing</u></p> <p><b><u>TL1: USD350K &amp; OD1: USD350K</u></b></p> <p>1.1 Acceptance of Letter of Offer ✓</p> <p>1.2 Payment of processing fee of 1% on approved limit ✓</p> <p>1.3 Release of facilities subject to:-</p> <p>1. Compliance of Terms under Condition Precedent. ✓</p> <p>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 ✓</p> <p>3. To submit a formal VR with value of not less than USD1,013,000 from our panel valuer ✓</p> <p><b><u>Disbursement Method</u></b></p> <p>Upon completion of signing and thumb print on legal documents and blocking TD of Property 3,, the loan will be released as below:</p> <p>- The TL of USD350,000 and partial OD of USD70,000 to be issued NBC Check to redeem TD of P1 &amp; P2 from Canada Bank Plc. ✓</p> <p>- Upon completion of blocking TD of Property 1 &amp; 2, the final OD amount of USD280,000 to be released into borrowers' account maintained at RHBIBL. ✓</p> <p><b><u>TL2: USD250K</u></b></p> <p>1.1 Acceptance of Letter of Offer ✓</p> <p>1.2 Payment of processing fee of 1% on approved limit ✓</p> <p>1.3 Release of facilities subject to:-</p> <p>1. Compliance of Terms under Condition Precedent. ✓</p> <p>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 ✓</p> <p>3. To submit a formal VR of P4 with value of not less than USD366,600 from our panel valuer ✓</p>			

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	<b><u>Disbursement Method</u></b>  Upon completion of signing and thumb print on legal documents, the loan will be released as below: <ul style="list-style-type: none"> <li>- The TL2 of USD250,000 is to be released by issuing banker check under name of seller upon completion of TD blocking of P1, P2, P3 &amp; P4 and formal SPA with value of not less than USD380,000 and evidence of differential sum.</li> <li>- In case the borrower has paid more than USD130,000 to seller by the time of disbursement, the loan can be partially or fully disburse to borrower's account.</li> </ul>	✓		
2	<b><u>New</u></b>  1.1 Acceptance of Letter of Offer 1.2 Payment of processing fee of 1% on approved limit 1.3 Release of facilities subject to:- <ol style="list-style-type: none"> <li>1. Compliance of Terms under Condition Precedent.</li> <li>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</li> <li>3. To submit a formal VR of P5 with value of not less than USD154,950 from our panel valuer</li> </ol> <b><u>Disbursement Method</u></b>  Upon completion of signing and thumb print on legal documents, the loan will be released in the borrower's account maintained RHBIBL			✓ ✓ ✓ ✓  ✓  ✓
<b>Comments:</b>				

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			
<b>Comments:</b>				



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**Part  
7.0****CREDIT ASSESSMENT****7.1****BORROWER BACKGROUND**

- Mr. Chorn Ratana (48 years) and Mdm. Krui Lim Sok (41 years) are husband and wife. They have been our loan customer since Aug 2015 with initial TL1 of USD350K and OD1 of USD350K. Presently, they have maintained loan TL1 of USD350K (O/S: 327.14K), TL2 of USD250K (O/S: USD246.08K) and OD1 limit of USD350K (O/S: USD344.09K) as at 31 Aug 2016.
- Borrowers have engaging in selling seafood and quail over 19 years. They are operating business under named "Ratana Sreytouch Restaurant" with a warehouse to stock goods for wholesale. More importantly, all the business premises are owned by the borrowers and charged to RHBIBL as well. And "Ratana Sreymao Restaurant" is the borrowers' relative.
- The restaurant is famous with well recognized sea foods and fresh sea foods in Phnom Penh City. It was established since 1997 and it was expanded to the quail & sea foods distributor in 2005.
- All kind of sea foods and quails are bought from Kampot, Sihanouk Ville and Koh Kong Province and from Vietnam through Bavet Boarder. As claimed by borrowers, all orders are made by phone call and transported within 1 or 2 day to Phnom Penh to make sure it is fresh and sellable to customers. Mdm. Limsok stated that all payments are always paid through a private money transfer since it is easier and faster than banks.
- Mr. Chorn Ratana revealed that Patent, Business License, and Import License are always annual renewal but the latest is yet received for Patent and Business License while he has already applied. (Import License 2016-2017 is enclosed)
- The restaurant is served customers from 11a.m to 11p.m every day with 25 supporting staff and 20 tables. The business is managed by Mdm. Krui Limsok and assisted 25 staffs (Both restaurant and warehouse).
- They are also one of the top three quail and sea foods distributor in Phnom Penh and they have a warehouse located at St. 181 Village 9<sup>th</sup>, Sangkat Boeung Kok 1, Khan Toul Kork, Phnom Penh for allocating and distributing the quail imported from Vietnam & sea foods to wholesalers, retailers and restaurants in Phnom Penh and Provinces through with their own transportation (in Phnom Penh) and tax (in Provinces).
- Their customers are quail & seafood wholesalers and food caters to all provinces and it is used for restaurant, food catering in wedding or ceremony, street sellers and household individuals.
- There is no customer concentration risk as they have a huge clientele base with over 100 clients throughout 24 provinces and cities. Below is the some of the top ten customers:

No.	Customer Name	Location
1	Mr. Kiev Soth	Battambang
2	Vimean Boeung Chouk	Battambang
3	Mr. Phearom	Battambang
4	Mr. Map	Siem Reap
5	Mr. Ol	Siem Reap
6	Mdm. Na	Kampong Cham
7	Mdm. Srey Heak	Kampong Cham
8	Mdm. Srey Sros	Kampong Cham
9	Mdm. Nath	Kampong Cham
10	Mdm. Touch	Ratanakiri

- As confirmed by borrowers, they always offer the credit term of 2 weeks to 4 weeks to their good customers. Currently, they have A/R of USD60,000, A/P of USD40,000 and Stock of USD100,000.

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- Below is the list of their suppliers:

No.	Supplier Name	Products	Location
1	Mr. Yong	Quail	Vietnam
2	Mr. Verk	Quail	Vietnam
3	Mr. Tang	Quail	Vietnam
4	Mr. Kam	Sea foods	Vietnam
5	Hear Pon	Sea foods	Vietnam
6	Mr. Pok	Sea foods	Vietnam
7	Hear Son	Sea foods	Kampot, Cambodia
8	Hear Tin	Sea foods	Sihanouk Ville, Cambodia
9	Srey Oun	Sea foods	Sihanouk Ville, Cambodia
10	Chea Mouy	Sea foods	Kampot, Cambodia

- Besides, the borrower also earn additional income from the room rental business located in Village 13, Sangkat Boeung Kak 1, Khan Toul Kork, Phnom Penh, where is currently charged to RHBIBL (Property 3). They do not disclose the income since it is just a small business and there is no rental contract for supporting.
- The competitive advantages of business environment are to meet customers' rapid and flexibility to ensure with reasonable price and quality in the market. The borrowers also said that the successful tip is that the quality product in long term business and distribution channels that link to the market demand and customers' satisfactory.

### 7.2

### JUSTIFICATION OF REQUEST

#### Working Capital Requirement

Items	Historical	Projected	Remarks
	Jan-Aug/2016	2017	
	(Monthly)	(Monthly)	
Z) Monthly sales (USD)	201,032.50	224,917.00	As at Aug 2016, Stock, A/R, and A/P are summed up of about USD100K, USD60K, and USD40K respectively, verbally disclosed by the borrowers. They further reveal that A/R aging and Stock are not properly recorded as it is a family business; however, it is operated since 1997.
A) Debtor turnover (days)	28	28	
B) Stockholding turnover (days)	10	10	
C) Creditor turnover (days)	2	2	
D) Asset Conversion Cycle = (A + B) – C/30	1.20	1.20	
E) Monthly WC need = (D x Z)	241,239.00	269,900.40	
Existing + proposed WC lines	350,000.00	350,000.00	
(Shortfall)/Excess in WC lines	108,761.00	80,099.60	

#### Justification

- Average monthly sale reported of USD201.03K, meanwhile Debtor and Credit turnover are up to 28 days and 2 days respectively. In this view, the monthly working capital need should be USD241.23K per month to smooth their daily business operation.
- The borrowers have been granted OD1 of USD350K and TL1 of USD350K in Aug 2015. And all facilities were used for refinancing from Canada Bank of USD420K and working capital of USD280K.
- Also, they have been granted the additional TL2 of USD250K in Sep 2016 for part finance on warehouse with total price of USD380K. After financing from RHBIBL, the borrowers can save the cost from property rental (Business's warehouse) with monthly rental fee of USD2K. Actually, they paid of USD130K, i.e. 34.21% of total the property's price and the balance of 65.78% (USD250K) was financed from RHBIBL. They further revealed that the source of fund to purchase the property come from their saving and reserved fund in current business.

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So they are faced on shortfall of working capital in business sometimes.

- A credit term to potential customers is offered to 28 days while the borrowers have to pay to suppliers (Vietnam) within 2 days after delivery goods. Mdm. Limsok said that in order to maintain and strengthen the business in long term as well as to compete the current market share, she performs debtor turnover days bigger than creditor's; however, the borrower has no concern on collection.
- Therefore, the borrowers have approached us for additional OD2 of USD70K to use as working capital. It is reasonable and comfortable on the purpose of request based on the above reason; however, the requested limit of OD2 is exceeded the WC line as mentioned in WC table.

**7.3****INDUSTRY LENDING DIRECTION****Sector:** *Wholesale (Import)***Within Industry Lending Limit? Yes / No** (as at 07/Sep/2016)☐ Most attractive☐ Highly attractive☐ Attractive☒ Selective☐ Unattractive☐ Most unattractive

If Sector falls under unattractive or most unattractive, justification for maintain or increase exposure: N/A

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

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7.4	SOURCE OF REPAYMENT		
	Historical Jan to Aug 2016 (Monthly)	Projected 2017 (Monthly)	Remarks
A) EBITDA	USD28,796.44	USD34,357.37	<ul style="list-style-type: none"> <li>DSR is still good as at Aug 2016 and translate DSR at 2.69x</li> <li>Revenue is projected to increase based on the past year recorded. So, DSR is to be further improved at 3.22x in 2017.</li> </ul>
B) Other recurring Income:	N/A	N/A	
C) Total cash flow available for debt service (A + B)	USD28,796.44	USD34,357.37	
D) Existing debt repayment			
- RHBIBL (OD1: USD350K)	USD2,625.00	USD2,625.00	
- RHBIBL (10-Year TL1:350K)	USD4,386.44	USD4,386.44	
- RHBIBL (10-Year TL2:250K)	USD3,133.17	USD3,133.17	
E) Proposed additional Debt Repayment RHBIBL (OD2: USD70K)	USD525.00	USD525.00	
F) Total debt repayment (D + E)	USD10,669.61	USD10,669.61	
<b>DSR [(A+B)/(D+E)]</b>	2.69x	3.22x	
G) Other source of income (scheduled/dividend repayment)	N/A	N/A	
<b>Adjusted DSR [(C + G)/F]</b>	N/A	N/A	

<b>7.5</b>	<b>EXTERNAL RATING (Applicable to PLCs only)</b>			
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:				

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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
N/A	

7.8

CONDUCT OF ACCOUNT ANALYSIS

Bank Statement

Bank: RHBIBL					
Mr. Chorn Ratana and Mdm. Kroy Limsok					
Sep/2016 to Aug/2016					
Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)
Balance Forward					(69,175.47)
Sep-15	14	(205,296.91)	7	174,000.00	(100,472.38)
Oct-15	26	(445,389.57)	10	342,030.00	(203,831.95)
Nov-15	25	(408,436.96)	9	409,000.00	(203,268.91)
Dec-15	19	(396,730.19)	8	339,600.00	(260,399.10)
Jan-16	13	(245,351.33)	5	238,000.00	(267,750.43)
Feb-16	7	(105,469.89)	2	107,017.00	(266,203.32)
Mar-16	11	(343,530.02)	6	291,000.00	(318,733.34)
Apr-16	10	(176,807.77)	6	166,671.00	(328,870.11)
May-16	13	(379,502.65)	9	412,600.00	(295,772.76)
Jun-16	16	(220,835.93)	6	202,600.00	(314,008.69)
Jul-16	19	(273,286.34)	9	326,000.00	(261,295.03)
Aug-16	16	(212,794.76)	6	130,000.00	(344,089.79)
Total	189	(1,957,578.69)	83	1,873,888.00	
Average	16	(244,697.34)	7	234,236.00	(299,590.43)
OD limit					350,000.00
OD utilization Rate					85.60%

Comment:

- TL2 of USD250 was released in 06-05-2016.

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- For the last 12 months, conduct account was satisfactory active with total turnover credit and debit of USD1.62M and USD1.70M derived average monthly deposit and withdrawal of USD135.3K and USD142.29K respectively (excluding TL2 disbursement).
- Common transactions are cash deposit and check withdrawal with monthly installments. Noticeably, there is no any distress on check transactions. And the monthly installments, OD interest, and commitment fee have been promptly paid.
- The average monthly OD balance reported of USD299.59K, i.e. 85.60% of OD utilization rate.

<b>RHBIBL</b>				
<b>Conduct of TL1: USD350K</b>				
<b>Period: Sep/15 to Aug/16</b>				
<b>Account No. :40001001380100000</b>				
<b>Account Name: Mr. Chorn Ratana and Mdm. Kroy Limsok</b>				
No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	4,386.44	30-Sep-15	1-Oct-15	1
2	4,386.44	31-Oct-15	31-Oct-15	-
3	4,386.44	30-Nov-15	30-Nov-15	-
4	4,386.44	31-Dec-15	31-Dec-15	-
5	4,386.44	30-Jan-16	30-Jan-16	-
6	4,386.44	29-Feb-16	29-Feb-16	-
7	4,386.44	31-Mar-16	31-Mar-16	-
8	4,386.44	30-Apr-16	30-Apr-16	-
9	4,386.44	31-May-16	31-May-16	-
10	4,386.44	30-Jun-16	30-Jun-16	-
11	4,430.55	30-Jul-16	30-Jul-16	-
12	4,430.55	31-Aug-16	31-Aug-16	-

**Comment:**

- Monthly installments for the last 12 months have been promptly paid.
- One day overdue due to the borrower deposited on the due day and the system debited on the next days.

<b>RHBIBL</b>				
<b>Conduct of TL2: USD250K</b>				
<b>Period: Jun/16 to Aug/16</b>				
<b>Account No. :40001001653300000</b>				
<b>Account Name: Mr. Chorn Ratana and Mdm. Kroy Limsok</b>				
No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	3,133.17	6-Jun-16	7-Jun-16	1
2	3,133.17	6-Jul-16	6-Jul-16	0
3	3,166.78	6-Aug-16	6-Aug-16	0

**Comment:**

- Monthly installments for the last 12 months have been promptly paid.
- One day overdue due to the borrower deposited on the due day and the system debited on the next days.

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

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

<b>8.2</b>	<b>Industry Risks</b>	✓	<b>Low</b>		<b>Medium</b>		<b>High</b>
<ul style="list-style-type: none"> <li>Contribution factors to the Growth of Restaurant Industry Rise of Middle-Class Population The growth of restaurant industry has been recently driven by the rise of middle class population in the Capital of Phnom Penh. Among the white-collar workers in Phnom Penh, 13% of them earned averagely from US\$601 to US\$1,000 per month, and 6% fetched an income of between US\$1,001 and US\$2,000 per month. Real GDP has recently grown by 7.1%.</li> <li>Meanwhile, competitors are major concern of the borrower's business; however, the business has long establishment with good reputation and relationship with customers which can compete and maintain their customers in the same industry.</li> </ul>							

<b>8.3</b>	<b>Product Risks</b>		<b>Low</b>	✓	<b>Medium</b>		<b>High</b>
<ul style="list-style-type: none"> <li>The seafood has been in high demand from local and foreign market where some seafood is exported to Thailand and Vietnam. The local market is also in high demand where some seafood is also imported from Vietnam to supply the high demand in Cambodia. The seafood is used for restaurant, food catering in wedding, street sellers and for household individuals.</li> </ul>							

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

<b>8.5</b>	<b>Production Risks</b> (applicable to manufacturing company only)	✓	<b>Low</b>		<b>Medium</b>		<b>High</b>
<ul style="list-style-type: none"> <li>The goods are imported from Vietnam</li> </ul>							

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

<b>8.7</b>	<b>FINANCIAL HIGHLIGHTS &amp; ANALYSIS</b>
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**Income Statement**

	Income Statement		
	2014	2015	2016
Revenue	12-Month	12-Month	Jan to Aug 8-Month
Seafood	1,350,000.00	1,875,000.00	1,512,500.00
Restaurant	108,000.00	126,000.00	95,760.00
Total Revenue	1,458,000.00	2,001,000.00	1,608,260.00
COGS			

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Seafood	1,080,000.00	1,500,000.00	1,210,000.00
Restaurant	54,000.00	63,000.00	47,880.00
Total COGS	1,134,000.00	1,563,000.00	1,257,880.00
Gross Profit	324,000.00	438,000.00	350,380.00
Operating Expenses			
Utilities	10,800.00	12,000.00	15,200.00
Rental (warehouse)	24,000.00	24,000.00	10,000.00
Salary	82,620.00	91,800.00	79,315.20
Foods	8,262.00	9,180.00	6,670.80
Transportation	6,750.00	9,375.00	7,062.50
Others	2,160.00	2,400.00	1,760.00
Total Operating Expenses	134,592.00	148,755.00	120,008.50
EBIT	189,408.00	289,245.00	230,371.50
Average EBIT	15,784.00	24,103.75	28,796.44

**Comment**

- The borrowers have been granted the OD & TL of USD700K for refinancing from Canada Bank of USD420K and additional of USD280K for additional working capital.
- Since first disbursement, the borrowers have made a significant sale growth in 2015, increased by 37% where the sale of seafood was increased by 39% and restaurant was increased by 17% from 2014. According furnished income statement as at Aug 2016, the revenue was increased 21%.
- The revenue growth was justified by the OD A/C turnover at RHBIBL where the borrowers had a monthly average debit turnover of USD1.62M and credit turnover of USD1.70K and OD Utilization was 85.60% for the last 12 months.

**Income Projection**

	Income Projection		
	2017	2018	2019
Revenue	12-Month	12-Month	12-Month
Seafood	2,541,000.00	2,845,920.00	3,187,430.40
Restaurant	158,004.00	173,804.40	191,184.84
Total Revenue	2,699,004.00	3,019,724.40	3,378,615.24
COGS			
Seafood	2,032,800.00	2,276,736.00	2,549,944.32
Restaurant	79,002.00	86,902.20	95,592.42
Total COGS	2,111,802.00	2,363,638.20	2,645,536.74
Gross Profit	587,202.00	656,086.20	733,078.50
Operating Expenses			
Utilities	24,168.00	25,618.08	27,155.16
Rental (warehouse)	-	-	-
Salary	126,111.17	133,677.84	141,698.51
Foods	10,606.57	11,242.97	11,917.54
Transportation	11,229.38	11,903.14	12,617.33
Others	2,798.40	2,966.30	3,144.28



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Total Operating Expenses	174,913.52	185,408.33	196,532.83
EBIT	412,288.49	470,677.87	536,545.67
Average EBIT	34,357.37	39,223.16	44,712.14

**Projection Assumption:**

The revenues are projected to grow as below:

Business	2017	2018	2019	Factor for Growth
Seafood	12%	10%	10%	<ul style="list-style-type: none"> <li>The projected revenue is based on the past three year record.</li> <li>The growth will be contributed by increase in the Cambodia population for the next three years. Moreover, the Cambodian GDP will be increased year by year.</li> <li>The projection is also based on the increase in number of restaurants and ceremony celebration from year to year.</li> <li>Rental fee is deleted as the borrower already bought the property since May 2016 by part financed by RHBIBL.</li> <li>COGS are projected to remain unchanged (80% of sale and 50% of restaurant.</li> <li>Operating expenses are projected to 6% in the next 3 years.</li> </ul>
Restaurant	10%	10%	10%	

**Repayment Analysis:**

Seafood and Restaurant	2016	2017	2018	2019
EBIT	28,796.44	34,357.37	39,223.16	44,712.14
RHBIBL OD1: USD350K	2,625.00	2,625.00	2,625.00	2,625.00
RHBIBL 10-Year TL1: USD350K	4,386.44	4,386.44	4,386.44	4,386.44
RHBIBL 10-Year TI2: USD250K	3,133.17	3,133.17	3,133.17	3,133.17
RHBIBL OD2: USD70K	525.00	525.00	525.00	525.00
Total Commitment	10,669.61	10,669.61	10,669.61	10,669.61
DSR (Time)	2.69x	3.22x	3.67x	4.19x

We assume that the EBIT will be dropped by 20% so the DSR will be:

Seafood and Restaurant	2016	2017	2018	2019
EBIT	23,037.15	27,485.89	31,378.52	35,769.71
RHBIBL OD1: USD350K	2,625.00	2,625.00	2,625.00	2,625.00
RHBIBL 10-Year TL1: USD350K	4,386.44	4,386.44	4,386.44	4,386.44
RHBIBL 10-Year TI2: USD250K	3,133.17	3,133.17	3,133.17	3,133.17
RHBIBL OD2: USD70K	525.00	525.00	525.00	525.00
Total Commitment	10,669.61	10,669.61	10,669.61	10,669.61
DSR (Time)	2.15x	2.57x	2.94x	3.35x

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Part 9.0	RECOMMENDATION BY LENDING UNIT	
<b>SUMMARY &amp; RECOMMENDATION</b> <ul style="list-style-type: none"> <li>Borrowers' business is in the growing trend which contributed by the strong demand in local market and stable economic growth.</li> <li>They are the top three quail and seafood distributor in Phnom Penh and also operated a famous restaurant. And the business is well established since 1997 with a strong customer base and reputation.</li> <li>All business premises are owned by the borrowers.</li> <li>The repayment capacity is strong i.e DSR is 2.69x with high marketability and security coverage of 1.56x</li> <li>For the last 12 months, turnover credit and debit of USD1.62M and USD1.70M derived average monthly deposit and withdrawal of USD135.3K and USD142.29K respectively. And the monthly installment has been promptly paid.</li> <li>RHBIBL is a sole banker.</li> <li>For P5 only, the MoA property would be 45.17% with additional OD2 of USD70K as the borrower request to waive cross-charging the new collateral with the existing one.</li> </ul> <p><u>Reminder:</u> 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 &amp; (iv) indicating in details other sources of information i.e. updated sales report, current account summary, cash balances, CCRIS, etc.</p>		
<b>Recommended by:</b>		<b>Recommended by:</b>
<hr/> Sok Ratanak Assistant Manager, Retail & Consumer Business & Development Marketing Date: 07 Aug 2016		<hr/> Keang Chanveasna Branch Manager Date: 07 Aug 2016
<b>Recommended by:</b>		
<hr/> Chiv Hak Senior Manager, Retail & Consumer Business & Development Marketing Date: 07 Aug 2016		

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<b>Part 10.0</b>	<b>INDEPENDENT EVALUATION/ RECOMMENDATION/ APPROVAL</b>
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<b>10.1</b>	<b>CREDIT EVALUATION MEMORANDUM/ RECOMMENDATION</b>
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**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:

## CREDIT APPLICATION (CA2)

*(Form for joint approval)*

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10.2	APPROVAL	
<b>Approver 1</b>	Decision:	<input type="checkbox"/> Approved <input type="checkbox"/> Declined
	Comments: (if any)	
	Additional Terms/ Conditions/ Covenants: (if any)	
	Yong Ching San Date:	
<b>Approver 2</b>	Decision:	<input type="checkbox"/> Approved <input type="checkbox"/> Declined
	Comments: (if any)	
	Additional Terms/ Conditions/ Covenants: (if any)	
	Lim Loong Seng Date:	

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