

Credit Evaluation – Loans and Credit Administration								
Date	:	14/12/2016	Branch	:	CMO			
From	:	Credit Evaluation – Loans and Credit Administration						
To	:	Head, Credit Management & Deputy Country Head						
1.0 Borrower Information								
Borrower:	1	Mr. Heng Khemara	Nature of business/ Employment	1	Construction material shop			
	2	Mdm Heng Sok Leang		2				
	3							
Guarantor:	1		Borrowing R's ship since:	New				
	2							
	3							
CRR Grade	4							
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	TL		+280K	280K	-	10 years	ECOF + 2.5% subject to min 8.00%p.a.	
New	OD		+100K	100K	-	1 year	ECOF + 3% subject to min 8.50%p.a.	
Total			+380K	380K				
Fees	Processing fee	:	1% on approved limit					
	Prepayment fee	:	1 st – 5 th year: 3% 6 th – 10 th year: 1%					
	Renewal fee	:	0.5% on renewed limit					
	Commitment fee	:	1% on uncommitted balance					
Loan Purpose:	For additional working capital							
Request/ Deviation:	- To seek approval for lower renewal fee of 0.5%							

3.0 Comment by Credit Evaluation:	
1.	Borrowers are husband and wife currently operating their own construction material shop known as Mao Leang Construction Material Shop since 2001. The business premise is located in Porsenchey in their owned property.
2.	The purpose of loan is to refinancing existing loan with Canada Bank & Acleda Bank where the loan purpose with Acleda to part finance construction of their apartment while Canada Bank loan is to support working capital. All the property from Acleda & Canada Bank will not be charged to us as it is a mixture of soft TD and vacant land. However, we noted that borrower's existing business premise and the apartment is under soft TD which is better marketability than the collateral offered to us. The OD

with Canada Bank is well conducted with no excess or cheque return but the TL with Acleda Bank is noted to have late payment from 1 to 8 days with only 3 out of the 11 months installment were paid promptly. The late payment of 8 & 6 days occurred during Khmer New Year and King's Birthday holiday while we noted that borrower's OD with Canada has sufficient limit to pay for the installment with Acleda Bank while the late payment is due to busy working schedule.

3. The additional working capital of USD100K is justifiable to support their working capital need calculated to be around USD209K to support their stocks and receivables. All stocks are purchased with one week credit term from local supplier on cash terms as reported by LU. However, CED opined that their supplier should have at least one month credit term as well as per normal practice. If we calculate with 30 days creditor turnover, working capital need of USD138K is still justifiable to the amount requested.

4. Comment on financials:-

- i. Revenue has seen growth of 5% for the past 2 years while 2016 financials from Jan to Nov of USD92.3K is also continuing the growth trend. The monthly sales can only be justified via sales invoices furnished from Sep to Nov 2016 with average monthly sales of USD91.6K or a reflection rate of 99%. The monthly deposit of USD59.7K only represents 65% of the reported revenue as some of the cash received is used to pay for expenses incurred.
 - ii. EBIT of USD13.5K inclusive of rental income for their 2 properties in 2016 provides DSR of 3.28x. Under sensitized scenario with 20% reduction in net income, DSR is still acceptable at 2.62x.
 - iii. There is no debtor aging report maintained by borrower as they will usually keep the invoices that is given credit term only without keeping a separate record.
 - iv. Borrower is projecting modest growth of only 5% in the next 5 years in line with existing growth trend. DSR is expected to gradually improve to 3.73x by 2019.
5. The collateral offered is free from encumbrance all located in Chom Chao. P1 & P2 is both land with warehouse located 20M apart. However, noted P1's building structure is negligible compared to the land value. Combined OMV of USD551.5K provides security coverage of only 1.01x (ascribed value). Marketability is fair while the surrounding is mainly industrial warehouse and room rentals.
6. Key issue:-
- i. The collateral offered to us is inferior compared to existing collateral charged to Acleda Bank which consist of their business premise and apartment which is under soft TD.
 - ii. Long loan tenor of 10 years while existing loan with Acleda Bank is only for 6 years while Canada Bank is OD facility.


4.0

Recommendation by Credit Evaluation

1. I would concur on branch's recommendation for Management's approval subject to:-

- i. The soft TD for their business premise to be deposited to the bank failing which OD limit to be reduced to USD50K instead to cap our exposure.
- ii. TL tenor to be reduced to 7 years only while interest rate for TL should be at 8.25%p.a.

Concurred by:


Tang Siew Hon
Senior Manager
Date: 14/12/2016



RHB BANKING GROUP

☒ RHB Indochina Bank Ltd☐ RHB Bank Bhd**CREDIT APPLICATION (CA2)**

(Form for joint approval)

Application No. : RHBIBL-BDM-0002-2016-0050 Branch: City Mall Olympic Branch

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					
1.1	CUSTOMER INFORMATION					
Borrower	Mr. Heng Khemara and Mdm. Heng Sok Leang		CIS No.	New		
Group/ Ultimate Parent	N/A		Registration No.	N/A		
Ultimate Borrower's Beneficial Owner	N/A					
Business Address	<ul style="list-style-type: none">Mao Leang Construction and Serviced Apartment Address: St. Ang Taminh, Phum Trapeang Lvea, S/K Kakab, Kh. Kh. Porsen Chey, Phnom PenhProperty rental Warehouse Address: Phum Kok Chambok, S/K Chom Chao, Kh. Dangkor, Phnom Penh. (Collateral 2) House Address: No. 358Eo, St. 271, Sangkat Tek Laak 3, Khan Toul Kork, Phnom Penh, Near Heng Ly Market.					
NBC Sector	Retail Trade	Sub Sector	N/A			
Core Business	Retail Trade					
Date of Incorporation	2001	Relationship Since	New			
Review Due Date	N/A	Next Review Date	N/A			
BNM 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"/> NBF1 <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. Heng Khemara and Mdm. Heng Sok Leang	-	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. Heng Khemara	44	Husband	50%	2001	2001	>USD300K
Mdm. Heng Sok Leang	37	Wife	50%	2001	2011	
No. of Employee: 5						
Succession Plan for key Personnel: N/A						
CRC / World Check Findings (if any): There are no entries matching to World Check. And the borrowers have maintained						



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loan with ACLEDA and Canada Bank based on CBC report in November 2016

Connected party: Yes / No (If yes, please comment)

Part 2.0	DETAILS OF REQUEST
2.1	Brief details of new, additional or renewal request. <ul style="list-style-type: none"> To request for OD of USD100K to use as working capital in business. To request for 10-Year TL of USD280K to fully settle loan from Canada and ACLEDA Bank.
2.2	Please state brief details of waivers, deviation of guidelines & notations. <ul style="list-style-type: none"> To charge renewal fee of 0.5% on the approved OD limit.

Part 3.0	FACILITY DETAILS					
3.1	FACILITY (USD'000)					
Facility Type	O/S as at	Existing Limit	Increase/ Decrease (+/-)	New Limit	Pricing (ECOF: 5.5% p.a.)	Purpose
OD (New)	-	-	+100	100	ECOF + 3% p.a. on monthly rest subject to min 8.5% p.a.	To use as working capital in business.
10-Year TL (New)	-	-	+280	280	ECOF + 2.50% p.a. on monthly rest subject to min 8% p.a.	To fully settle loan from Canada and ACLEDA Bank.
Total	-	-	+380	380		

3.2	Repayment Terms	
Facility Type	Tenor/ Terms of Repayment	
OD USD100K	Interest Rate:	ECOF + 3%p.a. on daily rest subject to minimum 8.5%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
TL USD280K (New)	Interest Rate:	ECOF + 2.50% p.a. on monthly rest subject to min 8% p.a.
	Tenure:	10 Years
	Repayment:	120 monthly installment of USD3,397.17
	Processing Fee:	1% on approved amount
	Prepayment:	1 st -5 th Year: 3% and 4 th -10 th Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.



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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	380	-	380	-	-	-	380	-	380
RHB Bank Limit:									
Standalone:									
RHB Labuan/ Islamic/ Investment/ Leasing									
SCEL**									
Beyond SCEL***									
Total RHB Group	380	-	380	-	-	-	380	-	380
Total Credit (RHB Group Exp+Other Banks)	380	-	380	-	-	-	380	-	380

* 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 01-Dec-2016 (USD)	Security	Security Coverage
1	Canadia	OD	12%	30	30	Land & Building TD: 12040610-0109	N/A
2	Canadia	OD	12%	70	37.9		
3	ACLEDA	TL	9%	220	183.3	Land & Building TD: 12050508-0428 TD: 12090206-0600 Soft TD: 13310	N/A
Total				320	251.2		
Credit Bureau Findings: The repayment has been promptly paid.							
World check: No name matched.							



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		Building cost: USD24,720 (USD60/sqm) Total: USD230,720		
2) CARE	01-12-2016	Land cost: USD185,400 (USD450/sqm) Building cost: USD24,720 (USD60/sqm) Total: USD210,120		
3) ARC	13-12-2016	Land cost: USD185,400 (USD450/sqm) Building cost: USD26,780 (USD65/sqm) Total: USD210,180		
Comment: We are adapt to the indicative value of CARE as it is reasonable value and lower than BRG's.				
Total			551.5	385.9
Security Coverage (Times) - Existing & New/ additional			1.45x	1.01x

5.2	SECURITY ANALYSIS
<ul style="list-style-type: none"> Overall MOA is 68.90% with secure coverage of 1.01x. (as ascribed) The property 1 is a parcel of land accommodating with a single warehouse located in Phum Kok Chambok, S/K Chom Chao, Khan Dangkor, Phnom Penh. It is stood between Veng Sreng Blvd. and Street 2004, about 1.5Km from Veng Sreng Blvd and 1.1Km from Street 2004, surrounded by Canadia Industrial Park, Borey Orkide, Markets, Schools, Public and Private Companies, Garment Factories, Residents, Clinics, etc. The property 2 is a warehouse, stood about 30 meters from the property 1. It is currently leased with monthly rental fee of USD700. Those properties are located in a favorable zone with comfortable access road and easy to operate as warehouse, rooms rental, and other business activities. 	
5.3	GURRANTORS
N/A	

Part 6.0	CONDITIONS PRECEDENT & COVENANTS
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6.1	CONDITIONS PRECEDENT			
No.	Details	Complied		To
		Yes	No	comply
1	<u>New OD: USD100K and 10-Year TL: USD280K</u> <ul style="list-style-type: none">• Acceptance of Letter of Offer• Payment of Processing fees <p><u>Release of facilities subject to:-</u></p> <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 Valuation Report on P1 & P2 with total value of not less than USD551.5K from our bank' panel. <p><u>Disbursement Method:</u></p> <p>Upon blocking TDs, TL of USD280K and OD of USD100K will be released subject to:</p> <ul style="list-style-type: none">• OD of USD3K and TL of USD280K or specific amount will be released by			✓ ✓ ✓ ✓ ✓



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	issuing banker' check to fully settle loan from Canada Bank (USD100K) and ACLEDA Bank (USD183K).			✓
	• And the balance OD will be released to the borrower' account with RHBIBL.			✓
	Post Drawdown:			
	• To submit the full settlement letter from Canada and ACLEDA Bank within 2 weeks after OD and TL disbursement date.			✓
Comments: N/A				

6.2	COVENANTS / OTHER TERMS & CONDITIONS			
No.	Details	Complied		To
		Yes	No	comply
1	Existing N/A			
2	New N/A			
Comments:				

Part 7.0	CREDIT ASSESSMENT
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7.1	BORROWER BACKGROUND
<p>Applicants, Mr. Heng Khemara (Age: 44) and Mdm. Heng Sok Leang (37), are related as husband and wife and residing in No. 26A, Street Ang Taminh, Phum Trapaing Lvea, Sangkat Kakab, Khan Prosen Chey, Phnom Penh. A couple has engaged in Construction Material Business and Serviced Apartment since 2001 and 2014 respectively. Before, Mr. Khemara was employed in NGO for 10 years while Mdm. Sok Leang has experienced in construction business with her aunt since she was 16 years old.</p> <p>Confirmed by the applicant, both current businesses are supported from their own fund and partially financed from Canada and ACLEDA Bank with total approved limit of USD320K (O/S Balance of USD283K as at Nov-2016). The brief businesses information are summarized as follows:</p> <p>Mao Leang Construction Material Shop</p> <p>Business Operation</p> <ul style="list-style-type: none"> The business is operated under Patent No. PTS2016081400អត្ថបទ, located in No. 26A, Street Ang Taminh, Phum Trapaing Lvea, Sangkat Kakab, Khan Por Senchey, Phnom Penh. The property is owned by the applicants. Besides the premise business, there is one warehouse for inventory located in Phum Kok Chombok, Sankat Chom Chao, Khan Dangkor, Phnom Penh, where is to be charged to RHBIBL (P1). Mdm Sok Leang is a key person who managed the business and assisted 5 staffs for daily business operating. All kinds of construction material are served such as bathroom appliance, brick, sand, cements, plastic pipes, and other construction materials. Further, there are 3 trucks for goods transportation upon the customer' demand. Normally, the purchased/sold order is made by phone for permanent suppliers and customers while some are walk-in customers who stay around. A credit term (up to one month) is offered to potential customers and fully paid on time for retail customers. Mdm. Sok Leang revealed that she has good relationship with her customers for many years, so bad debt collections are not concerned. But aging list is not made as it is a family business; however, A/R is 	



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followed up and controlled based on the sale invoice and daily sale note. (Same invoice and daily note are provided).

- Meanwhile, the applicants have to pay the bill first prior to goods delivery sometime. But most are offered between 7 days to 10 days from their suppliers.
- Inventory is a main point to satisfy the customers on time when they purchase order. So they usually buy-in stock at least twice per months. Up to date, inventory, A/R, and A/P are summed up of USD250K, USD40K and USD20K respectively.

Customers

- Most customers are private constructors, local dealers, and retail consumer with 20%, 50%, and 30% respectively. Those are from different area in Phnom Penh City. The applicant further stated that they are supported from customers since they have strong relationship, quality, and competitive price and the customers have no concern on distance.
- Some are purchased from provinces and use truck for goods delivery.
- As it is a family business, the aging list is not a proper report. However, the applicant has noted their A/R based on sale invoices and daily sale note.
- More than 15 years in business, they have strong relationship with their customers and well managed on debt collection. Applicant mentioned that the customer has to fully settle the previous bill before purchase order more. In this way, risk is mitigated.

Suppliers

- The applicants have a strong support and reliable retail suppliers and companies in Cambodia such as
 - Chip Mong Construction Material
 - K-Cement Construction Material
 - Thai Heng Construction Material

Competitor& Strategy

There are some competitors who have the same sale of business but the applicant has no concern as they have strong relationship with new and existing customers for over 15 years.

Service Apartment Business

- Established in 2014, founded by Mr. Khemara with initial fund of about USD450K for purchase land and Apartment construction. Some source of fund is financed from ACLEDA Bank.
- The business is managed by Mr. Heng Khemara.
- The construction was fully completed in late 2015, and started to operate service in early year 2016. It is consist of 10 units in total. Mr. Khemara revealed that the lessees are not concerned on facilities as many stuffs already equipped consists of bed, air-con, cabinet, refrigerator, TV, and bathroom appliance.
- Monthly rental fee is between USD200 to USD400 upon the unit' size (10 Units in total). Presently, the applicant generate monthly rental fee of USD2,300, i.e. 90% of occupancy rate.
- The list customers are briefed as the following table:

Unit	Lessor	Lessee	Tenure	Monthly Rental Fee
No.1	-	-	-	Available Now
No.2	Heng Khemara	Craig Marshall	1 Year (01-04-16 to 31-03-2017)	USD400
No.3		Angelos Troizis	6 Months (01-08-16 to 31-01-17)	USD300
No.4		Aiworo Jolly Osariemen	1 Year (01-05-16 to 30-04-17)	USD200
No. 5		Gulmatico Ddy	1 Year (01-03-16 to 28-02-17)	USD200
No. 6		Heang Veasna	6 Months (01-07-16 to 31-12-16)	USD250



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No. 7	Cheng Liming	3 Years (01-08-16 to 31-07-19)	USD250
No. 8	Zhang Sedong	7 Months (01-06-16 to 31-12-16)	USD200
No. 9	Kry Sotheary	1 Year (01-08-16 to 31-07-17)	USD200
No. 10	Stuart Gordon Mayhew	3 Months (01-08-16 to 31-10-16)	USD300
Total			USD2,300

Note: All rental agreements are enclosed.**House and warehouse rental**

Warehouse (Collateral 2)

Address: Phum Kork Chambok, Sangkat Chom Chao, Khan Dangkor, Phnom Penh.

Lessor	: Mdm. Heng Sokleang
Lessee	: Mr. Jonathan Authority George
Tenure	: 3 Years (01-Jan-2016 to 31-Dec-2018)
Monthly Rental Fee	: USD700/month
First Deposit	: USD4,200 (Will be returned on the maturity date of contract)

Note: Lease Agreement is enclosed.

House

Address: Along Street 271, near Heng Ly Market.

Lessor	: Mr. Heng Khemara
Lessee	: Mr. Bros
Tenure	: N/A
Date start	: 18-June-2016
Monthly Rental Fee	: USD600/month
First Deposit	: USD3,600 (USD2,500 was deposited and the balance will be deposited accordingly)

Note: Mr. Bros is the applicant's relative so that official rental agreement is not made. Also, the tenure of rental is not specific period. However, Hand writing of deposit and payment are provided.**7.2****JUSTIFICATION OF REQUEST**

• Construction WC Line Requirement:

Items	Historical Jan-Nov/2016 (Monthly)	Projected 2017 (Monthly)	Remarks
Z) Monthly sales (USD)	92,350.12	96,967.63	Up to date, inventory, A/R, and A/P are summed up of USD250K, USD40K and USD20K respectively.
A) Debtor turnover (days)	30	30	
B) Stockholding turnover (days)	45	45	
C) Creditor turnover (days)	7	7	
D) Asset Conversion Cycle = (A + B) – C/30	2.27	2.27	
E) Monthly WC need = (D x Z)	209,326.94	219,793.29	



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Existing + proposed WC lines	197,000.00	197,000.00
(Shortfall)/Excess in WC lines	(12,326.94)	(22,793.29)

Justification

- Borrowers have granted OD of USD70K and 1-Year TL of USD30K from Canada and 6-Year TL of USD220K from ACLEDA Bank in purpose of working capital in construction material business and serviced apartment.
- Properties charged with other banks

No.	Collateral No.	Size	Bank	Remark
1	12040610-0109	52sqm	CNB	Rental income USD600/month
2	12050508-0428	92sqm	ACLEDA	Behind the P1
3	12090206-0600	100sqm		Sub-Road and far from the subject property 1 & 2
4	13310	76.8sqm		Construction Shop (Soft TD)
5	395	76.8sqm	N/A	Apartment (Soft TD)

Note: The business premises and serviced apartment are under soft TDs while the other hard TDs are also located near the properties which are to be charged to RHBIBL.

- The requested loan of USD380K will be utilized as follows:

No.	Amount	Loan Utilization with RHBIBL	Loan purpose with other banks
1	USD100K	To fully settle loan with Canada Bank	To use as working capital in Construction Material Business
2	USD183K	To fully settle loan with ACLEDA Bank	To purchase assets and part finance on Apartment Construction.*
3	USD97K	To use as working capital in construction Material business.	
Total	USD380K		

***Note:**

- It was used to purchase assets and support their apartment construction since 2014 where the total cost is about USD450K, verbally disclosed by Mdm. Heng Sok Leang. Presently, the service apartment is operated and generated monthly rental fee of USD2,300.
- Settlement Amount is not included the penalty charge with ACLEDA and Canada Bank.
- According to the purpose of loan, it means that limit of USD197K will be used for working capital in construction material business only. It is reasonable and illustrated from the WC need above as the applicant shall need the average monthly WC of USD209.3K based on the actual sale record.
- Meanwhile, the applicants are approached by Cathay Bank with interest rate between 8% p.a. Note that, the applicants have been inquired at Canada Bank on 17-08-2016 with limit of USD150K. Verbally disclosed by applicants, they did not satisfy on interest rate 8.5% p.a. and have to refinance from ACLEDA as instructed by the bank
- Therefore, the applicants have approached us for 10-Year TL of USD280K at interest rate 8% p.a. and OD of USD100K at interest rate 8.5% p.a. to fully settle loan with ACLEDA and Canada Bank, and use as working capital in construction material business.



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7.3	INDUSTRY LENDING DIRECTION
Sector: Retail sale Within Industry Lending Limit? Yes / No (as at 09-12-2016)	
<input type="checkbox"/> Most attractive <input type="checkbox"/> Highly attractive <input checked="" type="checkbox"/> Attractive <input 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 Jan-Nov 2016 (Monthly)	Projected 2017 (Monthly)	Remarks
A) EBITDA Construction Shop Serviced Apartment	USD9,890.91 USD2,300.00	USD10,390.16 USD2,550.00	<ul style="list-style-type: none"> • DSR based on latest reported financial in 2016 (Jan to Nov 2016) stands at 3.28x. • Revenue from business is projected to increase 5% in Y2017 based on the past sale record and business growth in the coming year. So, DSR shall be further improved to 3.46X
B) Other recurring Income: Warehouse rental House rental	USD700.00 USD600.00	USD700.00 USD600.00	
C) Total cash flow available for debt service (A + B)	USD13,490.91	USD14,240.16	
D) Existing debt repayment	N/A	N/A	
E) Proposed additional Debt Repayment RHBIBL, 10-Year TL: USD280K RHBIBL, OD : USD100K	USD3,397.17 USD708.33	USD3,397.17 USD708.33	
F) Total debt repayment (D + E)	USD4,105.50	USD4,105.50	
DSR [(A+B)/(D+E)]	3.28x	3.46x	
G) Other source of income (scheduled/dividend repayment)	N/A	N/A	
Adjusted DSR [(C + G)/F]	N/A	N/A	



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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
N/A	

7.8	CONDUCT OF ACCOUNT ANALYSIS					
Bank Statement						
Canada Bank						
Mr. Heng Khemara						
12 Months						
Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)	
Balance Forward					13,689.71	
Dec-15	21	102,910.88	5	55,759.11	(33,462.06)	
Jan-16	15	50,445.00	3	20,894.00	(63,013.06)	
Feb-16	17	44,206.66	4	48,635.00	(58,584.72)	
Mar-16	20	43,535.11	5	82,080.00	(20,039.83)	
Apr-16	12	26,114.91	4	44,389.00	(1,765.74)	
May-16	25	58,383.85	4	49,000.02	(11,149.57)	
Jun-16	32	52,852.86	6	60,800.27	(3,202.16)	
Jul-16	23	55,775.04	5	72,087.29	13,110.09	
Aug-16	24	95,746.82	9	53,320.39	(29,316.34)	
Sep-16	26	45,433.97	7	63,533.00	(11,217.31)	
Oct-16	19	78,086.68	2	34,900.00	(54,403.99)	



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Nov-16	15	40,195.00	6	56,602.00	(37,996.99)
Total	249	693,686.78	60	642,000.08	-
Excluding TL: USD30K	248	663,686.78	59	612,000.08	
Average	21	57,807.23	5	51,000.00	(25,920.14)
OD Limit					70,000.00
Average OD Balance					(29,468.34)
OD utilization rate					42%

Comment:

- TL of USD30K was released in 04-Apr-2016.
- For latest 12 month, by excluding TL drawdown, total turnover credit and debit reported USD612K and USD663.6K derived monthly deposit and withdrawal of USD51K and USD57K respectively.
- Common transactions are cash deposit and OD interest and commitment fee.
- There was no adverse remark on insufficient fund/check return.
- Noticeably, the monthly payment has been promptly paid.
- OD utilization rate is 42% with approved OD limit of USD70K.

History Repayment at Canadia Bank

Canadia Bank				
Conduct of TL: USD30K (Interest service only)				
Account No. : 0230000113854				
Account Name: Heng Khemara				
No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	300.00	3-Apr-16	3-Apr-16	0
2	300.00	3-May-16	3-May-16	0
3	310.00	3-Jun-16	3-Jun-16	0
4	300.00	3-Jul-16	3-Jul-16	0
5	310.00	3-Aug-16	3-Aug-16	0
6	310.00	3-Sep-16	3-Sep-16	0
7	300.00	3-Oct-16	3-Oct-16	0
8	310.00	3-Nov-16	3-Nov-16	0

Comment:

- Noticeably, the monthly payment has been promptly paid for last 8 months.



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Bank Statement

ACELDA Bank					
Mdm. Heng Sok Leang					
11 Months					
Month	No. of Transaction	Debit (USD)	No. of Transaction	Credit (USD)	Balance (USD)
Balance Forward					96.32
Jan-16	2	38,371.00	1	38,371.00	96.32
Feb-16	2	1,420.84	1	1,421.00	96.48
Mar-16	2	1,329.17	1	1,329.17	96.48
Apr-16	2	1,420.84	1	1,421.00	96.64
May-16	1	1,375.01	1	1,375.00	96.63
Jun-16	2	1,512.51	1	1,512.00	96.12
Jul-16	1	1,283.34	1	1,284.00	96.78
Aug-16	1	1,420.84	1	1,421.00	96.94
Sep-16	1	1,466.67	1	1,467.00	97.27
Oct-16	1	1,329.17	1	1,330.00	98.10
Nov-16	1	1,420.84	1	1,421.00	98.26
Total	16	52,350.23	11	52,352.17	
Average	3	8,725.04	2	8,725.36	96.91

Comment:

- Total turnover credit and debit reported USD52,351.17 and USD52,350.23 derived monthly deposit and withdrawal of USD8,725.36 and USD8,725.04 respectively.
- Common transactions are cash deposit and withdrawal and loan installment.

History Repayment at ACLEDA Bank

ACLEDA Bank				
Conduct of TL: USD220K				
Account No. : 3600-00-590493-1-3				
Account Name: Heng Sok Leang				
No.	Installment Amount	Due Date	Payment Date	Days Past Due
1	38,371.00	11-Jan-16	12-Jan-16	1 ✓
2	1,420.08	11-Feb-16	12-Feb-16	1 ✓
3	1,329.17	11-Mar-16	15-Mar-16	4 ✓
4	1,420.84	11-Apr-16	19-Apr-16	8 ✓
5	1,375.01	11-May-16	17-May-16	6 ✓
6	1,512.51	13-Jun-16	14-Jun-16	1 ✓
7	1,283.34	11-Jul-16	11-Jul-16	0 ✓
8	1,420.84	11-Aug-16	11-Aug-16	0 ✓
9	1,466.67	11-Sep-16	12-Sep-16	1 ✓



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10	1,329.17	11-Oct-16	11-Oct-16	0
11	1,420.84	11-Nov-16	11-Nov-16	0

Comment:

- TL of 220K was approved with monthly interest only and settle principle of USD36,666 every 12 months.
- 1 to 4 overdue days due to the customer was so busy in business
- 6 to 8 overdue days due to the National Holiday, Khmer New Year (13th to 18th April 2016) and King's Birthday (13th to 16th May 2016) and the customer deposit after holiday. In this view, there was a few day overdue on working day only.
- Note that, it could not consider as a red flag as the customer have sufficient OD limit to withdrawal in Mar, Apr, and May 2016 for loan installment at ACLEDA. Honestly, they are so busy in their business.

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 proper financial recorded, since it is a family business. However, the borrowers are still operating business well and profitable from year to year. 							

8.2	Industry Risks	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
<p>Construction Source : Phnom Penh Post dated 15 July 2016</p> <p>A stunning rise in the value of construction projects approved by the government in the first half of the year 2016 could be a sign that developers have found a willing ally in the newly appointed minister of land management, who has pushed through hundreds of project applications he inherited when he took office in April. Data obtained from the Ministry of Land Management, Urban Planning and Construction show 990 construction projects valued at over \$6.5 billion were approved during the first five months of the year, compared with 2,305 projects worth \$3.3 billion approved during the whole of 2015.</p> <p>Serviced Apartment Source: Phnom Penh Post dated 02 June 2016</p> <p>While rapid growth in Phnom Penh's condominium market is showing signs of slowing down, one segment ripe for expansion is the serviced apartment market.</p> <p>Senior associate director of CBRE Cambodia, said in her presentation at the Real Estate Market & Outlook Conference (REMOC) earlier this year, Phnom Penh has the largest share of serviced apartment supply. And according to the CBRE market research, occupancy rates across the entire Phnom Penh serviced apartment market currently stands at 85.8 per cent.</p> <p>"With Cambodia being classified as a high-growth country, the rising quality of living, and increase in volume of foreign talents and tourists creates demand for quality serviced residences," said Jeremiah Lee, managing director of Singaporean-based development company, Kingsland Global. In terms of supply of residential units for rent it will be more than sufficient – especially given the future supply spill-over of condominium units coming online within the next two to three years, which at current are approximately 20,000 units provided that all launched projects are completed on schedule."</p>							

8.3	Product Risks	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
<ul style="list-style-type: none"> • Multi-products are imported and mixed in market. 							

8.4	Supplier / Buyer Risks	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
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- 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)	✓	Low	Medium	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

8.7 FINANCIAL HIGHLIGHTS & ANALYSIS**Income Statement**

Description	Income Statement		
	2014	2015	2016
	12-months	12-months	11-months
Revenues			
Construction Material	1,000,151.80	1,052,791.37	1,015,851.32
COGS	823,424.98	865,394.50	832,998.08
Gross Profit	176,726.82	187,396.86	182,853.24
Operating Expenses			
Workers' Salary	8,928.70	9,300.73	8,974.39
Utilities	5,043.11	5,308.53	5,176.76
Transportation	17,071.10	18,555.54	18,488.31
Other expenses	41,202.98	42,919.77	41,413.81
Total expense	72,245.88	76,084.57	74,053.27
EBIT	104,480.94	111,312.29	108,799.97
Average monthly EBIT	8,706.75	9,276.02	9,890.91
Average monthly rental (Serviced Apartment)	-	-	2,300.00
Average monthly Warehouse rental	-	-	700.00
Average monthly House rental	-	-	600.00
Total average monthly income	8,706.75	9,276.02	13,490.91

Comment:

- Based on the furnished income statement in Jan-Nov/2016, average monthly sale of USD92,350.12 derived from construction Material business. The business is profitable from year to year where the sale of 2016 increased by 5% compared Y2015.
- Profit Margin is about 10.7% which is reasonable compare with our loan customer who has the same sale of business.
- Average monthly income is USD13,490.91 derived from business of USD9,890.91, serviced apartment of USD2,300, and property rental of USD1,300. Total incomes are justified as the following :



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- Summary sale daily record for last 3 months (Sep to Nov), with average sale of USD91,572.24, i.e. 99.15% of total sale was properly noted (some sale invoices are enclosed).
- Average monthly deposit with ACLEDA and Canadia Bank, reported of USD59,725.36, i.e. 64.67% of sale was channeled with the banks where the balance was kept in cash for daily business operating.
- All rental agreements are provided.

Income Projection

Description	Income Projection		
	2017	2018	2019
	12-months	12-months	12-months
Revenues			
Construction Material	1,163,611.51	1,221,792.09	1,282,881.69
COGS	954,161.44	1,001,869.51	1,051,962.99
Gross Profit	209,450.07	219,922.58	230,918.70
Operating Expenses			
Workers' Salary	10,279.76	10,793.74	11,333.43
Utilities	5,873.27	6,108.20	6,352.53
Transportation	21,177.52	22,236.39	23,348.21
Other expenses	47,437.64	49,809.52	52,299.99
Total expense	84,768.18	88,947.86	93,334.17
EBIT	124,681.89	130,974.72	137,584.54
Average monthly EBIT	10,390.16	10,914.56	11,465.38
Average monthly rental (Serviced Apartment)	2,550.00	2,550.00	2,550.00
Average monthly warehouse rental	700.00	700.00	700.00
Average monthly house rental	600.00	600.00	600.00
Total average monthly income	14,240.16	14,764.56	15,315.38

Comment:

- Sale is projected to increase by 5% in the coming 3 years based on past sale recorded and trend of business growth.
- COGS are expected to remain unchanged.
- Serviced apartment income is project to increased 11% based on agreement and occupancy rate.
- Property rental is remained unchanged based on the furnished rental agreement.

Current DSR Scenario:

Year	2016	2017	2018	2019
Net Income	13,490.91	14,240.16	14,764.56	15,315.38
RHBIBL OD: USD100K	708.33	708.33	708.33	708.33
RHBIBL 10-Year TL: USD280K	3,397.17	3,397.17	3,397.17	3,397.17
Total commitment	4,105.50	4,105.50	4,105.50	4,105.50
DSR (Time)	3.29x	3.47x	3.60x	3.73x

Sensitized DSR Scenario: (30% drop of EBIT)

Year	2016	2017	2018	2019
Net Income	9,443.63	9,968.11	10,335.19	10,720.76
RHBIBL OD: USD100K	708.33	708.33	708.33	708.33
RHBIBL 10-Year TL: USD280K	3,397.17	3,397.17	3,397.17	3,397.17



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Total commitment	4,105.50	4,105.50	4,105.50	4,105.50
DSR (Time)	2.30x	2.43x	2.52x	2.61x

Part 9.0	RECOMMENDATION BY LENDING UNIT
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SUMMARY & RECOMMENDATION

- Applicants are active businessmen who has involved in business since 2001.
- They are approached by Cathay and Maybank with competitive interest rate.
- The business is well operated and profitable from year to year. Further, they earn more income from service apartment and property rental.
- Repayment capacity of borrower is well substantiated translated DSR of 3.29x. However, there was a few month overdue day since they were so busy in business. Evidentially, they have enough money to pay monthly installment with ACLEDA Bank as they has granted OD of USD70K. So, it could not consider as a red flag/habitual late payment.
- MoA is 68.90% and security coverage 1.01x (ascribed 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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CREDIT APPLICATION (CA2)

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Application No. : RHBIBL-BDM-0002-2016-0050

Branch: City Mall Olympic Branch

Prepared by:	Recommended by:
	
Sok Ratanak Assistant Manager-Credit Relationship Date: 09-12-2016	Keang Chanveasna Branch Manager Date: 09-12-2016
	Recommended by:
	
	Chiv Hak Senior Manager Date: 09-12-2016



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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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10.2	APPROVAL
Approver 1	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any) <i>As per conditions imposed by CED</i></p> <p>Additional Terms/ Conditions/ Covenants: (if any)</p> <p><i>Mr. Yong Ching San</i> Mr. Yong Ching San Date: <i>14/12/16</i></p>
Approver 2	<p>Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined</p> <p>Comments: (if any)</p> <p>Additional Terms/ Conditions/ Covenants: (if any)</p> <p><i>Mr. Thoo Kim Beng</i> Mr. Thoo Kim Beng Date: <i>14/12/16</i></p>

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