

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

Application No. : RHBIBL-0002-2014-0023-1 Branch: CMO

Request Type☐ New☐ Additional☒ Renewal☐ R&R**Approving Authority**☒ Joint Approval: DLA Level 3 Reason for escalation:☐ Group CCO & Head of Business:**Part 1.0 CUSTOMER PROFILE**

1.1 CUSTOMER INFORMATION			
Borrower	Mr. Khov Song Hao (58), Mdm. SeangSreng (54), Mr. Soeng Touch (54) and Mdm. Seang Son (49)		CIS No. 200002710
Group/ Ultimate Parent	N/A		Registration No. N/A
Ultimate Borrower's Beneficial Owner	N/A		
Business Address	No.32Eo, St.298, Sangkat Toul Svay Prey 1, Khan Chamkamorn, Phnom Penh.		
NBC Sector	Whole & Retail	Sub Sector	Commercial
Core Business	Takeo Silk Shop & Property Rental		
Date of Incorporation	1994	Relationship Since	2014
Review Due Date	08 Sept 2017	Next Review Date	08 Sept 2018
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. Khov Song Hao, Mdm. SeangSreng, Mr. Soeng Touch and Mdm. Seang Son	3	2	2	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. Khov Song Hao	58	Married	25%	1994	23 years	>300K
Mdm. SeangSreng	54	Married	25%	1994	23 years	>300K
Mr. Soeng Touch	54	Married	25%	1994	23 years	>300K
Mdm. Seang Son	49	Married	25%	1994	23 years	>300K
No. of Employee: 04						
Succession Plan for key Personnel: N/A						
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	Brief details of new, additional or renewal request. - To annual review of existing facilities: TL of USD300K and OD of USD250K.
2.2	Please state brief details of waivers, deviation of guidelines & notations. N/A

Part 3.0	FACILITY DETAILS
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3.1	FACILITY (USD'000)					
Facility Type	O/S as at 17/08/17	Existing Limit	Increase/ Decrease (+/-)	New Limit	Pricing (ECOF@5.50%)	Purpose
TL (Existing)	140.603	140.603	-	-	ECOF + 3% p.a. on monthly rest subject to min 8.5%p.a.	To part-purchase fabric silk and knotted clothes for setting up new business three stalls in Olympic market
OD (Existing)	3.156	250.000	-	-	ECOF + 3% p.a. on daily rest subject to min 8.5%p.a.	For working capital in Takeo Silk Shop
Total	143.759	390.603	-	-		

3.2	Repayment Terms	
Facility Type		Tenor/ Terms of Repayment
TL USD300K (Existing)	Interest Rate:	: ECOF + 3% p.a. on monthly rest subject to min 8.5%p.a.
	Tenure:	: 05 Years
	Repayment:	: 60 monthly installment of USD 6,156.84
	Processing Fee:	: 1% on approved amount
	Prepayment:	: 1 st -3 rd Year: 3% and 4 th -5 th Year: 1% on prepayment amount if the facility is fully/partially settled before expiry date.
OD USD250K (Existing)	Interest rate:	: ECOF + 3% p.a. on daily rest subject to min 8.5%p.a.
	Tenure:	: 1 year subject to yearly review
	Repayment:	: Repayable on demand and interest in arrears to be serviced monthly
	Processing fee:	: 1% of the total approved limit (USD2,500)
	Commitment fee:	: 1% p.a. on unutilized OD limit
	Renewal fee:	: 1% on OD limit upon yearly review
	Prepayment:	: 1% on approved limit if the facility is cancelled and/ or reduced prior to expiry of tenure.

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	390.603		390.603				390.603		390.603

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RHB Bank Limit: Standalone:								
RHB Labuan/ Islamic/ Investment/ Leasing SCEL**								
Beyond SCEL***								
Total RHB Group	390.603		390.603			390.603		390.603
Total Credit (RHB Group Exp+Other Banks)	830.603		830.603			830.603		830.603

* 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	Outstanding as at 31-Jul- 2017	Security	Security Coverage
1	Shinhan-Khmer	OD	8%	220K	220K	N/A	N/A
2	Shinhan-Khmer	TL	8%	220K	220K	N/A	N/A
	Total			440K	440K		
Credit Bureau Findings:							
<ul style="list-style-type: none"> - The repayment has been promptly paid. - Regarding to CBC report on 16-Aug-2017, the facility was approved for Mr. Soeng Touch and Mdm. Seang Son which totally of USD440K. As confirmed by Mr. Seong Touch and Mdm. Seang Son, the facilities are subject for working capital on constructing a borey located at Toul Sangke District. 							
World check: No name matched.							

Part 5.0	SECURITY DETAILS
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5.1	SECURITY DESCRIPTION		
Security Description		OMV (USD'000)	Security Value (as per CP)
Term Loan 1. Facility Agreement stamped for USD300K as the principal instrument. 2. Open All Monies 1st party 1st legal charge over the following property as subsidiary instrument Overdraft 3. Facility Agreement stamped for USD250K as the principal instrument. 4. Open All Monies 1st party 1st legal charge over the following property as subsidiary instrument Property: Title No.: 12010601-0079 Registered owner: Mr.Khov Song Hao and Mdm. Seang Sreng Description: A parcel of land accommodating a five-storey shop house Land Area: 103sqm Built Up Area: 416.7sqm Address/Location: No.32, St.298, Sangkat Toul Svayprey 1, Khan Chamkamorn, Phnom Penh. Tenure: freehold Lease expiry: N/A		1,096	767.20



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<ul style="list-style-type: none"> The property is operated as a Takeo Silk Shop and located in front of Olympic Market. It is a prime commercial area with many business activities with high demand and marketability. <p> Formal valuation: ARC OMV: USD1,096,000 Issue date: 04 September 2014 Insurance: Campu bank Lonpac Expiry date: 04-Sep-2017 Verbal Check by: </p>				
Valuer	Date	OMV/FSV (USD)		
1) ARC	22-08-2017	Land cost: 103sqmxUSD10,500 = USD1,081,500 Built Up cost: 416.7sqm x USD177.0 = USD73,755.9 Total: USD1,155,255.9		
2) KEY	22-08-2017	Land cost: 103sqmxUSD10,000 = USD1,030,000 Built Up cost: 416.7sqm x USD260 = USD108,342 Total: USD1,138,342		
New/ Additional (To Be Obtained)				
N/A				
Total			1,096	767.20
Security Coverage (Times) - Existing & New/ additional			2.80x	1.96x

5.2	SECURITY ANALYSIS
<ul style="list-style-type: none"> Overall MOA of the property would be 35.63% with secure coverage of 2.80x. The subject property is located in favorable area surrounded by many business activities i.e. school, bank, MFI, and other businesses. The worst scenario this property is easy to sell out. 	

Part 6.0	CONDITIONS PRECEDENT & COVENANTS
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6.1	CONDITIONS PRECEDENT			
No.	Details	Complied		To comply
		Yes	No	
1	<p><u>Existing:</u></p> <p>Term Loan</p> <ul style="list-style-type: none">• Acceptance of Letter of Offer• Payment of Processing fees of USD3,000.00 <p>Release of facilities subject to:-</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.• Receipt of valuation report from RHBIBL's panel valuer with value of not less than USD 1,000,000.00 on the subject property. <p><u>Disbursement Method:-</u></p> <p>Upon blocking TD, TL & OD will be released to the Borrowers' account maintained with RHBIBL.</p> <p>Post Drawdown Condition</p>	✓ ✓		
		✓ ✓		
		✓		
		✓		

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2.	The Borrowers are to submit invoices with the amount of not less than USD720K within 2 months from disbursement date and Branch will take some photo of the business premise in Olympic market for evidence.	✓		
	Overdraft			
	• Acceptance of Letter of Offer	✓		
	• Payment of Processing fees of USD2,500.00	✓		
	Release of facilities subject to:-			
	• 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.	✓		
	• Receipt of valuation report from RHBIBL's panel valuer with value of not less than USD 1,000,000.00 on the subject property.	✓		
	Disbursement Method:-			
	The facility will be released upon completion of Legal document and the title deed has been 2 nd hypothec to RHBIBL.	✓		
Comments:				

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>Mr. Khov Song Hao and Mdm. SeangSreng are related as husband and wife. Mr. Soeng Touch and Mdm. Seang Son are related as husband and wife as well. They are related as brother and sister in law who has been in the Silk business and property rental since 1994.</p> <p>The borrowers have 2 differences' business one is silk shop named "Takeo Silk" and have 5 properties rental.</p> <p>Silk Business: Takeo Silk Shop was registered under Business License, No. 0564. As confirmed, the borrowers the patent has not renewed since 2015, even now the authorities have never come to contact or collect tax payment. The Takeo Silk Shop is situated at No.32Eo, St.298, Sangkat Toul Svay Prey 1, Khan Chamkamorn, Phnom Penh (collateral) and other 4 shops in the Olympic Market, at the first floor.</p> <p>- The borrowers built more good relationship with their customers in Phnom Penh and provinces. The customers mostly the existing one and some walk bypass the in the market. The borrower sells with reasonable price and good customer service. The main regular customers are vendors in Olympic and Orrusey market who are the distributor channels to provinces and cities. Due to long term of relationship, the applicants have provided their clients of 30days of credit term for manage cash flow.</p> <p>The silk products as below table:</p>	



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No.	Name	Items
1	Takeo (Cambodia)	All kinds of Khmer fabric silk
2	Thailand	Silk and Knotted Clothes
3	China	Knotted Clothes
4	France	Knotted Clothes

The borrowers mostly purchase order by phone call and paid via the money changer around Olympic market. The products of silk they order from the middleman who collects from the each household maker. The allowable credit term from the suppliers is around 10 to 30 days.

The most higher sale in start from September and finish in May every year because of these season in dry and have more events like wedding, ceremony, housewarming, baby shower etc. The most of the events use the clothes which is from Khmer Silk (like Hole or Pha Moung). Anyway, the low season is from June to August yearly which is the raining with no events are celebrated.

The borrowers have some competitors as below mail:

No.	Name	Items
1	Sok Thea Silk Shop	All kinds of Khmer fabric silk and Knotted Clothes
2	Neang Mliss Silk Shop	All kinds of Khmer fabric silk and Knotted Clothes
3	Sopor Khmer Silk Shop	All kinds of Khmer fabric silk and Knotted Clothes

Properties Rental:

Beside wholesale of silk business, the borrowers have 5 properties being leased out as below summary:

Property 1: located at No. 138, St.55, SangkatChatoumuk, Khan Daun Penh, Phnom Penh.

Lessor	: Mdm. Seang Sun and Mdm. Seang Sreng
Lessee	: T-arts Concept (Cambodia) Ltd. Representative, Mr. Seng Vantha
Tenure	: 15 years (01-Jan-2013 to 31-Dec-2027)
Monthly Rental Fee	: USD5,222/month before tax (the first five year) : USD6,222/month before tax (the second five year) : USD7,400/ month before tax (the last five year)
Deposit	: USD30,000

Property 2: located at No. 62, in Tonle Basc Garden House, Sangkat Tonle Basac, Khan Chamkamorn, Phnom Penh.

Lessor	: Mdm. Seang Sreng
Lessee	: Mr. Fukui Aisushi
Tenure	: 5 years (06-Sep-2013 to 30-Aug-2018)
Monthly Rental Fee	: USD1,200/month before tax
Deposit	: 4 months of monthly rental fee or USD4,800

Property 3: Its address is at No. 01, Street 366, Sangkat Toul Svay Prey 1, Khan Chamkamorn, Phnom Penh.

Lessor	: Mr. Khov Song Hao
Lessee	: Mr. Jeong Yungil (Representative of KOICA)
Tenure	: 1 year (01-Apr-2017 to 31-Mar-2018)
Monthly Rental Fee	: USD3,000/month before tax
Deposit	: 3 months of monthly rental fee or USD9,000

Property 4: Its address is at No. 7-9 & 11, Street 150, Sangkat Phsar Depo 2, Khan ToulKork, Phnom Penh.

Lessor	: Mr. Soeng Touch
Lessee	: Mr. Song Guo Quan
Tenure	: 3 years (01-Jul-2016 to 30-Jun-2019)
Monthly Rental Fee	: USD1,800/month before tax
Deposit	: 2 months of monthly rental fee or USD3,600

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Property 5: located at No. 13A, Street 338, SangkatToulSvayprey 1, Khan Chamkamorn, Phnom Penh.	
Lessor	: Mr. Soeng Touch
Lessee	: Mr. Hong Chao Yu
Tenure	: 5 years (01-Apr-2013 to 30-Mar-2018)
Monthly Rental Fee	: USD580/month before tax
Deposit	: 3 months of monthly rental fee or USD1,740

7.2	JUSTIFICATION OF REQUEST
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WC Line Requirement

Items	Historical	Projected	Remarks
	Jan-Jul 2017	2018	
	(Monthly)	(Monthly)	
Z) Monthly sales (USD)	121,778.14	133,955.95	Up to date, Stock is about USD250K,
A) Debtor turnover (days)	30	30	A/R is about 50K
B) Stockholding turnover (days)	45	50	A/P is about 20K
C) Creditor turnover (days)	10	10	
D) Asset Conversion Cycle = (A + B) – C/30	2.17	2.33	
E) Monthly WC need = (D x Z)	264,258.56	312,117.36	
Existing + proposed WC lines	250,000.00	250,000.00	
(Shortfall)/Excess in WC lines	(14,258.56)	(62,117.36)	

7.3	INDUSTRY LENDING DIRECTION
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Sector: Other (Domestic Wholesale) and Rental & Leasing
Within Industry Lending Limit? Yes / No (as at 21-Aug-2017)

☐ 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



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7.4	SOURCE OF REPAYMENT		
	Historical Jan-Jul 2017	Projected 2018	Remarks
A) EBITDA	29,551.24	32,506.36	
B) Other recurring Income: Property Rentals	10,621.80	10,621.80	
C) Total cash flow available for debt service (A + B)	40,173.04	43,128.16	
D) Existing debt repayment RHBIBL@OD: USD250K RHBIBL@ TL: USD300K Shinhan@TL: USD220K Shinhan@OD: USD220K	1,770.83 6,156.84 1,564.44 1,564.44	1,770.83 6,156.84 1,564.44 1,564.44	
E) Proposed additional Debt Repayment			
F) Total debt repayment (D + E)	11,056.55	11,056.55	
DSR [(A+B)/(D+E)]	3.63x	3.90x	
G) Other source of income (scheduled/dividend repayment)	N/A	N/A	
Adjusted DSR [(C + G)/F]	3.63x	3.90x	

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	Current RAROC	Current RRWA	Current ROA	Projected 12 mths	Projected RAROC	Projected RRWA	Projected ROA

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		Gross Income				Gross Income			
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
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Customer	: Mr. Khov Song Hao, Mdm. SeangSreng, Mr. Soeng Touch and Mdm. Seang Son					
Account Number	: 1010002000005693					
OD Limit	: USD250,000 (O/S of USD3,156.96 @ 17/08/2017)					
Bank	: RHBIBL					
Month	Debit (USD)	Credit (USD)	Balance (USD)	OD Utilization (%)		
Balance Forward:			-96,714.08	Lowest	Highest	Average
August/16	(133,346.21)	132,055.80	(98,004.49)	(80,814.08)	(213,160.97)	(146,987.53)
September/16	(7,000.62)	130,007.13	25,002.02	(24,417.74)	(104,417.74)	(64,417.74)
October/16	(8,678.89)	53,078.80	69,401.93	-	-	-
November/16	(6,178.89)	-	63,223.04	-	-	-
December/16	(6,792.66)	12,263.30	68,693.68	-	-	-
January/17	(66,156.84)	3,078.00	5,614.84	-	-	-
February/17	(482,136.84)	303,078.00	(173,444.00)	(542.00)	(193,439.00)	(96,990.5)
March/17	(96,156.84)	113,078.00	(156,522.84)	(103,444.00)	(196,522.84)	(149,983.42)
April/17	(364,565.07)	1,513,972.93	992,885.02	(51,522.84)	(247,497.84)	(149,510.34)
May/17	(838,601.57)	41,060.26	195,343.71	-	-	-
June/17	(71,374.55)	93,384.18	217,353.34	-	-	-
July/17	(261,137.85)	63,720.39	19,935.88	-	-	-
Total	(2,342,126.83)	2,458,776.79	1,229,482.13	-	-	(607,889.53)
Average	(195,177.24)	204,898.07	102,456.84	-	-	(50,657.46)
Average OD utilization						20%

Comment:

- The OD account of the borrower use for credit of cash from business operation and for monthly loan installment.
- As per above table the monthly cash withdrawal amount USD 195,177.24 and the average monthly cash deposit amount USD 204,898.07.
- The OD utilization ratio is 20% with no cheque return and excess limit.

Bank	: RHB			
Account Name	: Mr. Khov Song Hao, Mdm. SeangSreng, Mr. Soeng Touch and Mdm. Seang Son			
Account Number	: 40001000955300000			
TL Limit	: USD 300,000.00			
Month	Amount Billed (USD)	Due date	Payment Date	Overdue (days)
Aug/16	6,178.89	08/08/16	08/08/16	0
Sep/16	6,178.89	08/09/16	08/09/16	0

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Oct/16	6,178.89	08/10/16	08/10/16	0
Nov/16	6,178.89	08/11/16	08/11/16	0
Dec/16	6,156.84	08/12/16	08/12/16	0
Jan/17	6,156.84	08/01/17	09/01/17	1
Feb/17	6,156.84	08/02/17	08/02/17	0
Mar/17	6,156.84	08/03/17	09/03/17	1
Apr/17	6,156.84	08/04/17	11/04/17	3
May/17	6,156.84	08/05/17	08/05/17	0
Jun/17	6,156.84	08/06/17	08/06/17	0
Jul/17	6,156.84	08/07/17	08/07/17	0

Comment:

- The borrower has high commitment for monthly installment. The last 12 months the borrower has only 3 times of late payment in between 1 to 3 days but in the allowable grace period. As per informed the borrower the borrowers have busy in business activities.

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
- The borrowers have been running this business since 1994.							

8.2	Industry Risks	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Medium	<input type="checkbox"/>	High
<ul style="list-style-type: none"> - Silk products are still in high demand for local Cambodian as Silk is a long traditional heritage. - Property rental is also in favor for Cambodian and foreign investors who need prime location for business operation. 							

8.3	Product Risks	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Medium	<input type="checkbox"/>	High
- Both silk and property rental are still low risk as silk is a Cambodian traditional heritage with high increase in demand every year. Their properties located in good location for rental so the risk is mitigated.							

8.4	Supplier / Buyer Risks	<input type="checkbox"/>	Low	<input checked="" type="checkbox"/>	Medium	<input type="checkbox"/>	High
- The property risk is no concern for customer and supplier concentration as theirs Silk market is generally for Cambodian people which is a mass market.							

8.5	Production Risks (applicable to manufacturing company only)	<input checked="" type="checkbox"/>	Low	<input type="checkbox"/>	Medium	<input type="checkbox"/>	High
- N/A							

8.6	Other Risks (e.g. Specialized Lending, Project / Contract Financing)	
-	NA	

8.7	FINANCIAL HIGHLIGHTS & ANALYSIS						
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Income Statement

	2015	2016	Jan-Jul/2017	Average Monthly 2017
	12 Months	12 Months	7 Months	
Sale	1,230,082.20	1,328,488.78	852,446.96	121,778.14
COGS	897,960.01	969,796.81	622,286.28	88,898.04



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Gross Profit	332,122.19	358,691.97	230,160.68	32,880.10
Operation Expense				
Salary	16,080.00	16,884.00	10,341.45	1,477.35
Utilities	3,240.00	3,402.00	2,083.73	297.68
Food	4,387.80	4,607.19	2,821.90	403.13
Others	12,767.88	13,150.92	8,054.94	1,150.71
Total Operating Expenses	36,475.68	38,044.11	23,302.02	3,328.86
Net Operating Profit	295,646.51	320,647.86	206,858.66	29,551.24
Average Monthly Profit	24,637.21	26,720.66	29,551.24	29,551.24
Property Rental Fee (monthly)				
Property 1				4,699.80
Property 2				1,080.00
Property 3				2,700.00
Property 4				1,620.00
Property 5				522.00
Total Property Rental Fee				10,621.80
Total monthly EBIT				40,173.04
Monthly Average Bank Payment				
RHBIBL OD USD 250K				1,770.83
RHBIBL TL USD 300K				6,156.84
SKB TL USD 220K				1,564.44
SKB OD USD 220K				1,564.44
Total Bank Payment				11,056.55
DSR				3.63x

Comment:

- Based on the furnished income statement, the borrowers had made good profitability where the revenues from 2015 to 2016 were increased 8%. While the sale revenue was increased higher in 2017 is 10%.
- From Jan to Jul 2017, the borrowers made net profit of USD 206,858.66 or USD 29,551.24/month excluding income from property rental of USD 10,621.80. Totally the borrowers had monthly net income of USD 40,173.04 provided a good DSR of 3.63x against total repayment of USD 11,056.55.
- COGs are justified by the summary purchased invoice (May-July/2017) where the average purchase were USD 109,600.33 or 123% of monthly purchase of USD 88,898.04.

Income Projection

	2017	2018	2019	2020
	12 Months	12 Months	12 Months	12 Months
Sale	1,461,337.68	1,607,471.41	1,768,218.55	1,945,040.41
COGS	1,066,776.48	1,173,454.13	1,290,799.54	1,419,879.50
Gross Profit	394,561.20	434,017.28	477,419.01	525,160.91
Operation Expense				
Salary	17,728.20	19,501.02	21,451.12	23,596.23
Utilities	3,572.16	3,929.32	4,322.25	4,754.48
Food	4,837.56	5,321.30	5,853.43	6,438.77
Others	13,808.52	15,189.32	16,708.25	18,379.07

**RHB BANKING GROUP**☒ RHB Indochina Bank Ltd☐ RHB Bank Bhd**CREDIT APPLICATION (CA2)***(Form for joint approval)***Application No. : RHBIBL-0002-2014-0023-1** **Branch: CMO**

Total Operating Expenses	39,946.44	43,940.95	48,335.05	53,168.55
Net Operating Profit	354,614.76	390,076.33	429,083.96	471,992.36
Average Monthly Profit	29,551.24	32,506.36	35,757.00	39,332.70
Property Rental Fee (monthly)				
Property 1	4,699.80	4,699.80	4,699.80	4,699.80
Property 2	1,080.00	1,080.00	1,080.00	1,080.00
Property 3	2,700.00	2,700.00	2,700.00	2,700.00
Property 4	1,620.00	1,620.00	1,620.00	1,620.00
Property 5	522.00	522.00	522.00	522.00
Total Property Rental Fee	10,621.80	10,621.80	10,621.80	10,621.80
Total monthly EBIT	40,173.04	43,128.16	46,378.80	49,954.50
Monthly Average Bank Payment				
RHBIBL OD USD 250K	1,770.83	1,770.83	1,770.83	1,770.83
RHBIBL TL USD 300K	6,156.84	6,156.84	6,156.84	6,156.84
SKB TL USD 220K	1,564.44	1,564.44	1,564.44	1,564.44
SKB OD USD 220K	1,564.44	1,564.44	1,564.44	1,564.44
Total Bank Payment	11,056.55	11,056.55	11,056.55	11,056.55
DSR	3.63x	3.90x	4.19x	4.52x

Comment:

- The revenue is projected to increase by 10% from 2018 to 2020 based on the sale performance for last few years.
- Also the projection is based on the current increment in GDP per capital of Cambodian and increase in demand for silk for traditional dress in Cambodian traditional events and ceremonies.

Sensitized DSR Scenario: (20% drop of EBIT)

	2017	2018	2019	2020
	12 Months	12 Months	12 Months	12 Months
Total monthly EBIT	32,138.43	34,502.53	37,103.04	39,963.60
Monthly Average Bank Payment				
RHBIBL OD USD 250K	1,770.83	1,770.83	1,770.83	1,770.83
RHBIBL TL USD 300K	6,156.84	6,156.84	6,156.84	6,156.84
SKB TL USD 220K	1,564.44	1,564.44	1,564.44	1,564.44
SKB OD USD 220K	1,564.44	1,564.44	1,564.44	1,564.44
Total Bank Payment	11,056.55	11,056.55	11,056.55	11,056.55
DSR	2.91x	3.12x	3.36x	3.61x

Even in the worst scenario the borrower can generate good profit to service the monthly installment with the SDR is over 2 times.



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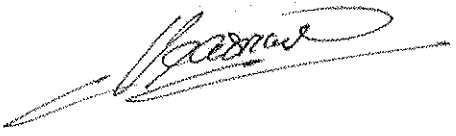
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CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2014-0023-1 Branch: CMO

Part 9.0	RECOMMENDATION BY LENDING UNIT
SUMMARY & RECOMMENDATION <ul style="list-style-type: none">Borrowers have been in the line of business for over 20 years with a strong experience and cliental base.The selling products are in the growing stage promoted by the strong traditional heritage.The properties being rented are located in a prime location with high demand for rental.The repayment capacity is strong i.e DSR is 3.63x.The secured collateral is located in front of Olympic market with a high marketability and security coverage of 2.80x.	
Prepared by:  Ny Vireak Senior Executive, Credit Relationship Date: 24-08-2017	Checked by:  Touch Molineth Assistant Manager, Credit Relationship Date: 24-08-2017
Recommended by:  Keang Chanveasna Branch Manager Date: 24-08-2017	



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CREDIT APPLICATION (CA2)

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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:

10.2

APPROVAL

Approver 1

Decision: ☒ Approved ☐ Declined

Comments: (if any)

As recommended by C&D

Additional Terms/ Conditions/ Covenants: (if any)

Yong Ching San, Head Credit Management

Date: 08/09/2017.



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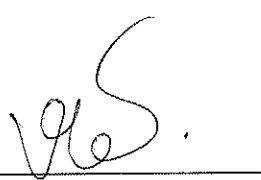
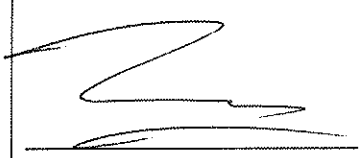
CREDIT APPLICATION (CA2)

(Form for joint approval)

Application No. : RHBIBL-0002-2014-0023-1 Branch: CMO

Approver 2	Decision: <input checked="" type="checkbox"/> Approved <input type="checkbox"/> Declined
	Comments: (if any)
	Additional Terms/ Conditions/ Covenants: (if any)
	 Lim Loong Seng, Country Head Date: 08/09/2017

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)

Credit Supervision & Review, RHBIBL			
Date	:	05 Sep 2017	Branch : CMO
To	:	Country Head& Head, Credit Management	
Borrower(s)	:	1.Mr. Khov Song Hao (58) 2.Mdm. Seang Sreng(54) 3.Mr. Soeng Touch(54) 4.Mdm. Seang Son(49)	Credit Grade : 2
Guarantor(s)	:	NA	
Request/ Deviation	:	- To seek approval for annual review on existing facilities: • TL of 300K (O/S of USD140.6K@017/08/2017) • OD of 250K	
Comment by Credit Supervision & Review, RHBIBL			
1. Borrowers are our existing customer since 2014 .Their main business in wholesale & retail of silk is well operated while they still rented out 5 properties with monthly rental fee of USD 10,621.All rental properties are located in prime area of Phnom Penh city. 2. TL is promptly paid with late payment up to 3 day due to borrowers' busy business schedule; OD is not active with utilization rate of 20% due to borrowers' cash surplus of USD1.8M from Feb-April 2017 from sales of property. There is no excess and cheque returned noted. 3. No adverse remark on CBC, World check and AML checking. Noted that, borrowers still maintain TL& OD facility at Shinhan bank with O/S of USD440K while the repayment is prompt as per latest CBC report. 4. <u>Financial:</u> • Average monthly sale of silk from Jan-July2017 is grows by 10% compare to sale in 2016.AverageCOGs of USD88.89K is 123% reflective from last 3 month purchase invoice (May-July 2017) with average purchase of USD109.6K. • Strong DSR of 3.63x with good repayment record since 2014.under sensitized scenario if net profit drops by 20% DSR is still acceptable at 2.91x. 5. Security remains intact with OMV of USD1,096K with adequate MOA of 36 % and security coverage of 1.96x. (ascribed value). 6. Recommended for Management approval subject to LU to convince the borrowers to further utilize the OD.			
Evaluated by:		Concurred by:	
 Hok Kimsovichheka Assistant Manager Date: 05/09/2017		 Tang Siew Hon Senior Manager Date: 05/09/2017	

