**M.G.N Emperor Bank Plc.**

**Housing Loan Proposal**

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| **CP No. MGN-BDD-2019-0003** | **From: BDD** |
| **Approval Level: HBD and HCRM** | **ARO: Mr. Sok Ratanak & Mr. Suy Kheng** |
| **Submission Date: 06 Jun 2019** | **Head: Mr. Chiv Hak** |

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| 1. **DETAILS OF FACILITIES (USD’000) / ~~(KHR’mil)~~** | | | | | |
| **Facility** | **Current Limit** | **Proposed Limit** | **O/S as at dd/mm/yyyy** | **-/+** | **New Limit** |
| 10-Year HL | - | 41 | - | +41 | 41 |
| **Total** | **-** | **41** | **-** | **+41** | **41** |

*Note: equivalent to USDxxxx (assumed exchange rate of KHR 4,000 per USD)*

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| 1. **borrower information** |
| **Applicant’s Background:**  Mr. He Senghuy (Age: 36) and Mdm. Chhay Sophearun (Age: 31) are related as husband and wife with two children. They are currently living with their parents and relatives where locates in No. B1, Street Betong, Phum Trapaing Lvea, Sangkat Kakab 1, Khan Por Senchey, Phnom Penh city, to be charged with us. A couple has involved in career for over ten years and they have maintained car loan with FTB and HL with Borey Piphup Thmey recently. The detail information of their employment is briefed as follow:  Mr. He Senghuy is currently holding position as Senior Staff of IT Department in Head Office of FTB Bank while he has employed since November 2009. Average salary is USD1,003.24 per month derived from average latest 5-month of FTB-bank statement (Payroll account). Besides, he also generates additional incomes from OT and bonus as well. Noted that average OT of USD320.77 per month and average bonus of USD186.65 per month were credited into his payroll account with FTB. Meanwhile, the total gross annual income in 2018 reported of USD25,857, i.e. USD2,154.75 per month based on confirmation letter of FTB dated 03 May 2019. *(Confirmation Letter, Loan Agreement, and Bank Statement of FTB Bank are attached)*  Mdm. Chhay Sophearun is currently holding position as Deputy Branch Manager – Customer Service in Steung Meanchey Branch of ABA Bank since August 2018. However; it is just a short term, Mdm. Chhay Sophearun has experienced in Banking industry for over 9 years. As a result, she could earn income of USD1,046.43 per month verified by the latest 4-month of payroll account with ABA Bank. *(Employment Letter & Bank Statement are enclosed)*  This loan application is to purchase new Eo Flat located in No. 16Eo, St. D (Borey Piphup Thmey – Chamkar Doung), Phum Broka, Sangkat Prey Sar, Khan Dangkor, Phnom Penh. While their current’s residence is in the property to be charged with us. Since the title deed of purchased house to be transferred/registered within another one year, they agree to charge another property with us instead. They further revealed that they will move to a new house soon where it is easy to access office for Mdm. Chhay Sophearun.  Based on furnished SPA, the price/fee shall be as follow:   |  |  |  |  | | --- | --- | --- | --- | | The purchased House | SPA  Date: 30 Apr 18 | Verbal check (Min. indicative value) | | | ARC (27-May-19) | BRG (27-May-19) | | Land value | USD59,880 | USD47,000 | USD48,000 | | Building value | USD16,000 | USD15,360 | | Total OMV | USD59,880 | USD63,000 | USD63,360 | | MOF | 68.47% | 65.08% | 64.71% |   **Note:**   * Applicant has loaned with Borey to purchase Eo Flat worth of USD59,880 since 30 Apr 2018 with monthly installment of USD719 subject to 15 years repayment. * On 22 May 2019, they partial settled principal of USD5,000 and loan tenure has been revised from 15 years to 10 years. The current monthly installment is USD762. * Up to date, the O/S loan is USD53,033.32 as at May 2019. * They request HL of USD41,000 with us to partial settle with Borey and the O/S balance shall be at USD12,033.32 to be continually loaned subject to T&C of Borey Piphup Thmey. As confirmed by applicant, they will request to revise a shorter tenure at 4 years after financing from us. And they may fully settle loan there before maturity date in future, mentioned by applicant. * Noted, they also have staff loan of USD10K since 2016 (tenure of 5 years) with FTB. * In term of approval as per request, DSR shall be at 2.05x.   **Employer’s Profile:**  Foreign Trade Bank of Cambodia (FTB)  FTB is Cambodia's first and foremost bank. It is a private commercial bank and has been providing customers with safe and reliable banking services for more than 35 years. The Bank was created following Sub-decree No. 1213 dated 10 October 1979 under the former regime of the State of Cambodia. Its Head Office located in No. 33CD, Street 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh, Cambodia.  ABA Bank  ABA Bank is Cambodia's leading private financial institution (not state-owned enterprise) founded in 1996 as the Advanced Bank of Asia Limited. In more than 20 years of development and growth, ABA has significantly strengthened its position in the market and entered the Top 5 commercial banks of the country. Today, ABA offers the entire spectrum of services to customer segments covering SMEs, micro businesses, and individuals. Steung Meanchey Branch locates in 21B, St. 217, Sangkat Tomnup Toek, Khan Meanchey, Phnom Penh. |

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| 1. **TERMS AND CONDITIONS OF CREDIT PROPOSAL** | | | | |
| **Facility** | **Terms & Conditions** | | | |
| HL (New) | Purpose | To partial financing the purchase of single storey flat | | |
| Tenure | 10 Years | | |
| Interest rate | BLR-0.25% subject to min 7.50% p.a. (Current BLR=7.50%) | | |
| Repayment | 120 monthly installments of USD487 (Round-up) | | |
| Processing fee | 1% on approved limit | | |
| Renewal fee | 1% of total approved limit | | |
| Prepayment | 1st to 5th year: 3%  6th year onward: Waive | | |
| Commitment Fee | N/A | | |
| Refinance Fee | N/A | | |
| Collateral early redemption fee | USD200 per revision/approval | | |
| NBC Sector | Personal Essential | NBC Sub-Sector | Mortgage and owner-occupied housing only |
| **Pre-disbursement** | To issue undertaking letter from the bank to borrower after loan approval. | | |
| **Disbursement Method** | After LOO acceptance and completion of TD blocking, HL of USD41K shall be disbursed by issuing a banker’s check to seller. | | |
| **Post Drawdown** | * To submit evidence of partial settlement of USD41K and new loan repayment schedule with tenure of 4 years at Borey Piphup Thmey/Vendor within one month after loan drawdown date failing which the bank has rights to increase pricing to 8.5% p.a. * To submit a copy of the purchased house’s TD registered ownership under the borrower’s name after full settlement with Borey. | | |

*To add more if there is more than one facility*

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| 1. **Borrower/Guarantor Information** | | |  | | |
| **Borrower** | **ICR Scoring** | | **LTV (%)** | **Exposure** | **Relationship** |
| Current | New |
| Mr. He Senghuy and  Mdm. Chhay Sophearun | - | 7 | 69.49% | 41K | New |
| **Guarantor** | **ICR Scoring** | | **LTV (%)** | **Exposure** | **Relationship** |
| Current | New |
| N/A |  |  |  |  | mm/yyyy |
| **Group** | **ICR Scoring** | | **LTV (%)** | **Exposure** | **Relationship** |
| Current | New |
| N/A |  |  |  |  | mm/yyyy |

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| 1. **PROFILE OF BORROWERS / GUARANTORS / DIRECTORs** | | | |
| **Borrower Profile** | | | |
| **Applicant** | : He Senghuy | DOB: 07-11-1983 | ID Card No. 070288896 |
| Nationality | : Cambodian | Occupancy: Banker | Tel. No. 012 761 681 |
| Address: | : No. B1, St. Betong, Phum Trapaing Lvea, Sangkat Kakab Ti 1, Khan Por Senchey, Phnom Penh City. | | |
| KYC Level | : Low / Medium/ High | | |
| Connected Party | : Yes / No | | |
| Employer Name | : FTB Bank | | Monthly Income: USD1,510.66 |
| Employer Address | : No. 33C-D, St. 169, Sangkat Veal Vong, Khan 7 Makara, Phnom Penh City | | |
| **Joint Applicant** | : Chhay Sophearun | DOB: 05-07-1988 | ID Card No. 010428248(01) |
| Nationality | : Cambodian | Occupancy: Banker | Tel. No. 087 761 681 |
| Address | : No. B1, St. Betong, Phum Trapaing Lvea, Sangkat Kakab Ti 1, Khan Por Senchey, Phnom Penh City. | | |
| KYC Level | : Low / Medium/ High | | |
| Connected Party | : Yes / No | | |
| Employer Name | : ABA Bank | | Monthly Income: USD1,046.43 |
| Employer Address | : No. 21B, St. 217, Sangkat Tomnup Toek, Khan Meanchey, Phnom Penh. | | |
| **Guarantor Profile** | | | |
| **Guarantor** | : N/A | DOB: dd/mmm/yyyy | ID Card/Passport No. |
| Nationality | : | Occupancy: | Tel. No. |
| Address: | : | | |
| KYC Level | : Low / Medium/ High | | |
| Connected Party | : Yes / No | | |
| Employer Name | : | | Monthly Income: |
| Employer Address | : | | |
| **Joint Guarantor** | : N/A | DOB: dd/mmm/yyyy | ID Card/Passport No. |
| Nationality | : | Occupancy: | Tel. No. |
| Address | : | | |
| KYC Level | : Low / Medium/ High | | |
| Connected Party | : Yes / No | | |
| Employer Name | : | | Monthly Income: |
| Employer Address | : | | |

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| 1. **CBC / AML / Blacklist Check** |
| Based on CBC report in 04 Jun 2019, applicant has maintained staff loan with FTB. Besides, they honestly disclosed that they have O/S loan of USD53K with Borey Piphup Thmey to be partially refinanced from us. |

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| 1. **Borrower’s Exposure with other FIs** | | | | | | |
| **Name of FIs** | **Facility** | **Total Facilities (USD’000)** | | | | **Conduct of Account** |
| **Secured Limit** | **Clean Limit** | **Total** | **O/S @ 04-06-19** |  |
| FTB | 10 | 10 | - | 10 | 4.48 | Prompt |
| **Total** | **10** | **10** | **-** | **10** | **4.48** |  |

Comment: The history repayment has been good so far.

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| 1. **Terms and Conditions** | | | |
|  | Complied | | To Comply |
| Yes | No |  |
| **Exiting Conditions Precedent**  N/A  **New Conditions Precedent**   1. Acceptance of Letter of Offer 2. Payment of 1% processing fee on approved amount 3. Released conditions of facilities subject to:  * Compliance of Terms under condition precedent * The release of banking facilities shall be subject to satisfactory completion of documentation and any other conditions imposed by bank which may be necessary to protect the security of bank or which a reasonable and prudent bank may require. * Submission formal VR on the charged property from our bank’s panel valuer with total value of not less USD59K |  |  | ✓  ✓  ✓  ✓  ✓ |

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| 1. **security SUMMARY** | | |
| **Descriptions** | **Security Value (USD’000**) | |
| **OMV** | **Max. LTV** |
| 1. Facility Agreement for USD41K as principal instrument 2. Supplementary Hypothec Agreement as subsidiary instrument. 3. Joint and Several Guarantee for USD41K by:    * Mr. He Senghuy (Borrower)    * Mdm. Chhay Sophearun (Borrower) 4. 1st Ranking Hypothecator (1st party legal charge) in favor of MGN Emperor Bank over the following property:   **New Security**   |  |  |  |  | | --- | --- | --- | --- | | **Security Type** | A parcel of land erected upon with a single-storey terraced house | | | | **Title Deed No.** | To be obtained | | | | **Registered Owner** | Mr. He Senghuy and Mdm. Chhay Sophearun | | | | **Tenure** | N/A | | | | **Encumbrance** | N/A | | | | **Address** | Phum Trapaing Lvea, S/K. Kakab, Kh. Por Senchey, Phnom Penh City | | | | **Fire Insurance** | To be issued | Expiry: N/A | | | **Land Area** | 75sqm | | | | **Building Area** | 64sqm (Estimated measurement) | | | | **Security Value** | **Formal VR** | **Verbal Check** | | | **ARC** | **BRG** | | Land Value | N/A | 45,000 | 45,000 | | Building Value |  | 14,000 | 14,080 | | **OMV** |  | **59,000** | **59,080** | | Valuer |  | Mr. Sokun | Ms. Sreyneang | | Date |  | 06 May 2019 | 09 May 2019 | | **59** | **41** |
| **Total Security Value** | **59** | **41** |
| **Facility Limit** | **Amount (USD’000)** | **LTV (%)** |
| **Existing** | **-** | **-** |
| **New** | **41** | **69.49%** |
| **Total** | **41** | **69.49** |
| **COMMENT oN SECURITY** | | |
| Subject property is Eo Flat with roof located in favorable zone, about 1Km from Porchen Tong Market. The property is surrounded by markets, hospitals, schools, residences, and many business’s activities. The property type is for residence. (Max. LTV is 70%) | | |

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| 1. **financial highlights** |

**Income Validation**

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| **Description** | **Income Statement** | | | **Annual** | **Income Projection** | | |
| **2017** | **2018** | **2019** | **2019** | **2020** | **2021** | **2022** |
| **12-Month** | **12-Month** | **5-Month** | **12-Month** | **12-Month** | **12-Month** | **12-Month** |
| Income |  |  |  |  |  |  |  |
| Salary (Senghuy) | 10,865.09 | 11,436.94 | 5,016.20 | 12,038.88 | 12,640.82 | 13,272.87 | 13,936.51 |
| Salary (Sophearun) | 9,690.00 | 10,200.00 | 5,232.15 | 12,557.16 | 13,185.02 | 13,844.27 | 14,536.48 |
| Bonus & OT | 5,847.91 | 5,967.26 | 2,537.10 | 6,089.04 | 6,210.82 | 6,335.04 | 6,461.74 |
| Total incomes | 26,403.00 | 27,604.20 | 12,785.45 | 30,685.08 | 32,036.66 | 33,452.17 | 34,934.73 |
| Expenses |  |  |  |  |  |  |  |
| Living Exp. | 6,498.00 | 6,840.00 | 3,000.00 | 7,200.00 | 7,560.00 | 7,938.00 | 8,334.90 |
| Other Exp. | 1,083.00 | 1,140.00 | 500.00 | 1,200.00 | 1,260.00 | 1,323.00 | 1,389.15 |
| Total expenses | 7,581.00 | 7,980.00 | 3,500.00 | 8,400.00 | 8,820.00 | 9,261.00 | 9,724.05 |
| Net incomes | **18,822.00** | **19,624.20** | **9,285.45** | **22,285.08** | **23,216.66** | **24,191.17** | **25,210.68** |
| Average net income | **1,568.50** | **1,635.35** | **1,857.09** | **1,857.09** | **1,934.72** | **2,015.93** | **2,100.89** |

**Financial Comment:**

* Total incomes reported of USD12.78K for first 5 months of 2019 derived from salaries, bonus, and OT and can be justified from average credit into payroll account for last 5 months (Bank Statement of FTB and ABA are enclosed)
* After expense’s deduction, the average net income is USD1,857.09 for 2019.
* Currently, they have maintained staff loan with FTB and housing loan with Borey Piphup Thmey with totaling of USD960 per month. And the applicant request HL of USD41,000 to partial settle loan with Borey Piphup Thmey. In term of approval as per request, total monthly loan installment shall be at USD525 excluding MGN Emperor Bank.
* In overall, current DSR is at 1.85x where is acceptable based on our credit policy.

**Financial Projection:**

* Salaries are projected to increased by 5% based on annual performance’s appraisal. While Bonus and OT are projected to increased by 2% for 3 years coming.
* In 2022, DSR shall be further improved to 2.61x due to the maturity date of staff loan with FTB by 2021.

**DSR Computation**

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| **Monthly loan installment** | **2019** | **2020** | **2021** | **2022** |
| MGN Emperor- HL: USD41K | 487.00 | 487.00 | 487.00 | 487.00 |
| FTB- Staff loan: USD10K\* | 198.00 | 198.00 | 198.00 | - |
| Borey Piphup Thmey: USD12K**\*\*** | 317.00 | 317.00 | 317.00 | 317.00 |
| Total monthly installment | 1,002.00 | 1,002.00 | 1,002.00 | 804.00 |
| **DSR (Times)** | **1.85x** | **1.93x** | **2.01x** | **2.61x** |

**Note:**

**\***The maturity date of staff loan is in 2021

**\*\***After financing from MGN Emperor Bank, the O/S loan with Borey shall be reduced to USD12K with 4 years

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| 1. **CONDUCT OF ACCOUNTS** |
| 1. **Account transactionS**   **Bank: FTB**  **Account name: He Senghuy (Payroll Account)**  **Account number: 300004766052**   |  |  |  |  | | --- | --- | --- | --- | | Date | Debit | Credit | Ending Balance | | Bal. forward |  |  | 141.58 | | Dec-18 | 2,495.18 | 2,541.43 | 187.83 | | Jan-19 | 2,829.91 | 2,719.00 | 76.92 | | Feb-19 | 922.03 | 1,400.02 | 554.91 | | Mar-19 | 1,860.25 | 1,452.03 | 146.69 | | Apr-19 | 2,494.48 | 2,537.39 | 189.60 | | @16-May-19 | 2,141.51 | 3,310.16 | 1,358.25 | | **Total** | **12,743.36** | **13,960.03** |  | | **Average** | **2,123.89** | **2,326.67** | **419.03** |   **Bank: ABA**  **Account name: Chhay Sophearun (Payroll Account)**  **Account number: 000065885**   |  |  |  |  | | --- | --- | --- | --- | | Date | Debit | Credit | Ending Balance | | Bal. forward |  |  | 0.46 | | Jan-19 | 179.72 | 1,106.02 | 926.76 | | Feb-19 | 2,816.68 | 2,321.92 | 432.00 | | Mar-19 | 1,625.26 | 1,260.10 | 66.84 | | Apr-19 | 1,141.12 | 1,119.70 | 45.42 | | **Total** | **5,762.78** | **5,807.74** |  | | **Average** | **1,440.70** | **1,451.94** | **367.76** |  1. **Repayment records**  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | | **Bank Name: FTB** | | | | | | | **AC Name: He Senghuy** | | | | | | | **AC No.: 010-30-400-021720-0** | | | | | | | **Period: 5 Years (01-08-16 to 27-07-21)** | | | | | | | No. | Installment | Due Date | Paid Date | Overdue | Remarks | | 1 | 198.03 | 27-12-18 | 27-12-18 | - |  | | 2 | 198.06 | 27-01-19 | 28-01-19 | 1 | Late debit by bank | | 3 | 197.09 | 27-02-19 | 27-02-19 | - |  | | 4 | 193.24 | 27-03-19 | 27-03-19 | - |  | | 5 | 195.04 | 27-04-19 | 27-04-19 | - |  |   **Note:** We could not conduct the repayment record with Borey since the receipt of payment has not been properly kept by applicant. |

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| 1. **risks and mitigating factors** |
| |  |  | | --- | --- | | **Risks** | **Mitigating Factors** | | * Not yet fully settled with Borey Piphup Thmey after loan disbursement. * Sensitive DSR: 1.85x | * Applicant has purchased Eo Flat under loan with Borey. And they confirmed that the TD shall be issued in anther one year while the construction of house has been fully completed recently. So, they apply HL with us by charging another collateral instead. Against the property to be charged, the applicant could apply loan of USD41K only to partial settle loan with Borey while the current O/S balance is at USD53K as at May 2019. * Therefore, to ensure as well as to limit time for applicant for full settlement with Borey, we assign applicant to reduce tenure of loan from 10 years to 4 years with Borey after financing from us. And to be submitted a copy of TD registered ownership’s registration under the applicant’s name after full settlement. * The maturity of car loan with FTB will be end in 2020 where the DSR shall be further improved to USD2.61x. | |

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| **Prepared by:** | **Jointly Approved by:** |
| Mr. Sok Ratanak  Manager, Credit Analysist  Date: 09 Jun 2019 | Mr. Chiv Hak  Head of Business Development  Date: 09 Jun 2019 |