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1. About this Manual

1.1 Introduction

This manual is designed to help you quickly get acquainted with the Central Liability module of Oracle FLEXCUBE.

It provides an overview to the module, and provides information on using the central liability module of Oracle FLEXCUBE.

Besides this User Manual, you can find answers to specific features and procedures in the Online Help, which can be invoked, by choosing 'Help Contents' from the *Help* Menu of the software. You can further obtain information specific to a particular field by placing the cursor on the relevant field and striking <F1> on the keyboard.

1.1.1 Audience

This manual is intended for the following User/User Roles:

Role	Function
Back office clerk	Input functions for contracts
Back office managers/officers	Authorization functions
Product Managers	Product definition and authorization
End of day operators	Processing during end of day/ beginning of day
Financial Controller / Product Managers	Generation of reports

1.1.2 Organization

This manual is organized into the following chapters:

Chapter 1	<i>About this Manual</i> gives information on the intended audience. It also lists the various chapters covered in this User Manual
Chapter 2	<i>Central Liability - an Overview</i> is a snapshot of the features that the module provides
Chapter 3	<i>Maintaining Liability Details</i> gives information pertaining to the maintenance of liability details
Chapter 4	<i>Maintaining Issuer Details</i> gives details on maintaining Issuer details
Chapter 5	<i>Maintaining Security Details</i> explains the maintenance of securities that you would accept as valid Collateral from your customers

Chapter 6	<i>Maintaining Collateral and Price Code Types</i> talks about the maintenance of collateral's and price codes
Chapter 7	<i>Maintaining Collateral Details</i> describes the details of collateral offered to back the credit that you grant under a credit line
Chapter 8	<i>Setting up Limit Templates</i> discusses how you can set up limit templates
Chapter 9	<i>Maintaining Credit Limits</i> talks about how you can assign limits on the credit you grant to your customers to make tracking effective
Chapter 10	<i>Generic Limits Maintenance</i> explains how the Generic Limits function helps you track the risk your bank is exposed to for the - Asset Type, Broker, Counterparty, Issuer, Customer MIS Class categories
Chapter 11	<i>Tracking Credit Limits</i> deals with the tracking of credit limits
Chapter 12	<i>Revaluation</i> talks about the revaluation of credit limits
Chapter 13	<i>Error Codes And Messages For Limits</i> lists the error messages that you may encounter while working with Oracle FLEXCUBE
Chapter 14	<i>Glossary</i> enlists and explains all the important terms used in this user manual
Chapter 15	<i>Central Liability Reports</i> explains how you can generate a variety of reports for the Limits sub-system, which give details about credit utilization in many formats

1.1.3 Related Documents

- The Procedures User Manual
- The Settlements User Manual

1.1.4 Glossary of Icons

Icons	Function
	New
	Copy
	Save
	Delete
	Unlock
	Print
	Close
	Re-open
	Reverse
	Template
	Roll-over
	Hold
	Authorize
	Liquidate
	Exit
	Sign-off
	Help
	Add

Icons	Function
	Delete

2. Central Liability - An Overview

2.1 Introduction

Banks are in the business of extending loans to creditworthy borrowers. Once a bank decides to give a loan either to an individual or a corporate customer it assigns the loan amount in the form of a 'Limit'. By setting up the limit, the bank is permitting the customer to draw the loan amount upto the limit amount. The customer is free to draw the loan either in one lump sum upto the extent of the limit set by the bank or in tranches or installments. Any withdrawal beyond the approved limit is usually not allowed by the bank unless there is a prior arrangement. Limits to individuals are called 'Overdrafts' while those to businesses may be called variously as working capital limit, cash credit limit or a term loan limit depending on the purpose for which it is given.

Also, for a large corporate a bank may sanction an overall or global limit breaking it up into sub-limits or lines, for various kinds of facilities. These sub-lines could be working capital sub-limit for meeting daily expenditure and routing sales proceeds, term loan sub-limit for purchase of machinery, a bill discounting sub-limit for collecting bills drawn on its buyers, a LC sub-limit for opening letters of credit for imports and so on. These sub-limits are monitored against the overall limit also called as 'Central liability' set by the bank. This tracking is an essential part of bank's risk management function and enables a bank to stay within the exposure norms stipulated by its board and the Central Bank.

All loans or limits granted by banks are secured by a fall back or collateral in the event the loan is not repaid or liquidated on due date.

The process of defining and maintaining limits, sub-limits and collateral management in Oracle FLEXCUBE is the broad ambit of this module.

Limit templates, called 'Credit Lines' in Oracle FLEXCUBE are set up for the various products handled by your bank like loans, foreign exchange, overdrafts etc. These lines are then linked to customers and their accounts. All transactions are then tracked against these credit lines. You can further set up credit limits for each customer-product combination.

All the front-end modules of Oracle FLEXCUBE like Loans, Bills, Foreign Exchange etc. are linked to the Central Liability subsystem. Every debit entry made to a customer account, by any of the front-end modules, is monitored by the Central Liability sub-system. Before the entries are booked, the system will check for the availability of funds. If the entry creates an overdraft situation, appropriate messages are flashed at the time of input as well as during authorization of such contracts.

For example, the Bank can have a credit line called 'Overdraft Line'. For a customer of your bank, you have set up a limit of USD 100000. This credit line is attached to the customer's account. When there is a cash withdrawal in the account, FLEXCUBE checks if there is sufficient balance considering the limit set up and if there is, the cash withdrawal is allowed. If there is insufficient balance, then the system throws up an error or override message as setup in your Bank.

2.1.1 **Features**

The module has certain unique features that help in the monitoring of limits and exposure across both customer and account levels.

They are as follows:

Credit line definition

The process of monitoring liabilities revolves around defining credit limits through credit line for liability numbers.

The hierarchy of lines and sub-lines can be established and separate credit limits can be assigned for them.

Depending on the characteristics of the line, they can be termed as revolving or non-revolving.

- Revolving lines are those where a repayment increases the availability of funds against the line. On utilization of the limit under the line, whenever there is a repayment, it restores the amount of credit available to the original level.
- Non-revolving lines are those where a repayment does not increase the availability under the line. These lines are also called Special transaction Lines. For such lines, any utilization of the credit limit under the line reduces the availability under the line by an equivalent amount and a repayment does not restore availability under the line.

In addition Oracle FLEXCUBE also handles omni-lines. Omni-lines are global lines that are used across products or accounts.

Efficient tracking of liabilities

A customer may have several accounts and use several services offered by you in many of the modules of Oracle FLEXCUBE. You can set up limits at three different levels:

- Account level
- Customer level
- Customer group level

When a transaction is input, the system checks for availability of funds against the line before the actual booking are made. This check is made on-line across the front-end modules. Utilization against uncollected funds can also be tracked separately.

Definable limit enforcement

Oracle FLEXCUBE provides you the option to decide the extent to which the limits that you have defined should be enforced. You can configure it to be one of the following:

- **Override messages** — indicating that when a limit excess is encountered the user has the option to override the situation and continue with processing the transaction. This will be recorded as an override and will be reported whenever the details of the transaction are retrieved.
- **Error messages** — indicating that a transaction cannot be stored if a limit has been busted as a result of the transaction
- **Ignore messages** — indicating that the limit excess need not result in an error message. A message will be displayed when the transaction is stored. However, the transaction can be saved inspite of the limit excess.

Revaluation of exposure

The setting up of Limits involves different types of currencies and collateral backed by marketable securities. Exchange rates and the value of marketable securities are driven by market forces and hence tend to fluctuate over a period of time.

Hence, Oracle FLEXCUBE provides for revaluation so that the limits that have been set are realistic and reflect the current market trends.

In Oracle FLEXCUBE revaluation is of two types:

- **Limits Revaluation** - The exposure against individual limits may include accounts in more than one currency. On account of exchange rate fluctuations the actual exposure may vary from day to day without balance movement. Your exposure after the currency change will be automatically updated and tracked.

For example, consider that the local currency of your Bank is USD. You have given a loan to a customer for 10,0000 Euros .Assume the exchange rate for USD-EUR is 1 USD=0.79 Euros. The local currency equivalent of the loan would be 126582.27 USD. Suppose the exchange rate on the next day becomes 1USD=0.80 Euros. Then, the outstanding value of the loan would remain the same, ie.100000 Euros, but the Lcy equivalent would become 125000 USD. Hence the exposure has now come down due to a variation in the exchange rate

- **Collateral Revaluation** - A change in the market price of a marketable security backing collateral beyond the sensitivity range that you specify sparks off a revaluation of the collateral contribution to the credit limit.

For example, assume that your Bank has accepted shares of a company as collateral for a customer's limit. The price sensitivity as decided by your Bank is 5%.The value of the share is 19.50 .If the value of the share goes beyond 20.475 or below18.525, then the system will trigger a collateral revaluation.

Restrictions

The system provides the option to define currency restrictions for credit lines. If this option is selected, Oracle FLEXCUBE ensures that the currency of the credit utilization and the line are not different. For example, you cannot have the credit line in USD and give loan in Euro if this option is checked.

If you do not specify currency restrictions, the account currency and the line currency can be different. In this case, the exchange rate as of the day is used to convert the contract amount into the line currency before checking for availability of funds.

Marketable and non-marketable Collateral

The collateral that the customer offers can back the credit limit that you grant under a credit line. A collateral can back only one credit line but each credit line can be backed by several collateral.

By default, the entire value of a collateral will contribute to the credit limit assigned to the customer. In some cases, you may not wish to offer the entire face value of the collateral as the credit limit. In such a case, you can set aside a margin and offer the rest as the limit contribution.

The credit that you grant to the customers of your bank can be backed by collateral, which in turn are backed by a Marketable or a Non-Marketable security.

A Marketable Security is one, which is highly liquid on account of the fact that there is a ready market where they can be traded. The forces of short-term demand and supply that operate in the markets where these securities are traded determine the value of the marketable security. Bonds, Shares and Debentures are examples of marketable security.

There are categories of marketable security that, although the investor might be able to market, he or she will consider them a fixed part of the portfolio. These are considered to be Non-Marketable security. A non-marketable security is not tradable and hence is not liquid in nature. The value of such assets is driven by long-term forces of demand and supply.

For example, investors who own their own home can market it, but they will not often consider switching houses as part of changes in their investment portfolio. This is due, in part, to large transaction costs and also because of non-monetary factors. Other examples of non-marketable assets are social security payments, retirement benefits etc.

A marketable security used as collateral would imply Marketable Collateral. A non-marketable security used as collateral would imply Non-Marketable collateral.

Securities are issued with a set of specifications that determine their market value. Standard specifications include the general features of the issuer's company like, board of directors, company balance sheets, projection of company investments, etc. The bank would be interested in recording the specific features hence Oracle FLEXCUBE provides for the capturing of information like the type of security (shares or debentures), issuer details, validity of the security (start and end dates) etc.

Since market based securities are driven by market forces, the price of such securities tends to rise or fall in value. These fluctuations have a direct effect on the collateral value of the security and Oracle FLEXCUBE provides a feature to update the value of a collateral, if the value of the security that backs it fluctuates beyond the increase and decrease sensitivity that you specify.

Information services for managerial and statistical reporting

To assist your bank in the important function of limit monitoring, the module enables you to generate various reports, which can be viewed on the screen or printed. Based on your requirement, reports can be generated to show the position of the outstanding either at the end of a business day or real time.

The utilization made by a customer against a line is available in the form of a report. This report includes the utilization made due to contracts that the customer has entered into.

You can generate the following reports:

- Bankwide Clean Risk Report
- Collateral Utilization by Collateral Party
- Collateral Utilization by Credit Line
- Country Exposure Report
- Credit Lines by Maturity Date
- Credit Movements Report
- Credit Rating Report
- Foreign Exchange Clean Risk Report
- Issuer Exposure Report - By collateral type
- Issuer Exposure Report - By security
- Limits Exposure Report
- Overdrawn Lines Report
- Product Exposure Report

3. Maintaining Liability Details

3.1 Introduction

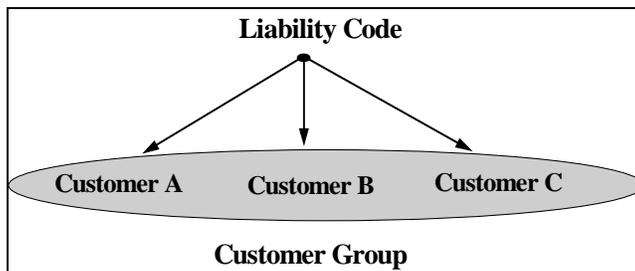
Every customer of your bank is assigned a customer code and a liability code in Oracle FLEXCUBE. At the time of opening a CIF, the system defaults the customer code as the liability code. However, the liability code of the customer can be changed. Several customers can be linked to the same Liability Code. Therefore, you can have customers whose Customer Code and Liability Code are the same and also customers whose Customer and Liability codes are different.

This leads to a two level hierarchy wherein the customers linked to the same Liability Code are subordinate to it. Customers linked to a common Liability Code form, what is called, a Customer Group.

Consider a situation where a customer's Liability Code and Customer Code are the same. In such a case, Oracle FLEXCUBE tracks the liability of this customer against the limits granted to him.

Now, consider a scenario wherein the Liability Code is different from the Customer Code. In such a case, Oracle FLEXCUBE tracks the liability of this customer against its parent customer. The liability id of the parent customer is attached to this customer. This way you can enter the same liability structure for a group of customers. This feature is useful when you have several subsidiaries reporting to the same parent company.

If customers belonging to a group are linked to a common Liability Code you should also maintain limits for the Liability Code. The Liability Code is thus the parent against which the liability of a customer(s) is maintained and tracked.



3.1.1 Invoking Customer - Liability Maintenance Screen

To maintain limits for a customer - click on the 'Limits' button from the Customer Information Maintenance File. The Limits screen is displayed.

The screenshot shows a dialog box titled "Limits -- Webpage Dialog". It contains the following fields and values:

- Credit Rating: _____
- Revision Date: _____
- Limit Ccy: USD
- Overall Limit: 10,000,000.00
- Foreign Exchange Clean: 0.00
- Securities Clean: 0.00
- Securities Pre Settlement: 0.00
- Customer Foreign exchange Clean: 0.00
- Customer Securities Clean: 0.00
- Customer Securities Pre Settlement: 0.00
- Risk Category: _____

Checkboxes on the right:

- Liability Limit Unadvised
- Netting Required
- Customer Limit Unadvised

Buttons at the bottom: Ok, Exit

3.1.2 Features of Limits screen

You can maintain the following details for a liability code that you have specified in the CIF screen:

Credit Rating

Your bank may have its own convention of rating the credit worthiness of a customer. Based on this convention you can award a customer a rating, which indicates the credit worthiness of the customer, linked to this Liability Code.

Example

You want to specify the credit worthiness of a customer. If the rating convention at your bank is as follows:

Grade	Description
AAA	Exceptional
AA	Excellent
A	Good
BBB	Satisfactory
BB	Irregular
B	Poor

Grade	Description
CCC	Very Poor
CC	Extremely Poor
C	Lowest

Here, you can specify the grade that portrays best, the credit worthiness of the customer in question.

Revision Date

You can also specify the date on or before which you can revise the credit facilities granted to a Liability Code. A situation might arise when you would want to evaluate your customer's credit worthiness. Fixing this date will enable you to take suitable action as and when required.

The limits that you specify for a Liability Code will continue to remain effective beyond this date if you do not revise them on the day it is due. You can generate a report, which will display all those Liability Codes that are due for revision on the next day.



All the inputs you make in this screen are specific to the Liability Code. The exception however is the Customer Clean Risk Limit, which is applicable only to the customer.

Limit Ccy

This is the currency for the overall credit limit

Overall Limit

You can group several customers under one Liability Code. Therefore, specify an overall credit limit for a Liability Code.

The aggregate utilization by the customers linked to this Liability Code cannot exceed the limit that you assign the Liability Code.

Liability Limit Unadvised

If you check this option, all the facilities involving this customer as Liability id is treated as unadvised and any transaction involving this liability or any of these facilities display a configurable override stating the liability limit is unadvised even though the utilization is within limits.

The Liability maintenance reflects the limits maintenance at Liability Level which is associated directly with CIF ID and linked to the Credit Line.

Netting Required

If linked accounts are marked for referral you can choose to consolidate the balances in all the linked accounts before performing the referral check. The netting option is defaulted from the Liability Code (which is linked to the Credit Line) that you associate with the CIF ID. If you change the default, the system displays an override message.

Customer Limit Unadvised

In some cases, after your Bank has sanctioned a limit to a customer, the formalities in the form of documents to be submitted by the customer for availing this credit facility may not be complete. In such cases, your Bank may want to keep track of the transactions performed by this customer using these limits.

If you check this box, all the transactions involving this customer / customer's account using limits display a configurable override stating the customer limit is unadvised.

Foreign Exchange Clean

This indicates the maximum limit that all customers linked to a Liability ID can reach for foreign exchange transactions settling on a particular day

Securities Clean

By defining a clean risk limit for a liability, your bank can track it's exposure against all the securities deals with a particular liability. A customer linked to this liability cannot book security deals settling on a particular day, beyond this limit.

Securities Pre Settlement

Gives the maximum exposure a bank can have on a customer on unsettled deals at any point in time. However, if a liability exceeds the limit that you specify here, you will be prompted with an appropriate message indicating that the limit has been exceeded.

Customer Foreign Exchange Clean

Specify the maximum limit that this customer (belonging to a customer group) is allowed, for foreign exchange transactions settling on a particular day.

Customer Securities Clean

Specify the limit beyond which this customer (belonging to a customer group) cannot book security deals settling on a particular day. By defining a clean risk limit for a customer, your bank can track its exposure against all the security deals for a particular customer.

Customer Securities Pre Settlement

Specify the maximum exposure limit a bank can have on this customer (belonging to a customer group) on unsettled deals at any point in time. However, if this customer exceeds the limit that you specify here, you will be prompted with a message indicating that the limit has been exceeded.

Risk Category

Select the risk category from the option-list provided. The list will display only Open and Authorized Risk Categories maintained in the 'Risk Category Maintenance' screen.

4. Maintaining Issuer Details

4.1 Introduction

A customer is granted credit on the basis of credit worthiness. The credit worthiness of a customer depends on the assets that constitute the customer's portfolio. The type of collateral that a customer offers can be in the form of marketable or non-marketable securities. Marketable collateral is driven by market forces and tends to fluctuate unpredictably. Therefore, it is essential to monitor your exposure to issuers of such collateral.

You can set up limits for the issuers of Collateral at two levels:

- An overall limit for each Issuer
- A limit for the Securities issued by an Issuer

4.2 Invoking Issuer Details Screen

You can invoke the 'Issuer Maintenance' by typing 'LMDISSUR' in the field at the top of the Application tool bar on the right corner and clicking the adjoining arrow button.

Collateral Type *	Limit Currency	Limit Amount
<input type="checkbox"/> BONDS	USD	
<input type="checkbox"/> EQUITY SHARE	USD	

Fields

Input By SUDHA8 Date Time 7/3/2000 14:30:35 Modification Number 1 Open
Authorized By SUDHA8 Date Time Authorized **Exit**

After you have made the required mandatory entries and saved the record, your User ID will be displayed in the Entry by field at the bottom of the screen. The date and time at which you saved the record will be displayed in the Date Time field.

A user bearing a different Login ID should authorize a record that you have created, before the EOD is run. Once the record is authorized, the ID of the user who authorized the record will be displayed in the Auth By field. The date and time at which the record has been authorized will be displayed in the Date Time field positioned next to the Auth By field. The status of the record will be displayed in the check box marked Authorized. The field will remain unchecked until the record is authorized.

4.2.1 Features of Issuer Details screen

Issuer Code

Each Issuer whose securities your bank accepts should be assigned a unique code. The Issuer will be identified by this code, besides you can use this code to retrieve information about the Issuer.

Example

Company Name	Issuer Code
Reliance Industries	Reliance
Tata Iron and Steel Company	TISCO
Tata Engineering and Locomotives	TELCO

Issuer Identification Number

Specify the customer number of the issuer of securities. You can also select the value from the adjoining option list. Every issuer whose securities your bank accepts as collaterals are maintained as a customer in the Oracle FLEXCUBE system.

Overall Limit Currency

Select the currency of the overall limit amount.

Overall Limit for an Issuer

An issuer can issue different types of market based securities; these could be debentures, shares, bonds etc. By defining an overall limit for an Issuer, you can limit your exposure to the issuer. This limit indicates the maximum beyond which you would not like to expose yourself to the Issuer.

When the total of all the collateral given by your customer in the form of market- based securities exceeds the limit specified for the Issuer, the system will prompt you with an appropriate message indicating that you have exceeded the limit.

Issuer Details

Specify details about the Issuer of the securities

Issuer Limits for Collateral Types

An Issuer of securities can come out with issues of different types, which your customer can use as collateral for the credit he avails from your bank. These could be debentures, shares, bonds, commercial papers etc. these securities are referred to as Collateral types. System allows you to maintain different collateral types using 'Collateral Type Maintenance' screen.

Limit Currency

Select the currency of the limit amount.

Limit Amount

For each security type that you accept as collateral from the issuer you can specify a limit indicating the maximum amount (in value) that you would like to expose yourself to the issuer for this security type. When the total of the collateral given by your customer in the form of a particular collateral type exceeds the limit set for the Issuer, the system will prompt you for an override.

Example

You wish to set up Issuer limits for the Issuer - Creativity Inc. The overall exposure limit set for Creativity Inc is 3M USD. Creativity Inc issues Debentures, Shares, Commercial Papers and Bonds, which you accept, from your customers as collateral.

You specify the following under issuer details:

Collateral Type	Limit	Currency
Debentures	500,000	USD
Shares	500,000	USD
Commercial Papers	1,000,000	USD
Bonds	2,000,000	USD

This indicates that at any given time your exposure to Creativity Inc. for debentures should not exceed \$ 500,000.

The total of all the limits that you specify for each Collateral type can exceed the Overall limit for the Issuer. However your exposure to all the collateral types at a given time should not exceed the overall limit specified for the Issuer.

Example

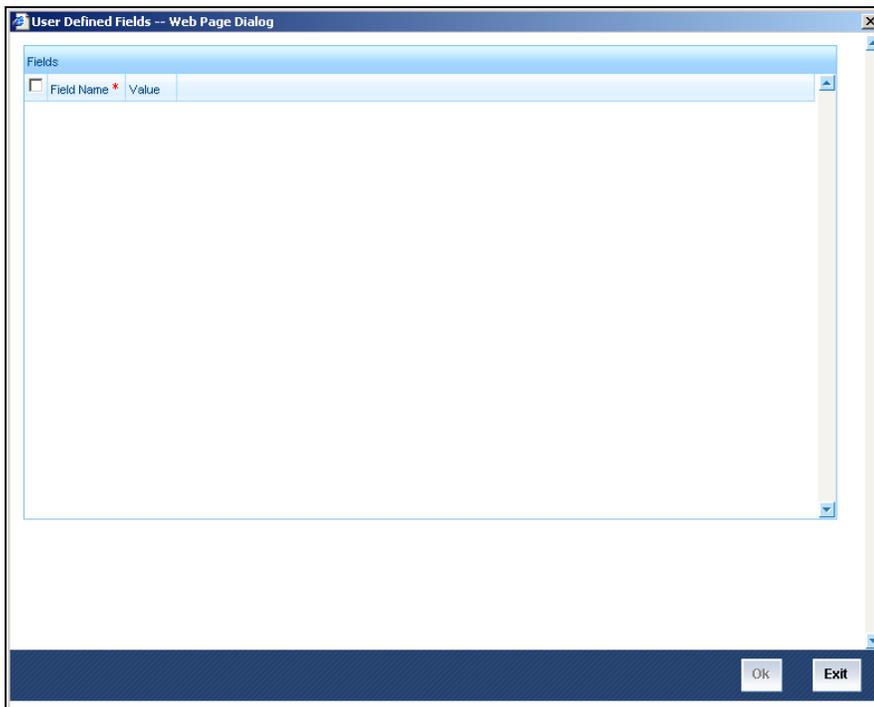
You wish to set up Issuer limits for the Issuer - Creativity Inc. The overall exposure limit set for Creativity Inc. is 3M USD. Creativity Inc. issues Debentures, Shares, Commercial Papers and Bonds, which you accept as collateral from your customer.

Collateral Type	Limit	Currency
Debentures	500,000	USD
Shares	1,000,000	USD
Commercial Papers	1,000,000	USD
Bonds	2,000,000	USD
Total	USD 4,500,000	

In the example cited above you will notice that the sum of the limits specified for the Collateral types issued by the issuer amounts to 4,500,000M USD, whereas the overall limit specified for the issuer is 3M USD. What is important is that your exposure to all the collateral types at a given point in time should not exceed 3M USD.

4.2.2 Specifying UDF Values

You can associate values to all the User Defined fields created and attached to the Issuer Details screen. You can view the list of User Defined fields associated to this screen by clicking the 'Fields' button on the Issuer Details screen.



You can enter the value for the UDFs listed here in the 'Value' column

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

5. Maintaining Security Details

5.1 Introduction

The credit facilities granted to the customers of your bank under a Credit Line can be backed by the Securities that your customer offers as collateral. Therefore, you should maintain a list of the Securities that you would accept as valid Collateral from your customers.

Securities are issued with a set of specifications that determine their market value. Standard specifications include the general features of the issuer s company like, board of directors, company balance sheets, projection of company investments, etc. The bank would be interested in recording the specific features like the type of security (shares or debentures), issuer details, valid ID of the security (start and end dates), etc.

This information can be accessed to determine the limit granted under a particular security and its credit worthiness when used as collateral.

Since market based securities are driven by market forces, the price of such securities tends to rise or fall in value. These fluctuations have a direct effect on the collateral value of the security and Oracle FLEXCUBE provides a feature to update the value of collateral if the value of the security that backs it fluctuates beyond the increase and decrease sensitivity that you specify.

5.1.1 Invoking Securities Maintenance Screen

You can invoke this screen by typing 'LMDSECTY' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The detailed screen will be displayed. The summary screen displays details of all the existing records in a tabular form.

Limits Securities Maintenance -- Webpage Dialog

Security Code * AB1BND2
 Description * Security-BONDS-
 Currency * USD
 Face Value * 100.00
 Limit
 Equity Base 10,000,000.00
 Nominal Value Based

Type * BONDS
 Start Date 7/3/2000
 Expiry Date 7/3/2002
 Issuer AAA10002
 Price Increase Sensitivity
 Price Decrease Sensitivity

Security Price

Price Code *	Market Price *	Last Price Change Date

Fields

Input By SYSTEM Date Time 7/3/2000 19:28:32 Modification Number 1 Open
 Authorized By SYSTEM Date Time 7/3/2000 19:28:32 Authorized Exit

After you have made the required mandatory entries and saved the record, your User ID is displayed in the Entry by field at the bottom of the screen. The date and time at which you saved the record will be displayed in the Date Time field.

A user bearing a different User ID should authorize a record that you have created, before the EOD is run. Once the record is authorized, the ID of the user who authorized the record will be displayed in the Auth By field. The status of the record will be displayed in the check box marked Authorized. The field will remain unchecked until the record is authorized.

5.1.2 Capturing Details of Marketable Securities

Security Code

To maintain details of the marketable securities that your bank accepts as collateral, you should first assign a unique code to identify the security for which you are maintaining details. This code is called the Security Code.

Type

Select the type of security from the option list. All authorized collateral types maintained in the system through 'Collateral Types Maintenance' screen will be displayed in the option list.

Description

Specify a description of the security

Currency

Select the currency of the security

Face Value

Specify the face or par value of the security in the currency in which it is quoted

Limit

You can fix a limit on your exposure to a particular issue of the security. It indicates the maximum limit beyond which you would not expose yourself for this security.

Excess to this limit will be reported in limits related reports

Example

Gem Granites has issued Debentures 98, which you accept as collateral from your customers. You have set the maximum limit for your exposure to this issue at US \$200,000.

Issuer	Security	Maximum Exposure
Gem Granites	Debentures 98	US \$200,000

This indicates that you will accept shares from Gem Granites for their issue Debentures 98 up to the tune of US \$200,000. The value of each unit of Debentures 98 is determined by its market value.

Security	Date	Market value
Debentures 98	01 Feb 1998	US \$150

Case 1

Your customer Wendy Klien pledges 1000 units of Debentures 98 with you on 01 February 1998. Based on the market value of the debenture the system calculates the value of the collateral. In our case it will be (1000 units x \$150). This transaction will not bust the limit you specified for the issue.

Security	Date	Market value
Debentures 98	10, Feb 98	US \$200

Case 2

Your customer Silas Reed pledges 250 units of Debentures 98 on 10 February 1998, which when calculated on the market value of the day amounts to \$50,000. This transaction will not exceed the issuer limit you have set which is now 150,000 + 50,000 (250 units x \$ 200).

Case 3

On 15 February 1998 your customer Tanya Agnihotri approaches you for a loan and offers 500 units of Debentures 98 worth US \$50,000 as collateral. The collateral utilization related reports for the day will indicate that by processing this transaction, you exceeded the exposure limit for the security type Debentures 98.

Equity Base

You can specify the equity base for the security i.e. the total amount raised by the issue of this security (this is for information purposes only.)

Example

Gem granites have come out with Debentures 98 and have raised US \$1 Million through this issue. This US \$1M that Gem Granites has raised constitutes the equity base for Debentures 98.

Start Date

For tenor-based securities (like bonds, debentures, etc.,) you can enter tenor start date of the security.

Expiry Date

For tenor-based securities (like bonds, debentures, etc.,) you can enter tenor expiry date of the security.

Price Increase sensitivity

Increase sensitivity denotes the percentage increase in the market price that should trigger a revaluation of the Collateral. This means, if the current market price of the security rises above the old market price by the percentage you have defined as the Increase sensitivity for the security, the revaluation process will be automatically triggered off.

If the value of a collateral is backed by a marketable security (whose value is driven by market forces) you may want to revalue the collateral so that it's value reflects the current market price of the security, which backs it.

To do so, you should specify your sensitivity to the security. Your sensitivity to the security can be defined as the percentage increase or decrease (the upper and lower limits) beyond the current market price, which should trigger off the revaluation process.

The price sensitivity of a security is expressed as a percentage. You should specify the percentage increase or decrease (the upper and lower limits) above or below the current market price, which should trigger off the revaluation process. The revaluation process will automatically revalue the collateral if the price of the securities that backs it fluctuates above or below the sensitivity you have defined.

Example

Consider a case wherein you have specified the price increase sensitivity for Debentures 98 to be 15%. If the market price of the security has increased from \$100 to \$125. At this rise in the market price of the security (which is 25% above the old market value), the revaluation process will be triggered off, so that the Collateral value of the security reflects its current market value.

Price Decrease Sensitivity

Decrease sensitivity denotes the percentage decrease in the market price of the security that should trigger a revaluation of the Collateral. This means, if the current market price of the security falls below the old market price by the percentage you have defined as the decrease sensitivity for the security, the revaluation process will be automatically triggered off.

Example

Consider a case wherein you had specified the price decrease sensitivity of Debentures 98 to be 15%. If the market price of the security has decreased from US \$100 to US \$75. At this fall in the market price of the security (which is 33.33% below the old market value of the security), the revaluation process will be triggered off, so that the Collateral value of the security reflects its current market price.

Price Code

The Price Code indicates the market place for which the price is quoted. If the security is quoted in different markets, its value would differ in different markets.

For example, the price of Debentures 98 quoted in NYSE may be \$100 whereas its price in NASDAQ may be \$ 98.

Market Price

The market price reflects the price of the security in that market

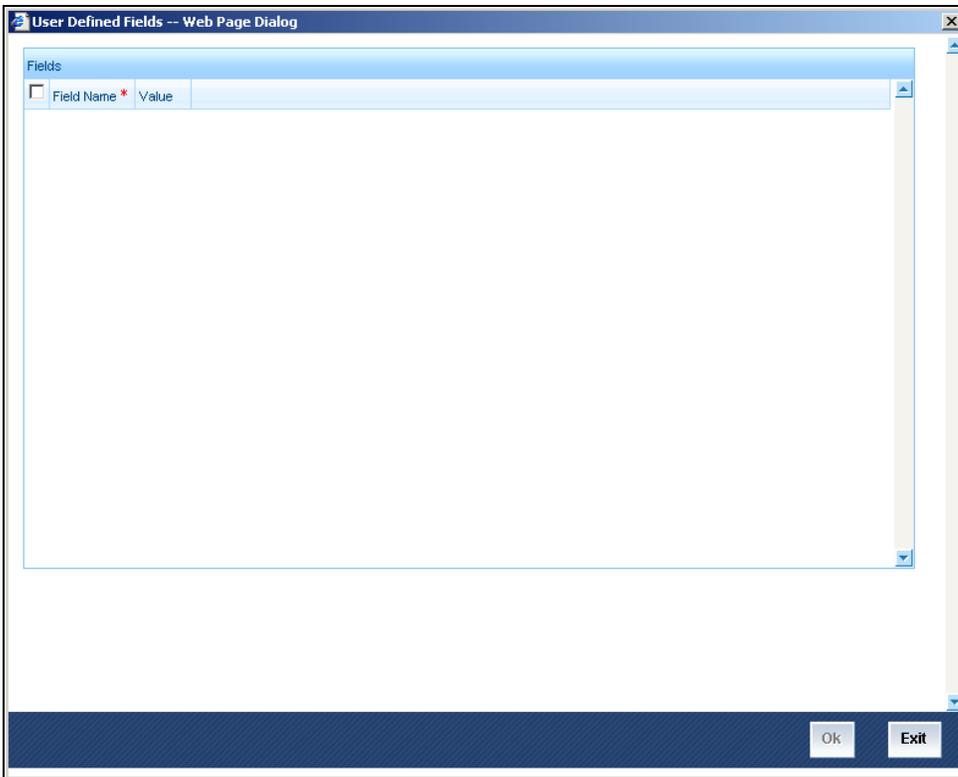
Last Price Change Date

This indicates the date on which the price changed last

5.1.3 Specifying UDF Values

You can associate values to all the User Defined fields created and attached to the Security Detailed screen.

You can view the list of User Defined fields for this screen by clicking the 'Fields' button on the Security Detailed screen.



You can enter the value for the UDFs listed here in the 'Value' column

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

6. Maintaining Collateral and Price Code Types

6.1 Introduction

A type has to be allotted to each of the following:

- Collateral that you accept in your bank (called the collateral type)
- 'Market' for which you want to track the prices of securities that you take as collateral (called as the price code type)

6.2 Invoking Collateral and Price Code Types screen

You can invoke this screen by typing 'LMDCOLTY' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Lendable margin and Offset margin required for computation of collateral contribution can also be maintained in the same screen.

Collateral Type Maintenance -- Webpage Dialog

Collateral Details

Type * COLLAT

Description COLLATERAL FOR CL

Offset Margin * 0

Lendable Margin * 100

Fields

Input By AMIT8 Date Time 7/3/2000 10:45:36 Modification Number 1 Open

Authorized By AMIT8 Date Time 7/3/2000 10:45:36 Authorized

Exit

6.2.1 Maintaining Collateral Type List

Type

To maintain a list of types of collateral your bank accepts as collateral, enter the collateral type at Type

Description

Enter the corresponding description for the collateral type at Description

Lendable Margin

Specify the Lendable margin in percentage

Offset Margin

On input of Lendable Margin, Offset Margin will automatically be calculated as follows $100 - \text{Lendable Margin}$ and vice versa. What ever is input last will force the final calculation of the other margin.

Click Summary View under Collateral Maintenance to view the Summary of the various Collateral Types that are maintained. The summary view will also display the Lendable margin and Offset margin in addition to the Collateral Type, Description, Authorization status and Record status columns for all the Collateral types.

6.3 Maintaining Limits Type

You can maintain various limit types and their values through the 'Limits Types Maintenance' screen. For example you can define and maintain various Limit types like price codes, collateral types etc. and also the price through this screen.

You can invoke this screen by typing 'LMDTYPES' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows a web-based application window titled "Limits Type Maintenance -- Web Page Dialog". The interface includes a "Type" field with a red asterisk indicating it is required, and a "Description" field with a help icon. Below these is a "Values" table with a header row containing "Value" and a help icon. The table has three empty rows, each with a checkbox on the left and a help icon on the right. At the bottom, there is a "Fields" section with a dark blue background containing the following fields: "Input By OFSSCOMAK5", "Date Time", "Modification Number", "Authorized" (checkbox), "Authorized By", "Date Time", "Open" (checkbox), and a "Cancel" button.

Type

Choose the limit type for which you want to maintain values

Description

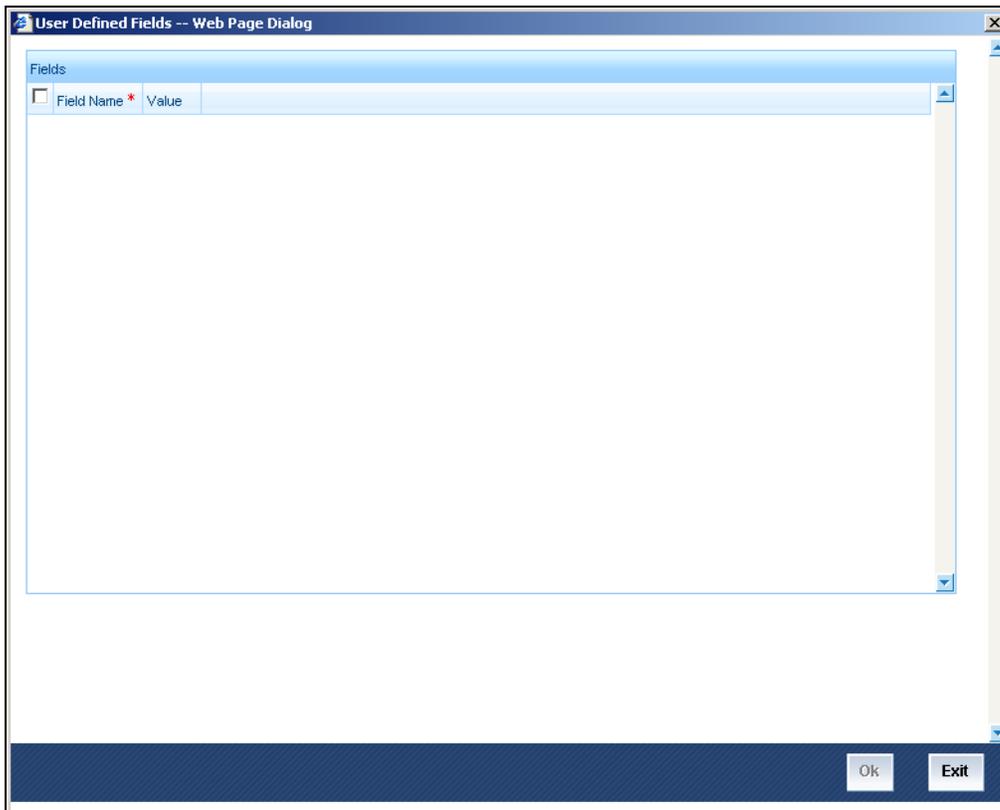
Specify the description for the limit type you are maintaining

Values

The values for the limit type that you are maintaining can be listed here. To add a value to the list of values, click on the 'Add' icon, and type the value. To remove a value from the list of values, check the box against that value and click on the 'Delete' icon

6.3.1 Specifying UDF Values

You can associate values to all the User Defined fields created using the user Defined Fields screen. You can view the list of User Defined fields associated to the screen by clicking the 'Fields' button on the screen.



You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

7. Maintaining Collateral Details

7.1 Introduction

Banks accept different types of collaterals for the credit facilities that they grant to the customer. The various types of collaterals could be shares, bonds, plant and machinery, land and buildings, gold etc. The collaterals that a customer offers to back his credit limits must be captured in Oracle FLEXCUBE. The details of collateral offered to back the credit that you grant under a credit line are captured through the Collateral table.

Before capturing collaterals in Oracle FLEXCUBE, the issuer of the collateral should have been assigned a code in the 'Issuer Maintenance' screen and the security offered as collateral, should have been maintained in the 'Security Maintenance' screen.

Banks normally do not consider the full value of the collateral while assigning credit limits. They keep a margin to take care of increase or decrease in value of the collateral. This margin is called as the lendable margin. In Oracle FLEXCUBE, by default, the entire value of collateral is considered for credit limit calculation. If you wish to offer the entire face value of the collateral as the credit limit, you can set aside a margin and offer the rest as the limit contribution.

The details that you specify for collateral are determined by whether it is backed by a Marketable or a Non Marketable security.

A Marketable Security is one, which is highly liquid on account of the fact that there is a ready market where they can be traded. The value of marketable security is determined by the forces of short-term demand and supply that operate in the markets where they are traded. Bonds, Shares, and Debentures are examples of marketable security.

There are categories of marketable security that, although the investor might be able to market, he or she will consider them a fixed part of the portfolio. These are considered Non-Marketable security. A non-marketable security is not tradable and hence is not liquid in nature. The value of such assets is driven by long-term forces of demand and supply.

For example, investors who own their own home can market it, but they will not often consider switching houses as part of changes in their investment portfolio. This is due in part, to large transaction costs and also because of non-monetary factors. Other examples of non-marketable assets are social security payments, retirement benefits etc.

A marketable security used as collateral would imply Marketable Collateral. A non-marketable security used as collateral would imply Non-Marketable collateral. Through the collateral details screen, you can capture the details of both marketable and non marketable collaterals given by a customer to back his credit facilities.

7.1.1 Invoking Collateral Details Screen

You can obtain this screen by typing 'GEDCOLLT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

In this screen you can specify the contribution that a collateral should make to the limit assigned to a customer under a credit line.

Collaterals Maintenance -- Web Page Dialog

Liability Id * _____
Collateral Code * _____
Currency _____

Market Value Based
 Mortgage Initiated

Market Value Based Collateral Details

Collateral Value _____
Type _____
Offset Margin(%) _____
Lendable Margin(%) _____
Limit Contribution _____

Security Code _____
Number Of Units / Nominal Value _____
Cap Amount _____
Price Code _____
Last Reval Price _____

Start Date _____
End Date _____
Revision Date _____
Description _____

1 of 1

Issuer And Exposure Details

Fields

Maker _____
Checker _____
Date Time: _____
Date Time: _____
Mod No _____
 Authorized
 Open
Exit

7.1.1.1 Specifying Details for Collateral

Liability Identification

Select the liability code of the customer to which you want to link the collateral. The credit facilities granted to a customer will be tracked against this Liability Code.

Collateral Code

Indicate the code of the collateral for which you are maintaining details.

Collateral Currency.

Select the currency of the collateral

Collateral Value

In the case of a Marketable Collateral you need not enter the value of the collateral, as it will be automatically calculated based on the price details specified in the Securities Maintenance screen.



For marketable collaterals, which are Market Value Based, depending on the security code, the number of units and the price code details entered, the last revaluation price is picked by the system from the value maintained in the 'Security maintenance' screen and the system calculates the value of the collateral.

If you are estimating the value of a Non- Marketable Collateral you have to specify its value and the currency in which the collateral is maintained. Based on the convention at your bank you can indicate the contribution that the collateral should make to the credit limit of the customer. It is important to note that the entire value of the collateral need not contribute to the credit limit of the customer.

Type

For non-marketable collaterals, select the type of security that your bank is accepting as collateral. For marketable collaterals, the type is defaulted once the security code is chosen.

Offset Margin

Offset margin maintained at the Collateral type level will be defaulted at the Collateral maintenance level based on the Collateral type selection.

However the defaulted value for Offset margin can be changed

Lendable Margin

Lendable margin maintained at the Collateral type level will be defaulted at the Collateral maintenance level based on the Collateral type selection.

However the defaulted value for Lendable margin can be changed. On input of Lendable margin, Offset margin will automatically be calculated as 100 - lendable margin and vice versa. What ever is input last will force the final calculation of the other margin as well as the collateral contribution.

Example

Collateral is valued at \$1000, and you wish to offer the customer credit only worth \$ 980. This amount is 98% of the collateral contribution.

$(1000 - 980) / 1000 = 2 \%$ is the offset margin percentage

This means you want to have a lendable margin of 98%.

For instance, if you enter the lendable margin percentage, then based on the value you enter, the offset margin will be calculated as described above and the limit contribution will be calculated..



For existing collaterals, Lendable margin will be computed as 100 – offset margin percent

Existing collateral types will be defaulted with 100 as lendable margin and 0 as the offset margin.

Limit Contribution

Based on the lendable margin and offset margin percentages specified, the contribution of this collateral to the credit limit is automatically calculated by the system and displayed here.

Start Date

You may want to consider a security as collateral for a particular period. The collateral is considered effective during this period. Specify the start date of this period.

Expiry Date

The end date that you specify indicates the date on which the collateral ceases to exist. On the expiry date that you specify for a collateral, the credit limit under the line which the collateral backs will be reduced by the amount that the collateral contribution to the line.

Example

Creativity Inc. has come out with the issue of Debentures 98. The tenor of this security spans between 01 January 1998 and 30 December 2000.

Gem Granites has offered you Debentures 98 worth US \$1M as collateral. You have linked the collateral to the Credit Line LOANS, which has a credit limit of US \$3. You consider (01 January 1998 to 30 December 2000) as the start and expiry dates of the collateral.

On 01 January 1998,

Line Limit	=	US \$3M
Collateral Contribution	=	US \$1M
Availability under the Line (assuming it is limit amount plus collateral contribution)	=	US \$4M

On 31 December 2000,

Line Limit	=	US \$3M
Collateral Contribution	=	NIL
Availability under the Line	=	US \$3M

Revision Date

Specify the date on or before which you want to revise the details specified for the collateral code. Fixing this date will enable you to evaluate the collateral on a periodic basis.

The details that you specify for a collateral code will continue to remain effective after this date if you do not revise them on the day it is due. You can generate a report which will display all the collateral codes that are due for revision on the next day.

Description

Enter a detailed description of the collateral here. This description is only for the internal reference of your bank and will be retrieved each time you seek details of this Collateral Code.

Market Value Based

Check this box to indicate that the collateral is backed by marketable securities. If this box is checked system automatically calculates the value of the collateral based on the price details specified in the 'Securities Maintenance' screen.

Security Code

If the collateral is market value based then you should link the collateral code to a security code. Select the security code from the adjoining option list.

Number of Units/ Nominal Value

Specify the number of units of the marketable asset that constitutes the collateral. This is mandatory if you are maintaining details of Marketable Collateral. The collateral value of Marketable Securities will be computed by multiplying its market value (which is picked up from the Securities maintenance screen) by the number of units of the security that constitutes the collateral.

If the security is nominal value based, then you should input the nominal value of the security.

If it is a unit quoted security, you should enter the number of units of the security that you accept as collateral.

Example

Input in case of a nominal quoted security

Nominal Amount	Price Code	Market Price	Collateral Value [(Market price/100) * Nominal Amount]
10,00,000	BOM1	65	$(65/100) * 10,00,000 = 650000$
5,00,000	BOM2	70	$(70/100) * 5,00,000 = 350000$
7,00,000	BOM3	80	$(80/100) * 7,00,000 = 560000$

Input in case of a unit quoted security

Number of Units	Price Code	Market Price	Collateral Value (Number of Units * Market price)
65	BOM1	120	7800
70	BOM2	130	9100
40	CAL1	95	3800

Cap Amount

As the price of marketable securities tends to fluctuate based on the forces of demand and supply, you can specify an upper limit on the contribution of this security to the collateral value, as a result of an increase in the price of the security. This upper limit is called the Cap Amount.

The Cap Amount indicates that at any point in time the limit contribution of the collateral cannot exceed this amount, even though its actual computed value is much higher. However, if the actual computed value of the collateral is lower than the Cap Amount, then the system picks up the collateral value as the actual computed value.

Example

Actual Collateral Value (Number of Units * Market Price)	Cap amount	System Considered Collateral Value
7800	7000	7000
9100	7000	7000
3800	7000	3800

Price Code

This is a unique code of identification for the market in which the particular Security is traded. You can select a Price Code from the option list of valid price codes maintained in the Securities Master.

Last Reval Price

This is the price of the security as picked up from the Security maintenance screen for the particular security whose collateral details you are maintaining.

Issuer Code

Specify a unique code of identification for the issuer of the security (which you accept as collateral.)

If you are entering a marketable collateral, you can select an issuer code from the option list of valid issuer codes maintained in the Issuer Details screen.

If you are entering a non-marketable collateral, you can enter a code to identify the issuer of the security.

Issuer Exposure Line

Specify the credit line of the issuer of securities

Exposure

In case of marketable collaterals, the system defaults the exposure as 100%. However, you are allowed to modify this. This denotes the percentage of the face value of the securities to which you would like to expose to the issuer of the security.



This value cannot be captured for a non marketable collateral

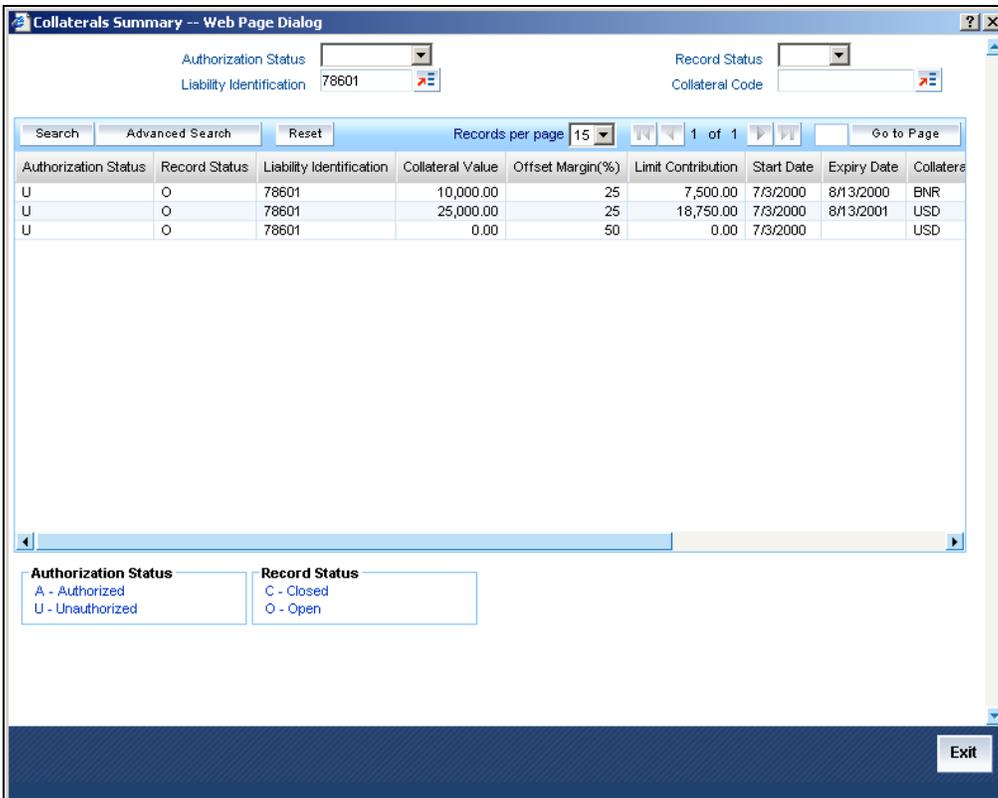
Exposure Amount

Based on the percentage you have entered in the Exposure field, the system computes the Exposure Amount. The Exposure Amount is equal to

Collateral Value * Exposure %

100

To invoke the Collaterals Summary screen, click on Summary under Collaterals. You can also invoke this screen by typing 'LMSCOLLT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button. A Collateral Summary View screen giving all the details of various collaterals maintained will be displayed.



7.2 Capturing Collateral Pool Details

The details of collateral offered to back a credit line are captured through the 'Collateral Details' screen where you specify whether the collateral for which you are capturing details is a Marketable or a Non-Marketable collateral and other relevant details.

In Oracle FLEXCUBE, collaterals can be grouped together into pools and the collateral pools are attached to the credit lines. Grouping together of a set of collaterals into pools can be achieved through the Collateral Pools screen.

You can invoke this screen by typing 'GEDMPOOL' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

If you are maintaining details of a new pool then click  in the toolbar or New from the Actions Menu. This screen will be displayed with no values in the fields.

If you are calling a record that has already been created, click on Summary View. The details of the records created earlier will be displayed in a tabular form. From the summary screen you can choose to open an existing record by double clicking it.

Liability

Choose the liability id of the customer for whom you are maintaining the collateral pools, from the adjoining option list

Pool code

Specify a unique name/code to the Collateral pool being created

Pool Description

Give a description for the pool code

Pool currency

Select the currency for the pool from the adjoining option list. The list displays all the currencies maintained in the system.

7.2.1 Capturing Collateral Linkages

Collaterals can be linked to more than one pool. You can capture the following details here:

Type

Select the collateral type to indicate whether the collateral is a deposit, account, export LC or guarantee or any other type of collateral.

Collateral Code

Select the collateral code to be linked to the collateral pool

Depending on the collateral code chosen Currency and Collateral Amount details get defaulted. The Collateral amount indicates the available amount of the collateral for linking to a pool.



While creating collateral pools please remember that:

- A collateral can be linked to more than one pool if the collateral amount available is not zero.
- A credit line can be backed by only one pool but a single pool can back multiple credit lines.

Linked amount and the pool currency

You have to indicate whether the pool contribution amount is less than or equal to the collateral amount. Hence, for every collateral that you choose to include in the pool you can indicate whether the entire collateral amount or only a part it should contribute towards the pool amount.

In addition to specifying the linked amount you also have to indicate the currency of the pool. This is essential because the collaterals linked to a pool can be in different currencies.

For instance, you have linked the pool 'LOANP001' to the liability 'BIRLA0001'. LOANP001 is in turn backed by the following collaterals:

Type	Collateral Code	Ccy	Collateral Amount	Linked Amount
Deposit	ISDP16924	DEM	100,000	75,000
Account	AC777228	GBP	55,000	55,000
Collateral	COLSHRS15	INR	2,000.000	1,500,000
Collateral	COLHS819	USD	1,500,000	1,500,000

Now the pool currency specified is USD. Therefore the system does the necessary calculations and converts the linked amount into the currency of the pool and displays the pool amount in the respective field.

Linking Percentage / Collateral percentage contribution to a pool

Specify the percentage contribution of a collateral towards the pool. It can add up to a maximum of 100%. However, if you specify a percentage value more than the available percentage of the collateral (in case the same collateral is used in some other pool), then system will display an error message. Based on this percentage contribution the system calculates and displays the linked amount. Alternatively, if you specify the linked amount then the system will derive and display the linked percentage.

To add a new collateral click the add icon, specify the relevant details and save the record. Conversely if you want to delete an existing collateral click the delete icon and save the record.

7.2.2 Linking Term Deposit as Collateral

In Oracle FLEXCUBE you have the option to link a TD account type as collateral. You have to indicate Deposit as the pool contribution type. Subsequently, for every collateral that you choose to include in the pool you; can indicate whether the entire collateral amount or only a part it should contribute towards the pool amount. By default the system displays the available balance of the TD or the linked amount.

When you link a TD to a pool, the system automatically creates an amount block and *if* the amount specified for the link is same as the available balance for the TD, then the system enforces a full amount block for the TD.

Consequently you cannot release the amount block from the TD nor link the TD to another pool.

Liquidation of the term deposits is handled in two ways:

- If the TD is linked partially then the system allows partial liquidation of the TD and the amount (blocked amount) will be rolled over. However, partial liquidation is allowed only if you have maintained the Partial Amount Block criteria for the account.
- If a full amount block is specified for the TD or the amount block criteria is not maintained for the account, in both cases the system liquidates the TD fully.

7.2.3 Linking Export LC / Guarantee as Collateral

In Oracle FLEXCUBE you have the option to link an Export LC/ Guarantee Advised (Guarantees issued by other banks) as a collateral. You have to indicate a Export LC / Guarantee as the pool contribution type. Subsequently, for every collateral that you choose to include in the pool you can indicate whether the entire collateral amount or only a part of it should contribute towards the pool amount.

For every LC type you choose to link to the pool, you can indicate whether the entire collateral amount or part of it should contribute towards the pool amount. By default the system displays the available balance of the LC type to the linked amount.

When a LC type is linked to a pool, the system automatically creates an amount block and if the amount specified for the link is same as the available balance for the LC or LC type, then the system enforces a full amount block for the LC. Hence you can not release the amount block from the LC nor link the LC to another pool. When a Manual operation is done on a LC / Guarantee which is linked as collateral to a pool, the system throws an override. Automatic operation of such LC / Guarantees is allowed with an exception report at the EOD.

Collateral is allowed to be linked to a pool on percentage basis or on flat amount basis while deposits and Accounts are allowed to be linked based on flat amount. LC/Guarantees are allowed to be linked on percentage basis only.

Any operation yielding changes to collateral value will be governed by following thumb rules if it is linked to a pool and if the collateral type is not a Deposit / Account:

- Any decrease to collateral value will propagate online where as any increase in collateral value will be propagated after authorization.
- Any manual action will mark the pool linkage unauthorized for the time till the collateral amendment is authorized. In such cases the pool as well as any other collateral linked to the pool will not be allowed for any amendment.
- Amendment of Value of collateral will be propagated to pool and line subject to that pool utilization remains below pool amount and collateral value is higher then the linked amount.
- When collateral is linked to a pool on flat amount basis, changes in the value of the collateral result in changes in collateral value but it will not have any impact on pool balance and limits. If a decrease in collateral value results in collateral value falling below the linked amount, the system will raise an error and amendment of the collateral will not happen irrespective of collateral type, where linkage is on flat amount basis.
- When collateral is linked to a pool on %age basis, the linked amount will be recalculated based on the collateral current value and %age linked. Pool balance will be recalculated. The collateral contribution to lines as well as pool utilizations will also be recalculated and populated if the pool to line linkage is based on %age.
- If a decrease in collateral value results in pool amount falling below the pool utilization amount, the system will raise an error and amendment of the collateral will not happen irrespective of collateral type.

Following operation will result in amendment of value of collateral affecting a pool definition.

- Manual Collateral Amendment
- Manual LC Amendment
- Manual LC Availment
- Manual LC Closure
- Manual LC Cancellation
- Manual LC Reinstatement
- Booking BC Against LC
- Collateral Amendment Upload
- Auto LC Closure

- Auto LC Reinstatement

Refer the Core Entities user manual under the section 'Account classes for Time Deposit Accounts' for maintaining the amount block criteria and other parameters for TD accounts.

7.2.3.1 Calculation of Min Contribution of Collateral

In Oracle FLEXCUBE you can calculate the minimum contribution of a collateral to a collateral pool of a pool limit. It can be used in all the operations of a collateral to determine how much the collateral value can change during amendment or an LC operation.

Example:

Case1:

The available amount is defined as Line Amount + Collateral. The available amount is calculated as illustrated in the example.

Consider the following case: A line LIM1 has been defined as given in the table below:

Limit Amount	EUR 150,000
Collateral Contribution	EUR 130,000
Available Amount	EUR 280,000

Assume the collateral contribution is defined as given below:

Collateral Type	Collateral Value	% Contribution to Limit	Contribution to Limit
Uncleared Funds	EUR 50,000	100%	EUR 50,000
Post Dated Cheques	EUR 50,000	100%	EUR 50,000
Export LC identified as a contract C1 in Oracle FLEXCUBE	EUR 60,000	50%	EUR 30,000

Assume that there is a bill contract C2 for EUR 260,000 under the line LIM1. Thus the LIM1 will have a utilized amount as EUR 260,000 and the available amount as EUR 20,000. Now, if there is a manual availment for the LC, the collateral value will reduce.

The service will provide the minimum contribution of the collateral so that the available amount does not become less than 0.

Limit Amount = EUR 150,000

Collateral Amount = EUR 130,000

Total Line Amount = EUR 280,000

Utilization (from the bill) = EUR 260,000

So, the collateral amount can be varied to an extent that the total line amount after the collateral value change will not be less than 0.

Thus, the condition Total Line Amount – Utilization = 0 will be the condition that will be used for getting the minimum collateral contribution. In the given example, the derivation will be:

Total Line Amount – 260,000 = 0

i.e. (150,000 + Collateral Contribution) = 260,000

Collateral Contribution = (260000 – 150000) = 110,000.

The collateral contribution itself made of 3 collaterals. Thus,

Uncleared Funds + Post Dated Cheques + Export LC Contribution = 110,000

To calculate the minimum contribution of an LC, the value will be derived as:

50,000 + 50,000 + Export LC Contribution = 110,000

Export LC Contribution = 10,000

The export LC contributes 50% of its value to the collateral in the above case. Thus, Minimum LC value after the avilment operation should be (10000 / 50%) = EUR 20,000.

Case2:

The available amount is defined as Lower of Line Amount & Collateral. The available amount is calculated as illustrated in the example.

Consider the following case:

A line LIM1 has been defined as given in the table below:

Limit Amount	EUR 150,000
Collateral Contribution	EUR 130,000
Available Amount	EUR 130,000

Assume the collateral contribution is defined as given below:

Collateral Type	Collateral Value	% Contribution to Limit	Contribution to Limit
Uncleared Funds	EUR 50,000	100%	EUR 50,000
Post Dated Cheques	EUR 50,000	100%	EUR 50,000
Export LC identified as a contract C1 in Oracle FLEXCUBE	EUR 60,000	50%	EUR 30,000

Assume that there is a bill contract C2 for EUR 110,000 under the line LIM1. Thus the LIM1 will have a utilized amount as EUR 110,000 and the available amount as EUR 20,000. Now, if there is a manual availment for the LC, the collateral value will reduce. The service will provide the minimum required contribution of the collateral so that the available amount does not become less than 0.

Limit Amount = EUR 150,000

Collateral Amount = EUR 130,000

Total Line Amount = EUR 130,000 (Lower of Limit Amount & Collateral Amount)

Utilization (from the bill) = EUR 110,000

So, the collateral amount can be varied to an extent that the total line amount after the collateral value change will not be less than 0.

Thus, the condition Total Line Amount – Utilization = 0 will be the condition that will be used for getting the minimum collateral contribution. In the given example, the derivation will be:

Total Line Amount – 110,000 = 0 i.e. Collateral Contribution = 110,000

The collateral contribution itself made of 3 collaterals. Thus,

Uncleared Funds + Post Dated Cheques + Export LC Contribution = 110,000

To calculate the minimum contribution of an LC, the value will be derived as:

50,000 + 50,000 + Export LC Contribution = 110,000

Export LC Contribution = 10,000

The export LC contributes 50% of its value to the collateral in the above case. Thus,

Minimum LC value after the availment operation should be (10000 / 50%) = EUR 20,000.

Case3:

The available amount is defined as Line Amount.

Since the collateral is just information, the minimum contribution of collateral can be 0 and hence the entire LC can be availed.

7.2.3.2 Amending Collateral Value in Pool

When collateral linked to a collateral pool is amended because of change in the amount, results in the variation of the value linked to the pool then the system will throw a configurable override specifying that the collateral is linked to a pool and the available amount after the transaction will be reduced to less than 0. If you do the amendment, then the system will recalculate the collateral amount linked at the pool level.

Whenever there is an amendment of an export LC, the system will verify whether the LC is linked as collateral to any pool. If LC is part of a collateral linked to a collateral pool and there is a change in the amount that results in the variation of the value linked as collateral, then the system will throw a configurable override specifying that the LC is linked as a collateral and the available amount after the transaction will be reduced to less than 0. If you do the amendment, then the system will recalculate the collateral amount linked at the pool level.

During manual availment operation of an export LC, the system will verify whether the LC is linked as collateral to any pool. If LC is part of collateral linked to a Collateral pool and the availment results in the variation of the value linked as collateral, then the system will throw a configurable override specifying that the LC is linked as collateral and the available amount after the transaction will be reduced to less than 0. Hence, If you do the availment, then the system will recalculate the collateral amount linked at the pool level.

During manual closure/cancellation of an export LC and BC Contract booking under an export LC, the system will verify whether the LC is linked as collateral to any pool. If LC is part of collateral linked to a Collateral pool and the operation results in the variation of the value linked as collateral, then the system will throw a configurable override specifying that the LC is linked as collateral and the available amount after the transaction will be reduced to less than 0. Hence, If you do the operation, then the system will recalculate the collateral amount linked at the pool level.

The automatic LC closure operation verifies whether the LC is part of a collateral maintenance. If the LC is part of collateral linked to a pool and the automatic closure results in the variation of the value linked as collateral, the system still proceeds with the closure operation with an exception report at EOD.

However, the system will mark the LC as closed though it is part of a pool as a collateral and if the available amount at the line level after the transaction is reduced to less than 0, BO report will be generated for the same. The system will also recalculate the collateral amount linked at the pool level.

7.3 Capturing Risk Percent Details

For FX, Derivatives and Option products you can track the risk weighted amount by attaching a risk percent to it. To track risk-weighted amount, risk category are maintained through the 'Limits' sub screen of the 'Customer Maintenance' screen. You can capture the Risk percent details for a combination of Risk Category, Module and Product Code for a tenor range in the 'Risk Percent Maintenance' screen. You can invoke this screen by typing 'CSDRPMNT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Risk Category * RISK
Module * FX
Product * KKKK
 CLS Eligible

	Tenor From	Tenor To	Risk Percent
<input type="checkbox"/>	0	2	10
<input type="checkbox"/>	3	4	20
<input type="checkbox"/>	5	100	30

Fields

Input By BHATT2 Date Time 7/3/2000 19:37:32 Modification Number 1 Open
Authorized By BHATT2 Date Time 7/3/2000 19:37:33 Authorized

You can specify the following fields in the above screen:

Risk Category

You can select the Risk Category for which you are defining the risk percent from the option list provided. The list displays all open and authorized Risk categories.

Module

You can select the module for which you are defining the risk percent from the option list provided. The list will display only FX, DV and OT modules.

Product

You can select the product code for which you want to apply this Risk maintenance from the option list provided. The list will display only FX, DV and OTC products. Additionally there will be a product code ALL which you can select if you want the risk maintenance to be applicable for all the products.

Tenor From

You can specify the starting tenor or the minimum tenor for which the risk percent is applicable. By default the value of this field will be 0 or the Tenor To of the previous record.

Tenor To

You can specify the ending tenor or the maximum tenor for which the risk percent is applicable.

Risk Percent

Here you can specify the Risk percent that is applicable to the Tenor defined.

Oracle FLEXCUBE will carry out the following validations on Risk Percent maintenance:

- Checks that Tenor To field is not negative
- Checks whether the Tenor To is earlier than Tenor From
- Checks if the Risk percent is negative
- Checks that Tenor To and Tenor From are not the same

While inputting FX, Options or Derivatives contracts, the risk percent is derived from the risk category maintenance screen and the risk weighted amount is computed by the system.

7.3.1 PDC/Bills as Collateral amendments

In Oracle FLEXCUBE you have the liberty of uploading the collateral values for uncollected bills and PDC into Oracle FLEXCUBE from Excel files. In Oracle FLEXCUBE the excel file is converted into a tilde separated text file and transferred to database server in the format mentioned below:

Element ID	Mandatory	Size /format	Description
Liability ID	Y	09 alphanumeric	Liability Code to which collateral code is linked
Collateral Code	Y	16 alphanumeric	Valid Collateral code
Collateral Currency	Y	03 alphanumeric	Collateral currency
Collateral Value	Y	24 numeric	Value of collateral
Expiry Date	N	08 Numeric	Expiry Date of Collateral

Collateral currency of the requested upload is validated against the collateral maintenance in Oracle FLEXCUBE and its value is validated to be a positive value. Expiry date is just taken as information field and processing is not done for it.

If case of decrease in collateral value leads to Pool amount falling below utilization, the upload is rejected. An exception report is generated using reporting tool for the same.

In case of flat amount based definition, if decrease in the value of PDC or uncollected bills as collateral results in collateral value falling below the linked amount, upload gets rejected. An exception report is generated using reporting tool for the same.

8. Setting up Limit Templates

8.1 Introduction

The Banks may have different types of credit facilities that it offers to its customers. The question of Customer Liability arises out of the credit facilities availed by the customer. For example, there could be overdrafts, term loans, demand loans, guarantees etc. For each of these credit facilities, the Bank may have certain predefined characteristics like currency restrictions, nature of the line—revolving or non-revolving and the effective line amount basis. To make tracking effective, it is necessary for you to assign limits on the credit you grant to your customers for various purposes. For each of these various credit facilities, the Bank can create a template. The template thus created is called a 'Line' in Oracle FLEXCUBE. The template will serve as a base using which you can specify limits and other details specific to a particular Liability id.

You can specify the following in the template that you create for a line:

- Product, branch, tenor and currency restrictions
- The nature of the line, i.e., whether it is a revolving or a non-revolving line

While defining a limit for a particular liability id, you can choose the template from which all the characteristics are inherited. You can however change those details that are specific to the particular -Liability id for which you are defining limits. This renders the input of the details of a Credit Line faster and easier. You can define Main lines and Sub-lines for a specific liability id. The Sub-lines will fall under the umbrella of main lines.

8.2 Creating Limits Template

For each of the various credit facilities availed by the customer, the Bank can create a template. The template will serve as a base for defining limit details specific to a particular Liability id. You can create a credit line template using the 'Facility Maintenance' screen.

You can invoke the screen by typing 'LMDPRDM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

8.2.1 Features on this screen

Line Code

To define a credit line you should first assign a unique code to identify the line. Besides helping you to identify the line you can use it to retrieve information about the line.

Line Currency

You can specify the currency in which the Limit under this line should be defined. The currency that you select will have the following implications on the Line Code:

- The limits that you specify for the Line-Liability combination are taken to be in this currency (line currency).
- The line code that you are defining will be available for utilization only in the line currency, unless you specify otherwise under Currency Restrictions while defining the line

If the limit allotted to this Line-Liability combination can be utilized by accounts and transactions in currencies other than the line currency, the limit utilization will be arrived at by using the mid rate for the currency pair as of that day.

You can open a sub line in a currency other than the currency of the main line to which it is linked. The system will convert the amounts using the mid-rate from the currency table.

Description

Enter a small description for the credit line

Effective Line Amount Basis

You need to define the effective line amount basis as a combination of the line amount and collateral amount. The options available are.

- Line Amount + Collateral
- Line Amount
- Min of Line Amount & Collateral

This field is mandatory and the Line Amount + Collateral Amount will be defaulted. The Effective line amount basis field can not be modified if the limits template maintenance is authorized even once.

Interest Required

You need to indicate whether or not fees should be charged for utilization of the Line. However, once the limit has been authorized, you will not be allowed to change this option.

Currency Restriction

The Limit that you define for a line can be restricted to a particular currency (the Line Currency) or can be made available in all currencies.

When the credit limit specified for a line is restricted to only the limit currency, it means that the limit can be utilized only by accounts and transactions in that currency.

If you make the line available in all currencies, (i.e., you do not specify currency restrictions for it) the accounts and transactions can utilize the limit under this line irrespective of the currencies they involve.

Example

We shall first examine a case wherein currency restrictions have been maintained for the line. The Line currency assigned to the Line Code LOANS is USD.

If a customer linked to this line wants to avail a loan in GBP (Contract currency), the customer will be restricted from doing so, as only USD accounts and transactions can utilize the limit available under this credit line.

Now imagine a scenario where no currency restrictions have been maintained and the line currency is USD.

In this case the customer will be allowed to avail the loan in any currency, as no currency restrictions have been maintained. The mid rate as of the transaction date will be applied to the currencies involved in the transaction.

Revolving Line

A revolving credit line indicates that a repayment of the utilized credit should reinstate the credit limit.

Example

You have defined the credit limit for your customer ABC Corporation to be \$1 million and the credit line to be a revolving credit line.

ABC Corporation takes a loan for \$ 300,000 on 1, Jan 99. ABC s credit limit now stands at \$700,000 as it is reduced by \$300,000 on account of the loan.

The repayment schedule for the loan as follows:

- USD 100,000 to be repaid on 01 February 1998
- USD 100,000 to be repaid on 01 March 1998
- USD 100,000 to be repaid on 01 April 1998

On 01 February 1998, when ABC repays \$100,000, it s credit limit is reinstated by \$100,000. Therefore on 01 February 1998 the Credit Limit of ABC will stand reinstated at \$800,000.

You can define a credit line as Non-revolving for a special transaction line or to allot a one-time credit facility to a customer.

Example

You have defined the credit limit for your customer ABC Corporation to be \$1 million and the credit line to be a non revolving credit line.

ABC Corporation takes a loan for \$ 300,000 on 1, Jan 99. ABC s credit limit now stands at \$700,000 as it is reduced by \$300,000 because of the loan.

The repayment schedule for the loan as follows:

- USD 100,000 to be repaid on 01 February 1998
- USD 100,000 to be repaid on 01 March 1998
- USD 100,000 to be repaid on 01 April 1998

On 01 February 1998, when ABC repays \$100,000, it s credit limit will not be reinstated by \$100,000. Therefore, on 01 February 1998 the Credit Limit of ABC will continue to stand at \$700,000 inspite of the repayment.

8.2.1.1 Branches Allowed

You can restrict the usage of a credit line that you have created to certain branches of your bank. When you invoke this screen for the first time and if you have not maintained branch restrictions for the line, a list of all the branches of your bank is displayed under the column Branches Allowed (indicated that all branches of your bank can use the line). From this list of allowed branches you can restrict a certain branch (es) from using the line.

You can disallow a branch (es), from using this line by selecting code that identifies the branch and clicking on the 'Delete' button.

You can remove the restrictions earlier imposed on a branch i.e. (to allow a restricted branch usage of the limit under this line) to allow a restricted branch usage of a line, select the code that identifies the branch from the picklist and click the 'Add' button.

The restrictions that you specify for a Line Code will be defaulted to the Limits Maintenance screen. You can modify them.

8.2.1.2 Product Allowed

To recall, for the different lines of business of your bank, you can offer different products to your customers. You can restrict certain products from using the limit under this line. By default, all products are allowed to utilize the limit available under the line.

The list of products allowed to use the limit under this line is displayed under the column Products Allowed. From the list of allowed products, you can restrict certain products, usage of the line.

You can restrict a product from utilizing the credit under this line, by highlighting the product code and clicking the 'Delete' button.

You can remove the restrictions earlier imposed on a product i.e. (allow a restricted product usage of the limit under this line). To allow a restricted product usage of a line, select the code that identifies the branch from the option list and click the 'Delete' button.

8.2.1.3 Tenors Allowed

You can track your exposure for different tenors, by defining limits based on the tenor of the contracts that utilize the limit. Therefore, you will need to define a tenor list for transactions that involve a Tenor (e.g., Loans, Money Market Transactions etc.).

You can only maintain a list of tenor-based transactions for which you would like to track your exposure. You can specify limits for each of these tenor restrictions in the Limits Maintenance screen.

Maintaining Tenor Restrictions for a sub-line

You can define a sub-line tenor list and also define limits for each of them. To recall, a sub line falls under the umbrella of the Main Line to which it is linked. Therefore, the maximum tenor that you define for a sub-line should not exceed the maximum tenor defined for the main line to which it is linked. The limit amount that you define for each sub-line tenor cannot be higher than the tenor limit defined for the main line to which it is linked.

You can add to the list of tenors maintained for a Main Line by specifying the tenor restriction and clicking the 'Add' button. Click the 'Delete' button to remove a tenor restriction from the list.

 Tenors and limits can be placed at both the sub line and main line levels. But the maximum tenor of a sub line cannot exceed the maximum tenor defined for the main line to which it is linked.

9. Maintaining Credit Limits

9.1 Introduction

The total liabilities of the customer arises out of the credit facilities availed by the customer. To make tracking effective, it is necessary for you to assign limits on the credit you grant to your customers for various purposes.

In the Liability Maintenance screen, you have maintained an Overall limit for a Liability Code. This overall limit covers all kinds of credit facilities availed of by your customer. These facilities could be Foreign Exchange transactions, Loans, Remittances, and Overdrafts etc.

You can define and track your exposure for the credit facilities granted to your customers under each type of business, through Credit Lines. One of the primary attributes of a credit line is whether it is a Main Line or a Sub-Line. Whenever you create a line for the first time it is a Main Line. Thereafter you can create many lines, which in turn report to this Main Line. The lines reporting to a Main Line are sub-lines.

You can define a Credit Line as a main line or as a sub-line. The decision, on whether to use only a main line or a combination of the two, depends on how you offer credit facilities to your customers.

Example

For Letters of Credit, you may decide to define just one line. This line is offered to the customer irrespective of whether it is utilized for Sight LCs, Usance LCs or a combination of both.

If however, you wish to offer different credit limits depending on whether it is a Sight LC or a Usance LC, you should set up:

- The Main line for the LC.
- A Sub-line for Sight LCs
- A sub-line for Usance LCs

To track your exposure against a customer for a specific credit facility, you should set up limits for each line. If a line has sub-lines reporting to it, you should also set limits for each of the sub-lines reporting to the main line.

A transaction with the customer may utilize the limits set for the Main or the Sub-line. As sub-lines fall under the umbrella of the Main line, the utilization of a sub-line is taken as a utilization of the Main Line to which it is linked. (Refer to the chapter on tracking of limits).

9.2 Maintaining Credit Facility Details

To recall, you have attached Liability Codes for a customer in the Customer maintenance screen and also defined credit lines under the name Line Code in the Limits template screen. In 'Facility Maintenance' screen, you can maintain Credit Limits for a Line Code-Liability Code combination.

We shall first discuss the procedure of maintaining limits for a Line-Customer combination wherein the Customer and Liability code are the same.

You can invoke the screen by typing 'LMDLIMIT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Specify the following details.

Liability ID

Select the liability id for which the limit details are maintained

Line Code

Once you have specified the Liability Code for which you are defining details, you should also specify the code of the Line to which you are linking the liability code. You can then proceed to allocate credit limits for the Line-Liability combination. The customer(s) who fall under this Liability Code will in turn avail credit facilities under this Credit line.

By linking a Credit Line to a Liability code you are actually linking the customer to the line. This is true because you have assigned a Liability code to every credit seeking customer and the credit facilities granted to the customer are defined and tracked against this code.

Serial Number

Each time you specify a liability id - line code combination, Oracle FLEXCUBE assigns a unique serial number to the combination. This serial number is unique to the line-liability code combination. Thus, for every new record entered for a Line-Liability combination, a new serial number is generated. The Line - Liability - Serial number forms a unique combination.

Line Currency

You can specify the currency in which the Limit is defined. The currency that you select will have the following implications:

- The limit amounts that you specify for this Line-Liability combination are taken to be in this currency (line currency)
- The line that you are defining will be available for Utilization only in the line currency, unless you specify otherwise under Currency Restrictions in this screen

If the limit allotted to this Line-Liability combination can be utilized by accounts and transactions in currencies other than the limit currency, the limit utilization will be arrived at by using the mid rate for the currency pair as of that day.



You can open a sub-line in a currency other than the currency of the main line to which it is linked. The transaction amounts are converted using the mid rate from the currency table as of the transaction date of the contract.

Main line code

To recall, credit lines can be classified into *Main lines* and *Sub-lines*. You can track your exposure to the credit facilities granted to a customer either at the Main or Sub-line level.

As sub-lines fall under the umbrella of a Main line, they report to the Main line. A transaction with the customer linked to a Credit Line may utilize the Main or the Sub-line limit. Therefore, the utilization of a sub-line is also taken as a utilization of the Main Line to which it is linked.

You should first define a Main line, thereafter you can specify details for a sub-line which in turn reports to the Main line. You define a sub-line just as you would a main line; the only difference being that for a sub-line you will have to specify the Main line to which you want to have it linked. A credit line becomes a sub-line only when you link it to a Main Line.

Example

You define the line LOANS and then link it to the Liability Code Creativity Inc. (the Liability and the Customer Code in this case are the same). The limit set for the line - LOANS is US \$ 1Million.

Main Line Code — LOANS

The loans that this customer can avail can be further classified into Short, Medium and Long Term Loans.

For our example we shall make Short Term (STLOANS), Medium Term (MTLOANS) and Long Term loans (LTLOANS) sub-lines under the Main Line Loans. It is only when you link these lines to the Credit Line Loans that they become sub-lines and the line Loans becomes a Main line.

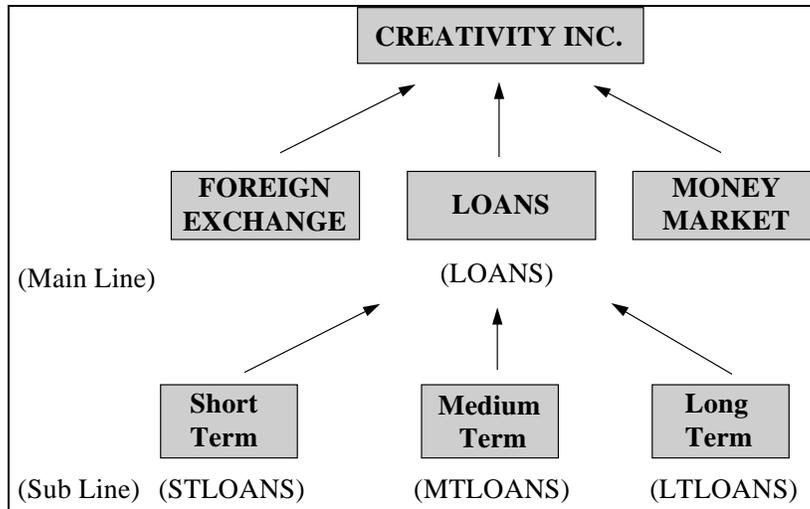
Sub-line Code

STLOANS

MTLOANS

LTLOANS

You can enter into any number of transactions with (Creativity Inc.) under any of the above sub-lines. For example, you may grant two short-term loans, one Medium term loan and say two long-term loans.



You can, at any time, track your exposure to this customer at any level of the hierarchy represented above.

You can maintain 'N' level of limits line for the same customer. You can link a sub line as the main line in the limits line maintenance. When you use a sub line, the effect is cascaded till the ultimate parent line. And when a partial or full payment is made for utilized limits amount, the effect is cascaded till the ultimate parent line only if you have opted for the Revolving Line option as your limit line preference.



Once a line is authorised, you will not be able to change its main line and currency irrespective of whether the sub line is revolving or non-revolving.

Limit Amount

In order to limit your exposure to a customer linked to a line code, you should specify the credit limit that is available for the customer, under this line. This limit is taken to be in the currency you specified as the Line Currency.

If you are specifying limits for a main line the limit amount should be less than or equal to the overall credit limit specified for the Liability code. If you are specifying a limit for a sub-line, the sum of all the limits set for the sub-lines can exceed the limit set for the main line to which they are linked. However at any point in time, the utilization of the sub-lines should not exceed the limit set for the main line.

Example

Main Line Code	Limit
LOANS	\$ 1 Million

The following sub-lines are linked to this Main Line.

Sub-line Code	Limit
STLOANS	\$ 200,000
MTLOANS	\$ 500,000
LTLOANS	\$ 500,000
Total	1.2 Million

In the above table you will notice that the sum of the limits set for the sub-lines amount to \$1.2 million, which exceeds the main line limit by \$200,000. What is important is that at any point in time the utilization under these sub-lines should not exceed \$1 million, which is the Main Line Limit.

Daylight Limit

Specify the overdraft limit amount that should be considered for the credit line. The system will add this amount to the available amount of the credit line while processing transactions in the transaction input stage. Once the transaction input stage is closed, the system will consider only the available amount on the credit line for processing transactions. In other words, the system excludes the daily limit amount while calculating overnight limits post transaction input stage of a business day .

Collateral Amount

The collateral amount is given by the system based on the collateral pools linked for this line-liability id combination

Transfer Amount

This is a display only field. This shows the amount that has been transferred. The sign displays whether the amount has been transferred from or to the line. If the sign is “-“, then the amount is transferred from the line and if it is “+“, then the amount is transferred to the line.

Effective line Amount

The effective line amount is calculated based on the effective line amount basis. For example, if the effective line amount basis is Limit Amount+ Collateral contribution, then the sum of the limit amount entered and the collateral contribution is taken to arrive at the effective line amount.

Uncollected Funds Line

You can allow a customer to overdraw a certain sum against the uncollected funds due in the customer’s account. Here you can specify a limit on overdrawing of this kind.

Example

A customer deposits a check in your bank, which is drawn on a different bank. This check takes at least two days to pass through the clearing process. For the period of two days, the value of this check is an uncollected fund.

Reporting Amount

This is an input field. No limits processing is based on this amount. This is used by the interest and charges and limit reports.

Currency Restriction

The limit that you define for a line can be restricted to a particular currency (the line currency) or can be made available in all currencies.

When the credit limit specified for a line is restricted to only the line currency, it means that only accounts and transactions in the line currency can utilize the limit.

If you make the line available in all currencies i.e., (you do not specify currency restrictions for it) the accounts or transactions linked to this line can utilize it irrespective of the currencies they involve.

Example

The Limit assigned to the line LOANS is defined in USD (line currency). We shall first examine a case wherein currency restrictions are maintained for the line.

If a customer linked to this line wants to avail a loan in GBP (contract currency), he will be restricted from doing so, as only USD accounts and transactions can utilize the limit available under this credit line.

Now imagine a scenario where no currency restrictions have been maintained and the limit currency is USD.

In this case the customer will be allowed to avail the loan in any currency, as no currency restrictions have been maintained. The mid rate, as of the transaction date of the contract, will be applied to the currencies involved in the transaction

Revolving Line

A revolving credit line indicates that a repayment of the utilized credit should reinstate the credit limit of the customer.

Example

You have defined the Credit Line for your customer ABC Corporation for Loans to be \$1 Million. You also define the credit line to be revolving.

ABC Corporation takes a loan for \$ 300,000 on 01 January 1998. ABC s credit limit now stands at \$700,000 as it is reduced by \$ 300,000 on account of the loan.

The repayment schedule for the loan as follows:

- USD 100,000 to be repaid on 01 February 1998
- USD 100,000 to be repaid on 01 March 1998

- USD 100,000 to be repaid on 01 April 1998

On 1 February 1999, when ABC repays \$ 100,000 its credit limit is reinstated by \$100,000. Therefore on 01 February 1998, the available Credit Limit of ABC stands reinstated at \$ 800,000.

You can define a credit line as Non-revolving for a special transaction line or to allot a one-time credit facility to a customer. This will ensure that the line is used for just one transaction and repayments on that transaction will not make the limit available again.

Example

You have defined the Credit Line for your customer ABC Corporation for Loans to be \$1 Million. You also define the credit line to be non-revolving.

ABC Corporation takes a loan for \$ 300,000 on 01 January 1998. ABC s credit limit now stands at \$700,000, as it is reduced by \$ 300,000 on account of the loan.

The repayment schedule for the loan as follows:

- US \$100,000 to be repaid on 01 February 1998
- US \$100,000 to be repaid on 01 March 1998
- US \$ 100,000 to be repaid on 01 April 1998

On 1 February 1999, when ABC repays US \$100,000, its credit limit will not be reinstated by US \$100,000 repayment. Therefore on 01 February 1998, the Credit Limit available to ABC will remain at US \$700,000.

Netting Required

To pool balances across accounts you may need to link a common Credit Line across accounts where balances are to be pooled. Therefore, you will need to indicate whether balances for the credit line and the respective accounts should be netted. As a result, while performing the limits check for accounting, the system will take into consideration the collective balance across all accounts linked to the line.

Let us assume that Silas Marner holds three accounts with your bank.

SA0000121

SA0000122

SA0000123

All three are linked to the credit line SA_Pool. The credit utilization limit you have offered him is USD 10,000.

The Available Balance in each of the account is as follows:

	SA0000121	SA0000122	SA0000123
Available Balance	USD 1000	USD 2500	EUR 3000
Debits due to transactions processed today	- 9000	NA	NA
Sum of debits for today	- 8000	+ 2500	+ 3200 (in USD)

Total Debit across accounts = - USD 2500 (8000 – 5700)

After pooling, Mr. Marner still has a credit utilization limit of USD 7, 700 (10000 – 2300).

Your specification about the Netting option is defaulted to the Account Limits sub-screen in the Customer Accounts Maintenance screen and the Liability Maintenance sub-screen of the Customer Maintenance screen. If you change the default in either of the sub-screen the system will display an override message.

Unadvised

If you check this option then the facility will be assumed as unadvised and any transaction involving this line will display a configurable override stating that facility's limit is unadvised.

The Unadvised status maintained at any level (Customer / Liability / Facility) will not make any facility unavailable how ever will provide configurable overrides if used in any transaction stating distinctly that Customer or Liability or Facility is unadvised.

For transactions using such liability / customer / facility, the system will give a configurable override even though the utilization is within limits.

The unadvised field will be marked as No for all existing limits, customers and liabilities maintained.

Effective Line Amount Basis

You need to define the effective line amount basis as limit amount, limit amount + collateral or minimum of limit amount and collateral amount.

For defining drawing power of line the following elements mentioned below is treated as the basis for the effective line amount calculation.

- Limit Amount + Collateral
- Limit Amount
- Min of Limit Amount & Collateral

Validation of Effective Line Amount Basis

The effective line amount basis will be validated for the following criteria:

- Effective line amount basis will be defaulted from the template
- Effective line amount basis will be made as a mandatory field
- Effective line amount basis will be allowed to change only before first authorization of line

The Effective Line Amount Basis will not be allowed for modification if the limits template maintenance is authorized even once i.e. modification is allowed only before first authorization of line.

Fee Required

This option defaults from the Limits Template screen. It indicates whether or not fees will be charged on utilization of the line. You can modify this option here if required.

Fee Calculation Account

In customer account maintenance user will have to create new customer accounts with account class type as line accounts with following parameters for every new line association to a liability.

- The CIF of the account will be the same as the liability to which the line will be linked
- The currency of the account will be set to the currency of the line that will be attached
- In the interest parameters definition the interest calculation account will be this same account and the interest booking account will be some other account of the other account class types

After opening the line account this has to be linked to a line for that liability. In the limits facility maintenance links the account to the line.

You cannot modify the fee calculation account or the line currency once this maintenance has been authorized. Also, once the fee calculation account has been linked to a line, it cannot be linked to any other line. In other words, a one to one relationship exists between the line and the fee calculation account.

Once an account has been opened and linked to a line, only the following operations will be allowed for the customer account:

- Amendment to change the IC special conditions
- IC Manual Liquidation
- Reopening of the account
- Account Revaluation

The line closure will be allowed only if there is no accrued interest in the calculation account linked to the line. If there is any accrued interest in the calculation account, then the same will be liquidated manually using the IC Manual Liquidation process. However, for liquidation to happen, account revaluation will have to be processed. Once the validation is successful, the line closure will also close the underlying account that is linked as the calculation account. If the account closure operation is not successful, then the line closure will not be allowed.

The IC process in EOD will process only the accounts that do not belong to the account class of type Line Account.

The limits revaluation processing will happen at the End of Transaction Input stage after the IC processing.

An EOD function will be used to collect the limits related data for the lines that have 'Interest Required' flag set to 'Yes' at the line level. The following data is collected for the lines daily:

- Line
- Application date
- Expiry Date
- Available Flag
- Limit Amount Defined for the Line
- Effective Limit Amount (Based on the Limit Amount Flag at the line level)
- Utilization
- Matured Amount

The interest should be set up as a debit interest. The following elements will be pre-shipped as System Data Elements and will be used to define the IC rule:

- LIMITAMOUNT (Indicating the limit amount of the line)
- EFFLIMITAMOUNT (Indicating the effective limit amount of the line)
- MATUREDAMT (Indicating the matured amount of the line)
- UTILIZATION (indicating the utilization of the line)

Availability

Specify the following details.

Available

By making a credit line unavailable, you actually disallow the customer(s) linked to it from using the line. By default, a credit line is available; this means that the customer(s) linked to the line can utilize the limit available under it.

If at any point in time you want to prevent a customer from utilizing a particular line you can do so by specifying that the line is unavailable. The transactions already entered into with the customer remain, however further utilization of the line will not be allowed. You need not close the line to make it unavailable to the customer.

Example

You define a line for Loans and link it to your customer Richardson and Stewart Inc. Richardson and Stewart Inc. can avail \$100,000 under this line. The start date and expiry date of the line is 01 January 1999 and 31 November 1999, respectively.

On 01 February 1999, Richardson and Stewart Inc. avails a loan of \$50,000. On 15 February 1998, for some reason, you make this line unavailable to Richardson and Stewart Inc. This implies that Richardson and Stewart Inc. cannot avail credit under this line after this 15 February 1998. If you decide to make the line available to this customer again, the \$50,000 that is unutilized under the line will become available for utilization again.



This feature enables you to make the credit line unavailable to a customer(s) without closing the line

Line Start Date

You can make the line you are defining available for a specific period by defining a start and expiry date of this period. It indicates the day on which the line comes into effect. Today's date is defaulted; however you can specify the start date to be a date in the past or future.

Expiry Date

You can make a line available for a specific period by defining a start and expiry date. This date indicates the date from which the line ceases to be effective and therefore cannot be used. Accounts and Contracts linked to this line can use it only upto one day before the expiry date.

The credit availed by the customer under this line, which is yet to be repaid, is reported as a Line Overdraft after the expiry date of the Credit line.



The date you enter should be later than or equal to the start date specified for the line

Last Available Date

You can disallow fresh utilization under this credit line after the Last Available Date.

This implies that the customer(s) linked to a credit line have to utilize the limit assigned to it before this date. After this date, the credit line becomes unavailable even if there is a balance left Unutilized. After the last date that you specify for a credit line, the credit line code will not appear in any of the option list of the contract screens; indicating that the line is not available for utilization.

Example

You define a Line for Loans and link it to the Liability Code -- Creativity Inc. You also assign it a limit of \$100,000. The last available date specified for the Line is 01 March 1998 (which means that all loans entered into with the customer should have a start date before this date).

On 1 February 1999, Creativity Inc. avails a loan of \$80,000. If on 2 March 99, the customer attempts to avail another loan under this line, the loan will not be granted in spite of the fact that \$20,000 is left unutilized under this line.

Utilization

Capture the following details.

Available Amount

At the time you initiate a contract linked to a line and save it, the available amount and the utilization of the Credit line to which it is linked is affected. A contract need not be authorized for the utilization to be updated in the credit line.

The 'available amount' under the line is reduced by the utilization.

A contract linked to a sub-line not only utilizes the limit under the sub-line but also reduces the available amount assigned to the Main line to which it is linked.

In Oracle FLEXCUBE, the system automatically reevaluates the customer limits utilization in foreign currency every time the exchange rate is modified.

The system reevaluates the limits utilization under the following conditions:

- If the mid rate of LMREVRAT or STANDARD types are changed
- If the option for rate propagation is chosen at the head branch in the bank parameters screen.
- When dependency of sub branch on head branch for rate pick-up in case of unavailability of LMREVRAT and STANDARD rate type at sub branch level is taken care.

Date of First OD

Select the date the line was first exceeded

Date of Last OD

Select the date the line was last exceeded

Internal Remarks

It is a free text, where you can capture any details related to this credit line

Commitment Details

You can link a commitment Contract to the facility for passing contingent entry on utilization , de-utilization of limit facility and various other charges.

Commitment Product

Specify a valid commitment product here. The adjoining option list displays all valid commitment products (for limits) available in the system. You can choose the appropriate one. If you input a non-commitment product here, the system will show an error message. You cannot amend the commitment product code once the record is authorized.

If you provide all other commitment details without specifying the commitment product, the system will delete the other commitment details and show an error message.

Settlement Branch

Provide details of the branch in which the settlement account resides

Settlement Account

Provide the settlement account number that should be used for collecting charges or commission applicable to the facility

Commitment UDE Details

You need to specify the following commitment UDE details required for commitment fee or charge computation

UDE ID

Specify a valid UDE that should be used for computing charges and commission for the commitment. The adjoining option list displays all valid UDEs maintained in the Commitment Product. You can select the appropriate one.

UDE Value

Specify a value for the UDE. The value specified here is used in the formula defined for interest/charge calculation.

Rate Code

Specify a valid rate code that should be used for the commitment. The adjoining option list displays all valid rate codes maintained in the system. You can select the appropriate one.

Code Usage

Indicate the frequency of usage of the rate code. Choose one of the following values from the adjoining drop-down list:

- Automatic
- Periodic

The impact in the LC module

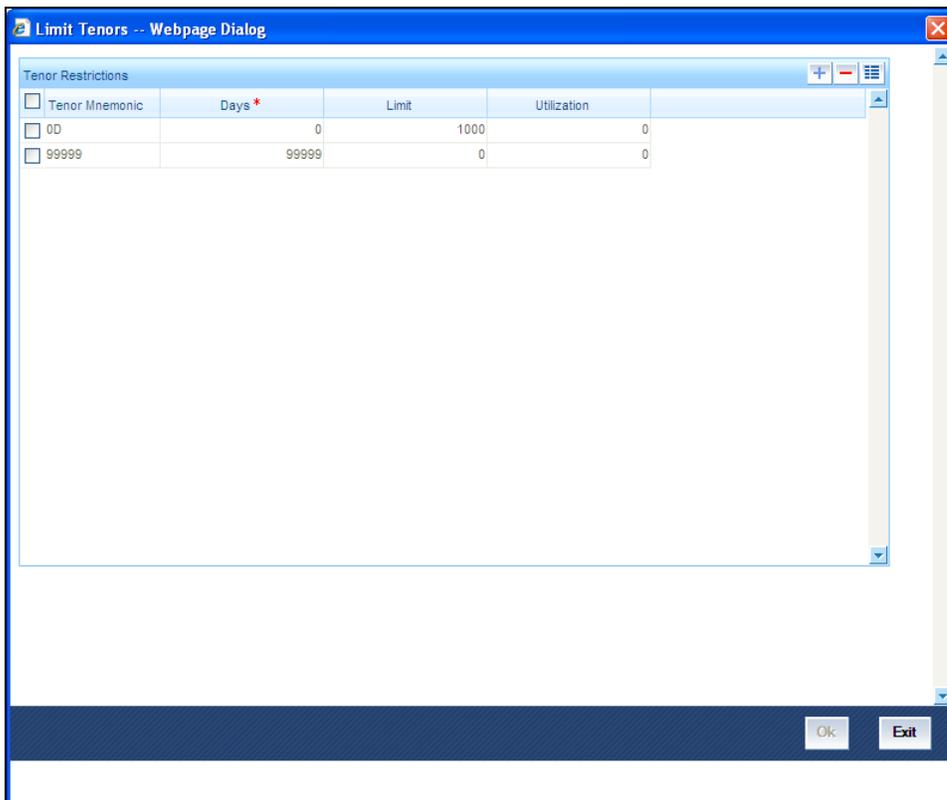
When you enter an LC for a customer, and choose a line, the cash collateral percentage defined for the customer and line will default. If you do not define the cash collateral percentage for a customer and a line, the cash collateral percent defined for the product will default to the LC Contract. You can change this default value to suit the LC you are entering.

9.2.1 Maintaining Tenor Restrictions for Line

You can define Limits based on the tenor of the contracts that utilize the limit. Click the 'Limit Tenors' from the Limits Maintenance Detailed screen to maintain Tenor restrictions for the limit you have specified for the Line-Liability combination.

You can maintain tenor restrictions for a line either in the Limits Template or in this screen. If you specify limit restrictions for tenor-based transactions linked to this line in the Limits Template, they will be defaulted here. In this case you can only modify or add to the list of defaulted Tenor Restrictions. If you have not maintained Tenor Restrictions for the line in the Limits Template you can do so here.

You will need to enter details in this screen only for transactions that involve a Tenor (e.g., Loans, Money market transactions etc.).



The screenshot shows a web-based dialog window titled "Limit Tenors -- Webpage Dialog". Inside the window, there is a table with the following columns: Tenor Mnemonic, Days *, Limit, and Utilization. The table contains two rows of data:

Tenor Mnemonic	Days *	Limit	Utilization
0D	0	1000	0
99999	99999	0	0

At the bottom of the dialog, there are "Ok" and "Exit" buttons.

Through this screen you can specify a list of Tenors and the associated limit that tenor based transactions can utilize under this line.

9.2.1.1 Maintaining Tenor Restrictions for Main Line

For a main line, you can:

- Specify the list of tenor restrictions for which you would like to limit your exposure
- Assign limits for the Tenor restrictions

9.2.1.2 Maintaining Tenor Restrictions for Sub-line

You can define a sub-line tenor list and also define limits for each of them. To recall, a sub-line falls under the umbrella of the Main Line to which it is linked. Therefore, the maximum tenor that you define for a sub-line should not exceed the maximum tenor defined for the main line to which it is linked. The limit amount that you define for each sub-line tenor cannot be higher than the tenor limit defined for the main line to which it is linked.



Tenors and limits can be placed at both the sub-line and main line levels. But the maximum tenor of a sub-line cannot exceed the maximum tenor defined for the main line to which it is linked.

Example

You define a Line LOANS and link it to the Liability Code CREATIVITY INC. (the Liability and the Customer Code in this case are the same). The limit set for this line - LOANS is \$ 1million.

Main Line Code
LOANS

You define a credit limit of \$ 1 million for Creativity Inc. under this Credit Line. You also specify the tenor Restrictions for the line to be the following 30D, 60D, and 90D.

Main Line Tenor List	Limit
30D	0.5M
60D	0.3M
90D	0.25M

The loans that this customer can avail can be further classified into Short, Medium and Long Term Loans.

For our example we shall make Short Term, Medium Term and Long Term loans as sub-lines under the Main Line Loans. It is only when you link these credit lines to the Credit Line Loans that it becomes a Main line.

Sub-line Code
STLOANS
MTLOANS
LTLOANS

You can define a tenor list and have tenor based limits for both the *Main Line* and *Sub-lines*. So we shall also maintain tenor based limits for the sub-line STLOANS (as shown in the table below):

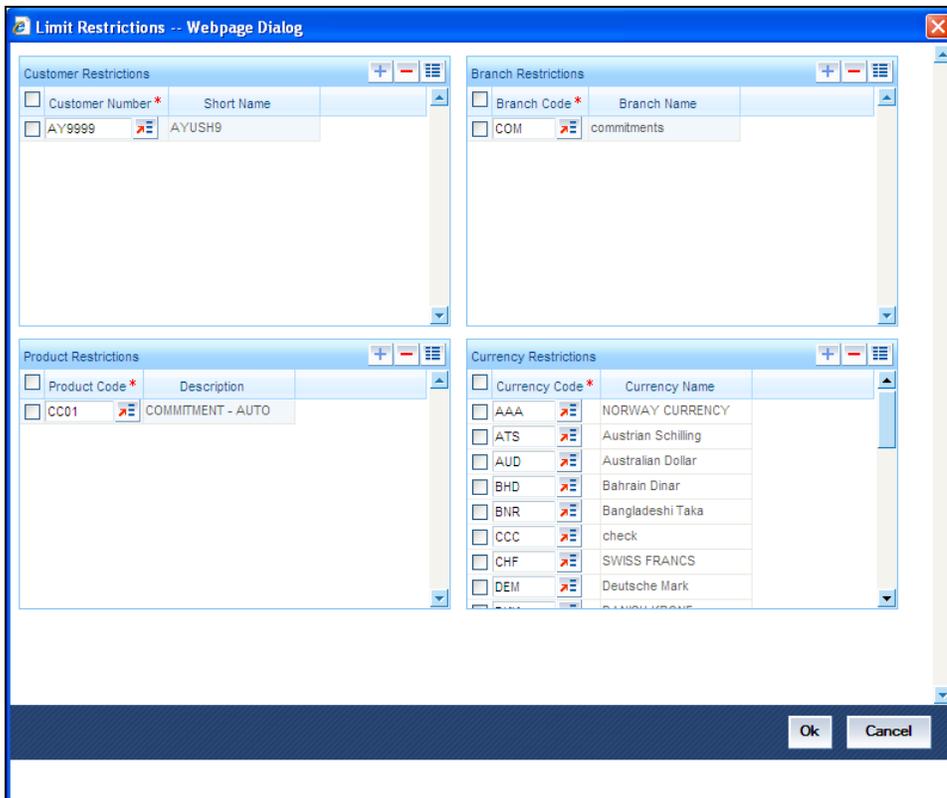
Sub-line Tenor List	Limit
30D	0.3M
60D	0.2M
90D	0.1M

You can add to the list of tenors maintained for a Main Line by specifying the Tenor restriction under the head Tenor and clicking the add icon. If you want to remove a tenor restriction from the list of tenor restrictions highlight it and click the delete icon.

9.2.1.3 Maintaining Limits Restrictions

By default, all customers, branches and products maintained in your bank can utilize the limit defined for a credit line. You can also define the limit for a line in any currency. However, you can opt to restrict the limit available under a credit line to specific customers, branches, products and currencies. You can define these restrictions in the 'Limits Restrictions' screen. To invoke this screen; click on the 'Limits Restrictions' button in the Limits Maintenance Detailed screen.

You can also specify these restrictions for a line in the Limits Template screen. If you have specified restrictions for the line in the Limits Template, your specifications will default to this screen. You can modify the default restrictions to suit your purpose.



9.2.1.4 Maintaining Customer Restrictions for Line

To recall, you assign a limit to a Line-Liability combination. A liability code can have several customers linked to it. By default, the line that you define is available to all customers linked to the liability code.

You can restrict the limit available under this line-liability combination to specific customers. To allow a restricted customer usage of a line, select the customer code from the pick list, click on the add icon and select the customer code from the pick list.

9.2.1.5 Maintaining Branch Restrictions for Line

You can restrict the usage of a credit line that you have defined to certain branches of your bank. If you have already specified branch restrictions for the line in the Limits Template, these restrictions will be defaulted here. You can modify the branch restrictions defaulted from the Limits Template.

You can disallow a branch (es), from using this line by selecting code that identifies the branch and clicking the delete icon. You can remove the restrictions earlier imposed on a branch i.e., to allow a restricted branch usage of the limit under this line. . To allow a branch usage of a line, click the add icon and select the code that identifies the branch from the pick list.

Maintaining Product Restrictions for a Line

To recall for the different lines of business of your bank, you can offer different products to your customers. You can restrict certain products from using the limit under this line.

If you have already specified branch restrictions for the line in the Limits Template, these restrictions will be defaulted here. You can modify the branch restrictions defaulted from the Limits Template.

If you have already specified branch restrictions for the line in the Limits template, these restrictions will be defaulted here. You can modify the branch restrictions defaulted from the Limits template.

To allow a product usage of a line, click the add icon and, select the code that identifies the product from the option list.

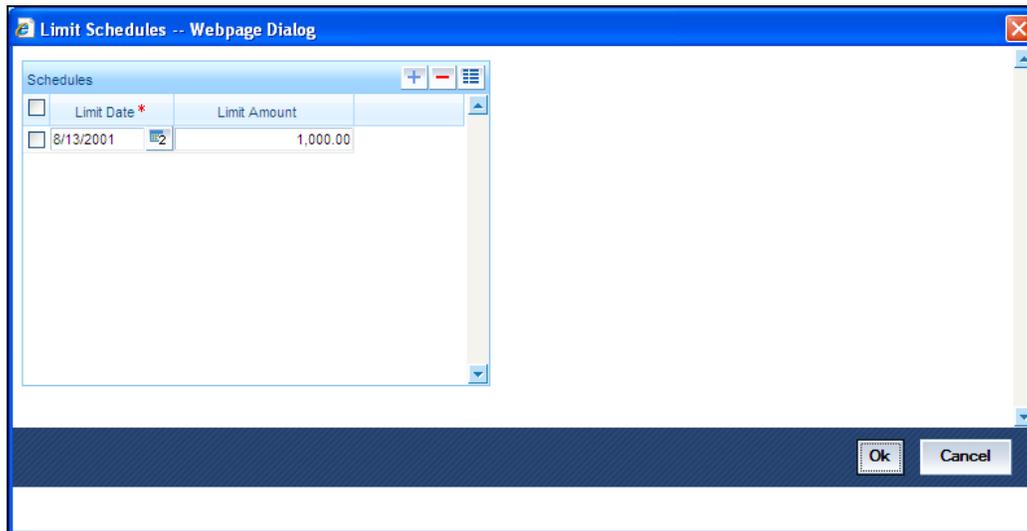
9.2.1.6 Maintaining Currency Restrictions for Line

Just as you can restrict the limit defined for a line to specific customers, branches, and products, you can restrict it to specific currencies. From the option list available, choose the currencies to which you would like to restrict application. The list of currency codes you choose in this field will be described in the adjacent column. To add a currency to the list of allowed currencies, click on add icon, and choose the currency from the option list available.

9.2.2 Setting up Limit Schedules

The limit assigned to a customer under a revolving line can be reduced. You can define these details while maintaining limits for a customer.

From the Limits Maintenance screen, click the 'Limit Schedules' button.



For a liability code and credit line combination, you can define limit schedules and indicate the limit that is applicable for the period. You can enter a negative limit amount. The limits maintained for a tenor are for information purposes. It will not become automatically effective to the line liability combination when the tenor begins.

On the date in which the limit is effective, you should unlock the Limits Maintenance screen and make the necessary limit changes.

9.2.3 Maintaining Collateral Pool Linkage

The collateral pool linkage details can be maintained using the 'Collateral Pool Linkage' screen. To invoke this screen click the 'Collateral Pool Linkage' button on the Limits screen.

The screen is as shown below:

Liability Id * AY9999

Pool Code * CHK_POOL

Pool Amount 1625

Pool Description CHK_POOL

Pool Utilized USD

Line	Type	Utilization Branch *	Utilization Code *	Utilization Currency	Percentage Of Contract	Utilization Amount
		CHO	AY9999AYUSHLNE	USD	10	1,000.00

Ok Cancel

Liability Id

The liability id which you want to link to the collateral pool is defaulted here

Pool Code

Select the collateral pool code to be linked to the liability id

Pool Currency

The currency of the selected collateral pool is defaulted here

Pool Description

The description of the selected collateral pool is displayed here

Pool Amount

The pool amount is defaulted here

Pool Utilized

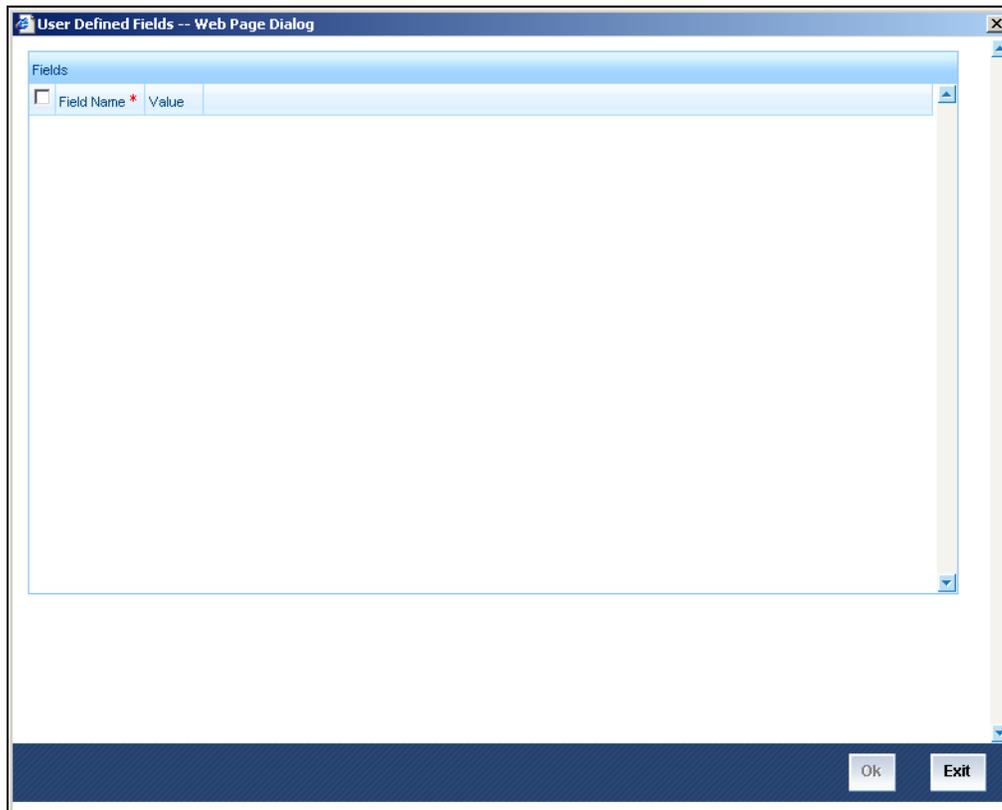
The utilized amount from the pool is defaulted here

Pool Linkage

In the pool linkage section, you can input the amount or percentage of contribution of this pool to the credit line that is being maintained

9.2.4 Specifying UDF Values

You can associate values to all the User Defined fields created and attached to the Limits screen. You can view the list of User Defined fields associated to this screen by clicking the 'Fields' button on the Limits screen.



You can enter the value for the UDFs listed here in the 'Value' column

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

Maintaining Limits for a Liability Code to Which Several Customers are Linked

A liability code can have several customers linked to it. In the following paragraphs we shall discuss the procedure for maintaining limits for such liability codes.

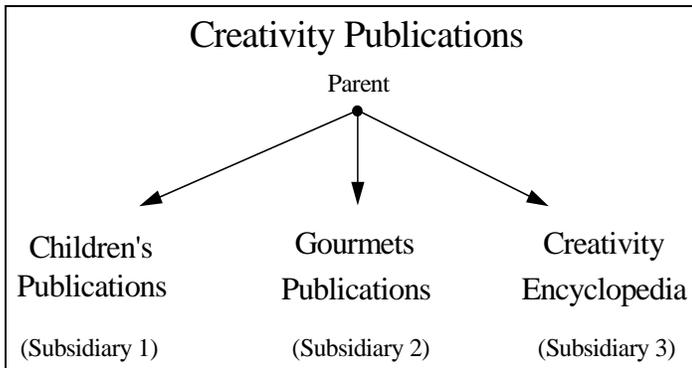
Step 1: Define a Credit line for the parent company and assign a limit to it

Step 2: After you have created a line for the parent company, define sub-lines for each of the customers linked to the liability code and assign limits to each of these sub-lines.

Step 3: In the customer restriction screen of each of the sub-lines, you can allow only that customer to utilize the credit available under the line.

Example

Assume the following set-up. Your customer Creativity Inc. is a parent company with three subsidiary companies reporting to it. You want to assign limits for the loans that you grant to Creativity Inc. and its subsidiaries.



You should first set-up a credit line involving the liability code - Creativity Inc. and the line code LOANS and assign it a limit of \$ 5 Million. Then go on to define sub-lines for each of the subsidiaries of CREATIVITY INC. and link them to the Main Line- Loans.

Sub-Line	Limit
Children Publications	\$2.0 Million
Gourmet Publications	\$1.5 Million
Creativity Encyclopaedia	\$2.5 Million

In the Customer Restriction screen, you should allow only the subsidiary to utilize the credit under the sub-line. For example if you have created a sub-line for Gourmet Publications then in the customer restrictions screen, you should allow only Gourmet Publications to use the credit available under this line. Similarly, you should specify the same for the other sub-lines.

By doing so, you can effectively monitor the credit facilities that you grant to each customer under a liability code. In the chapter Tracking we shall see how these limits that you have defined will be tracked.

9.2.5 Viewing Commitment Details

As mentioned before, You can link a commitment Contract to the facility. .On authorization of the facility, a commitment is created. You can view details of the commitment transaction by clicking 'Commitment' button in the 'Facility Maintenance' screen.

The 'Commitment Account Details' screen is displayed.

Commitment Account Details -- Web Page Dialog

Branch CHO
Account Number CHOCLDAUSD000003
Product Code CLDA

Product Category AMORTIZED
Application Number
Alt Acc No CHOCLDAUSD000003

User Defined Status NORM
User Reference Number CHOZSNF08245000L
Auth status Unauthorized
Line ID 00LINE0011

Main Account Details Default Check List UDF Components Charges Advices Commitment Credit Score

Account Details

Amount Financed 1.00
Currency USD
Net Principal 1.00
Customer Name QMRWEFRG
Value Date 9/1/2008
Customer Id 00018

Index Exch rate
Payment Mode
Calculate Gross Principal
Bill Ref No
Bill Outstanding

Amount Available 1
Commitment Type
 Revolving
 Non Revolving

Print

MIS GL Balance IPR Details Events Instalment Swift Msg Details

Input By SUN01 Date Time 9/1/2008 13:47:43 Authorized By Date Time Contract Status Active

Exit

You cannot add or modify the details displayed on this screen.

Refer the section 'Creating a Commitment Account' in the chapter 'Account Creation' of the Retail Lending User Manual for details about commitment accounts.



Note the following:

- If the facility is created with an expiry date, the underlying commitment will be of 'Fixed' type. If no expiry date is specified, then the commitment will be of 'Call' type
- Any amendment to the limit after the first authorisation will be carried forward to the underlying commitment, as value-dated amendment. These value-dated amendments will be triggered at the time of authorisation.
- Similarly if the line expires, the underlying commitment will also get closed automatically. Even if you close the line manually, the system will automatically close the commitment.
- A line that has been closed cannot be re-opened if the line had been created with a commitment

9.3 Viewing Limit Facility Summary

You can view the limit facility summary in the 'Facility Summary' screen. To invoke this screen, type 'LMSLIMIT' on the top right corner of the Application tool bar and click the adjoining arrow button.

The screenshot shows a web application window titled "Facility Summary -- Web Page Dialog". It features a search interface with various input fields and checkboxes. The fields include Authorization Status, Liability Id, Serial No, Expiry Date, Limit Amount, Commitment Product, Record Status, Line Code, Main Line Code, Line Currency, Start Date, Last Available Date, and Available Amount. There are also checkboxes for Currency Restriction and Revolving Line. Below the search fields is a navigation bar with "Search", "Advanced Search", and "Reset" buttons, along with a "Records per page" dropdown set to 15 and a "Go to Page" field. A table header is visible with columns: Line Currency, Revolving Line, Start Date, Expiry Date, Last Available Date, Limit Amount, Available Amount, Commitment Product, and Daylight Limit. The table body is empty. At the bottom right is an "Exit" button.

You can query on records based on the following criteria:

- Authorisation Status
- Liability ID
- Serial No
- Expiry Date
- Limit Amount
- Commitment Product
- Record Status
- Line Code
- Main Line Code
- Line Currency
- Start Date

- Last available Date
- Available Amount

Click 'Search' button. The system displays all records that satisfy the specified criteria.

9.4 Setting up Country Limits and Report Online Exposure

You can setup country limits and report online exposures. In 'Country Limits' screen you can maintain multiple records of country limits lines for each country code, line code and line serial number combination.

You can invoke this screen by typing 'LMDCONLM' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screenshot shows a web-based form titled "Country Limits Maintenance -- Webpage Dialog". The form includes the following fields and values:

- Country Code * USD
- Line Code * BARCR1RSK
- Line Description BARCR1RSK
- Serial Number * 1
- Line Currency USD
- Main Line
- Limit Amount
- Availability:
 - Effective Date 7/3/2000
 - Renewal Date 7/3/2002
 - Expiry Date 7/3/2002
 - Country Rating one
 - Classification Code check
 - Freeze
- Internal Remarks jhjkkk5646556

At the bottom, there is a "Fields" tab and a status bar with the following information:

- Input By MSK3
- Authorized By MSK3
- Date Time 7/3/2000 19:11:03
- Date Time 7/3/2000 19:11:28
- Modification Number 4
- Open
- Authorized
- Exit button

Here you can capture country code, line code, line serial number, line description, main line, line currency, limit amount, effective date, expiry date, renewal date, country rating, remarks and classification code.

Country Code

To define the country limits for each individual country you have to select the country code from the option list available.

Line Code

Select the line code for the country that you are defining. For example, you can specify whether you want to maintain a limit for the Country's Treasury, Country's Loan facilities etc. You can maintain multiple records of country limits lines for each country code, line code and line serial number combination.

Utilization done by same line code + line serial no, irrespective of line currency, will be summed up and shown as utilization done by a country under that line code + line serial no.



Line code of a country limits line and serial number of limits lines of liab ids (of the same country) should be same. It's a connecting key between limits lines of country and limits lines of liab ids. The following example illustrates this:

Example:

Assume you have maintained country limits in USD for USA, in LOANS facility

The following will be the country level maintenance:

Country code	Line code	Line serial no	Line currency	Limit amount
USA	LOANS	1	USD	1M
USA	LOANS	2	GBP	1.5M

Liab level maintenance of liab ids of USA will be as follows:

Liab id	Line code	Line serial no	Line currency	Limit amount	Utilization
XXX	LOANS	1	USD	1M	50T
XXX	LOANS	2	KWD	8M	100T
XXX	LOANS	3	GBP	6M	200T
XXX	LOANS	4	INR	20M	150T

Here, the utilization done by liab lines LOANS1/2 in USD/KWD respectively is reported to LOANS1/2 in USD/GBP of country limits lines. Subsequently, LOANS3/4 in GBP/INR will be reported as UNDEFINED separately.

Assume the overall country limits is defined in DEM at country code definition

The report for the country limits will be as shown below:

Country level Line Id	Liab level Line Id	Line currency	Country level Limit amount	Utilization Currency	Country level Utilization
LOANS1	LOANS1	USD	1M	USD	50T
LOANS2	LOANS2	GBP	1.5M	GBP	GBP equivalent of 100T KWD
UNDEFINED	LOANS3			DEM	Equivalent of 200T GBP in country limit ccy (DEM)
UNDEFINED	LOANS4			DEM	Equivalent of 150T INR in country limit ccy (DEM)

All the liab limits line code and serial no in the report will be shown under UNDEFINED.



The option list is based on Line templates maintained in the system

Line Description

When you choose the line code, the description is defaulted by the system. However you can choose to change this description.

Serial Number

The system generates a unique serial number for each combination of country code and line code automatically

Indicating the Main Line

If the facility code that you have maintained is a sub line then you have to link the same to the main line. Select the main line from the option list under which the sub line falls.

Line Currency

Select the currency from the option list available. You can define country limits line in any currency.

Limit Amount

Indicate the limit amount that you want to maintain for the specific country. You cannot save the facility maintenance without specifying the limit amount.

Effective Date

Every country limit is associated with an Effective Date. On the specified Effective Date, the limit becomes applicable. The data is taken for reporting purpose only

Renewal Date

You can enter any renewal date since there is no validation done for this date. On the specified date, the limits line will be renewed. This field is useful for tracking purpose.

Expiry Date

This is the date on which limits lines expire. No transaction control or validations are done based on this date. The data is taken only for reporting purpose.

Indicating your preference for Freeze

Check this box if you want to freeze the code for further use or until you change it otherwise. No transaction control or validations are done based on this field and the data is used for reporting purpose only.

Country Rating

Pick up the rating given for the country you are defining the limits for from the option list

Classification Code

Indicate the code for the classification you want to maintain

Internal Remarks

In addition to above preferences you can capture observations/remarks about the country limit



The country limits maintenance is at the bank level and is allowed only from head office

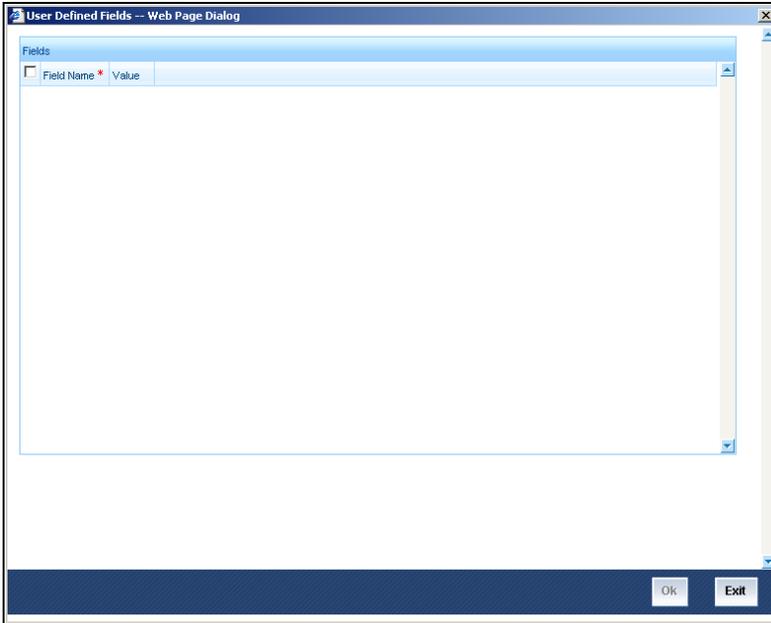
You can also maintain overall country limits in Country Code Maintenance screen

Refer 'Core Services' user manual for further information on maintaining country code

9.4.1 Specifying UDF Values

You can associate values to all the User Defined fields created and attached to the Country Limits screen.

You can view the list of User Defined fields associated to this screen by clicking the 'Fields' button on the Country Limits screen.



You can enter the value for the UDFs listed here in the 'Value' column

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

9.5 Transferring Line Amount

In some cases, like takeover of one company by another your Bank may want to transfer full or partial limit amount from one facility to other within or across liabilities for certain period You may also want to close/cancel this transfer operation before the specified End Date.

Upon manual closure/cancellation or automatic expiry, the system would automatically transfer the transferred amount back to the original line. In order to achieve this functionality, you need to maintain the following:

- Transfer Codes
- Limits Transfer details
- Credit Limit details

9.5.1 Maintaining Transfer Codes

You can maintain transfer codes through the 'Limits Transfer Code Maintenance' Details screen. You can invoke this screen by typing 'LMDTFRCO' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screen appears as shown below:

Limits Transfer Code Maintenance -- Webpage Dialog

Transfer Code * LMDCCOD
Description kjkjk

Input By MSK1 Date Time 7/3/2000 11:52:46 Modification Number 1 Open
Authorized By MSK1 Date Time 7/3/2000 11:52:46 Authorized Exit

Type

Specify the transfer code to be used for transferring of limits

Description

Specify the description for the Transfer Code you are maintaining

9.5.2 Defining Limits Transfer Details

You can invoke this screen by typing 'LMDTRANS' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

The screen appears as shown below:

Transfer Reference * CHOZTFR00185001H
Number
From Liability ID * HH11111
Description HH1
From Line * HHLNE1231
Currency USD
Start Date 7/3/2000
End Date
From Line Amount 10000
Available Amount 10000
Transfer Code * TESTCPY
Description chk unlock
Effective From Date 7/3/2000
Transfer Currency USD

Branch CHO
To Liability ID * 12345
Description 12345
To Line * ABCLN0031
Currency USD
Start Date 7/3/2000
End Date 7/3/2002
To Line Amount 0.00
Available Amount 0.00
Effective To Date * 7/12/2000
Transfer Amount * 1,000.00

Remarks

Fields

Input By SARINA Date Time 7/3/2000 19:42:24 Modification Number 4 Open
Authorized By SRINE Date Time 7/3/2000 14:57:48 Authorized

Exit

Transfer Reference Number

This is a system generated reference number for the transaction

Branch

The current branch is defaulted here

From Liability ID

Specify 'From Liability Id' for whom the limit amount is transferred

To Liability ID

Specify 'To Liability Id' to whom the limit amount is allocated.

From Lines

Specify the line from which the line amount is transferred in certain portion or full of it

To Lines

Specify the line to which the line amount is transferred for a specified period

From Line Currency

The currency of the 'From Line' is defaulted here



The currency of the From line and To line has to be the same

To Line Currency

The currency of the To line is defaulted here



The currency of the From line and To line has to be the same

From Line Start Date

Select the start date of the 'from Line'

From Line End Date

Select the end date of the 'from Line'

To Line Start Date

Select the start date of the 'To Line'

To Line End Date

Select the end date of the 'To Line'

From Line Amount

The limit amount of the From Line is defaulted here

To Line Amount

The limit amount of the To Line is defaulted here

From Line Available Amount

The available amount for the From Line is defaulted here

To Line Available Amount

The available amount for the To Line is defaulted here

Transfer Code

Specify a Transfer Code for limits transfer from the option list provided

Effective From Date

The Effective From Date of transfer is defaulted to the application date and is allowed for modification only during amendment

Effective To Date

Specify the date until which the transfer of limits will be effective. The date you enter should be greater than the Effective From Date. Both Effective From Date and Effective To Date will be validated against the Line Level Start Date and the Expiry Date.

Transfer Currency

You get the currency of the Line displayed here

Transfer Amount

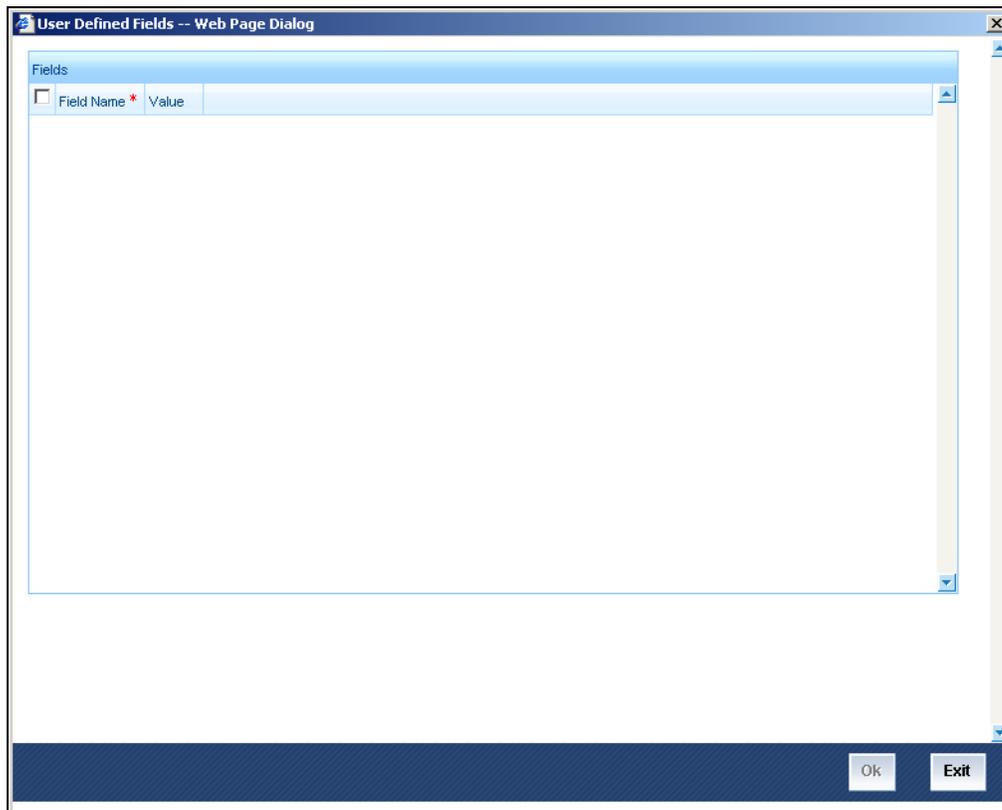
Specify the transfer amount. This amount will not be available for the From Liability from the Effective Date defined in the screen

Remarks

Enter any additional remarks for the limit transfer

9.5.3 Specifying UDF Values

You can associate values to all the User Defined fields created and attached to the Limits Transfer screen. You can view the list of User Defined fields associated to this screen by clicking the 'Fields' button on the Limits Transfer screen.



You can enter the value for the UDFs listed here in the 'Value' column

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

9.5.3.1 Validations for Limits Transfer

The following validation will be done for limits transfer:

- The currency of the 'From Line' and the 'To Line' will be the same for limits transfer
- If the from or to line is marked as 'Unadvised', then a configurable override will be displayed
- The effective from date and the effective to date will be validated against the line level start date and expiry date for both the transfer from and transfer to liabilities. i.e. the effective Start date and effective End date would be between the overlapping period defined by the start date and expiry date at the line level for facilities used as From and To facilities.

Same validation will be performed on the start and end dates in limits maintenance.

- Both the 'From Line' and the 'To Line' will not have any tenor wise restrictions defined
- After the transfer is done from the 'From Line', the system will verify whether the available amount after the transfer will reduce to less than 0. If it is yes, then the system will raise a configurable override.
- After the allocation is done to the 'To Liability', the availability of the 'To Liability' will increase. This amount will be validated against the amount maintained at the main line level, if the 'To Line' is a sub-line. A Configurable override will be provided if the sub line exceeds the main line amount which will be initially configured as error.
- During amendment, the fields 'Effective To Date', 'Amount' and 'Remarks' will be allowed for modification
- If the effective to date is changed in the amendment, then this will be validated to be greater than or equal to the application date
- Close and Reopen will not be allowed for this maintenance
- The transferred amount will be validated against limit amount maintained at the 'From Line' level subjected to available balance not going beyond zero. This means that the collateral contribution will not be considered for transfer amount. Also if the available amount is going negative due to the transfer a configurable override will be displayed which will be initially configured as error.
- If the effective to date is changed during amendment and maintained as the application date, this will mean manual closure of the limits transfer. Once the amendment is authorized, the system will transfer the limit amount back to the 'from liability'.
- While doing manual closure as discussed in previous point the amount will not be allowed to be changed
- The effect of the transfer will be displayed only on authorization
- If an unauthorized transfer exists then maintenance of any other transfer involving the To / From line of the unauthorized transfer will not be allowed.
- Amendment of any line will be restricted if any transfer using it as To / From line is in unauthorized state

- Override will be displayed if the effective line amount basis is different for a main-line and sub-line combination

9.5.3.2 Processing Limits Transfer

The limits processing will be enhanced to calculate the available amount with limits transfer. The calculation will be done as explained below:

Case 1: *The available amount is defined as Line Amount + Collateral. The available amount is calculated as illustrated in the example.*

Example

Consider the following case:

Definition of Limit for a liability

Assume the following maintenance for a liability:

	ODLINE	LCLINE
Line Amount	EUR 100,000	EUR 200,000
Collateral Contribution	EUR 130,000	EUR 170,000
Available Amount	EUR 230,000	EUR 370,000

Definition of transfer of Limit

Assume 50,000 EUR is transferred from LCLINE to ODLINE effective from 1st June 2003 till 30th June 2003.

	ODLINE	LCLINE	Effective Date	Expiry Date
Transfer From		EUR 50,000	01-Jun-2003	30-Jun-2003
Transfer To	EUR 50,000		01-Jun-2003	30-Jun-2003

The available amount for both the lines between 1st and 30th of June will be as given in the following table:

	ODLINE	LCLINE
Limit	EUR 150,000	EUR 150,000
Collateral Contribution	EUR 130,000	EUR 170,000
Available Amount	EUR 280,000	EUR 320,000

On 29th EOD, the system will automatically transfer the transferred amount from ODLINE back to the LCLINE and the available amount will be as pre-earmarking state.

Case2: The available amount is defined as Line Amount. The available amount is calculated as illustrated in the example.

Consider the following case:

Definition of Limit for a liability

Assume the following maintenance for a liability:

	ODLINE	LCLINE
Line Amount	EUR 100,000	EUR 200,000
Collateral Contribution	EUR 130,000	EUR 170,000
Available Amount	EUR 100,000	EUR 200,000

Definition of transfer of Limit

Assume 50,000 EUR is transferred from LCLINE to ODLINE effective from 1st June 2003 till 30th June 2003

	ODLINE	LCLINE	Effective Date	Expiry Date
Transfer From		EUR 50,000	01-Jun-2003	30-Jun-2003
Transfer To	EUR 50,000		01-Jun-2003	30-Jun-2003

The available amount for both the lines between 1st and 30th of June will be as given in the following table:

	ODLINE	LCLINE
Limit	EUR 150,000	EUR 150,000
Collateral Contribution	EUR 130,000	EUR 170,000
Available Amount	EUR 150,000	EUR 150,000

On 29th EOD, the system will automatically transfer the transferred amount from ODLINE back to the LCLINE and the available amount will be as pre-transfer state.

Case3: The available amount is defined as Min of Line Amount and Collateral Amount .The available amount is calculated as illustrated in the example.

Consider the following case:

Definition of Limit for a liability

Assume the following maintenance for a liability:

	ODLINE	LCLINE
Line Amount	EUR 100,000	EUR 200,000
Collateral Contribution	EUR 130,000	EUR 170,000
Available Amount	EUR 100,000	EUR 170,000

Definition of transfer of Limit

Assume 50,000 EUR is transferred from LCLINE to ODLINE effective from 1st June 2003 till 30th June 2003.

	ODLINE	LCLINE	Effective Date	Expiry Date
Transfer From		EUR 50,000	01-Jun-2003	30-Jun-2003
Transfer To	EUR 50,000		01-Jun-2003	30-Jun-2003

The available amount for both the lines between 1st and 30th of June will be as given in the following table:

	ODLINE	LCLINE
Limit	EUR 150,000	EUR 150,000
Collateral Contribution	EUR 130,000	EUR 170,000
Available Amount	EUR 130,000	EUR 150,000

On 29th EOD, the system will automatically transfer the transferred amount from ODLINE back to the LCLINE and the available amount will be as pre-transfer state

Specifying IC Rule

A new SDE called 'EFFLINEAMT' will be pre-shipped in the system. This can be used to define IC rules and formulae for the same. The system will calculate the effective line amount by considering the 'Effective Limit Amount' maintained at the line level and limits transfer if any.

9.5.3.3 EOD processing for Limits Transfer

Limits transfer expiry process will be plugged in with the existing end of day expiry for limits. This will end the transfer as a part of end of day of previous working day of expiry date. This process will transfer the amount back to the original line from which the limits transfer was done.

9.6 Earmarking Facility

When a customer applies for credit application, a facility (limit) is ear marked to the customer's credit application. This facility can be released based on the successful processing (acceptance) or rejection of the customer's credit application.

A facility can be blocked or released to a customer's credit application by using the Facility Earmarking screen. You need to input data manually in this screen to proceed with the earmarking process.

To invoke this screen type 'LMDEARMK' in the field at the top right corner of the Application tool bar and click the adjoining arrow button.

The following details are captured here:

Reference Number

The reference number is auto generated whenever you select a new record

Liability ID

Select the Liability ID from the option list provided. You can also specify a unique liability ID for a customer's credit application.

Line ID

Select the Line ID from the option list provided. You can also specify a unique line ID attached to the customer's credit application

Blocked Amount

Specify the amount to be blocked or earmarked for release

Currency

Specify the currency type applicable for the line attached. This is defaulted as the line currency however you can specify a particular value.

Expiry Date

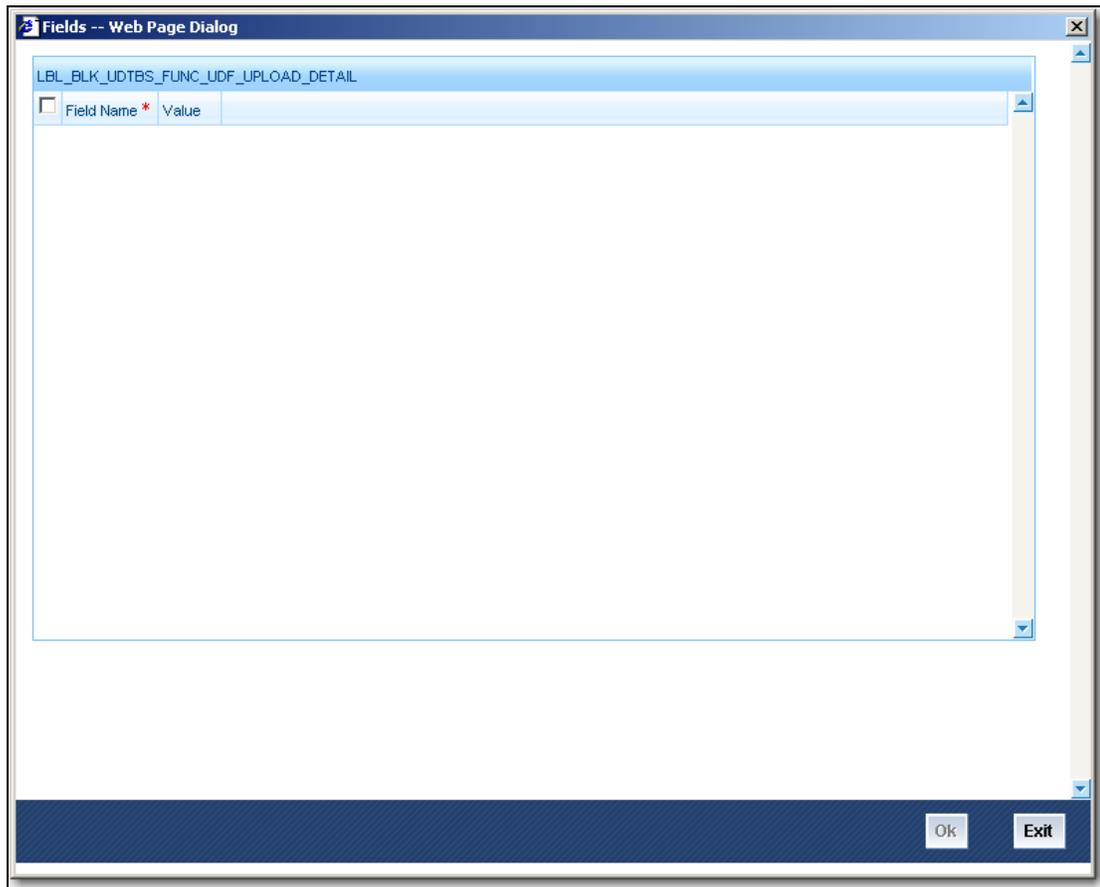
Specify the date on which the earmarking or blocking of the fund expires. The earmarking/blocking of the fund is closed on the specified expiry date, during End Of Day batch processing. The blocked/earmarked amount is then released.

This field can be left blank; in this case manual closure of the limit block is done. This field is not mandatory for saving the record, as the earmarking can be open ended. This block can be released by closing the open ended record, when required.

9.6.1 Specifying UDF values

You can associate values to all the User Defined fields created and attached to the Limit earmarked.

Click on the 'Fields' button to view all the User defined fields attached to an earmarked facility.



You can view the following details here:

- Field Name

You can enter the value for the UDFs listed here in the 'Value' column. Click the button 'Ok' to save the value specified

For more details on how to create user Defined fields, please refer to the chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

10. Generic Limits Maintenance

10.1 Introduction

The Generic Limits function helps you track the risk your bank is exposed for the following categories:

- Asset Type
- Broker
- Counterparty
- Issuer
- Customer MIS Class

In Oracle FLEXCUBE, limits for any of the above entities can be tracked either as a percentage of the basis amount or as a flat amount. For instance, in the case of Asset management, the limit basis can be the Net Asset Value (NAV) of a fund. Since a fund may have multiple NAV's, the limits basis in this case has to be a valid NAV Id.

Also, you have the choice of tracking risk limits on a daily, weekly, monthly or yearly basis or conversely specify that the tracking period be open ended. Tracking can also be done at a single transaction or as accumulated amount for the specified period.

10.2 Maintaining Generic Limits

You can capture data for the different categories under which limits need to be tracked through the 'Generic Limits Maintenance' screen. Through this screen, you can track risk limits under various Entities and Attributes for a given module.

You can invoke this screen by typing 'CSDLIMIT' in the field at the top right corner of the Application tool bar and clicking the adjoining arrow button.

Select 'New' from the Actions menu in the Application tool bar or click new icon. This screen will be displayed with no values in the fields.

If you are calling a record that has already been created, click Summary view. From the summary screen you can choose to open an existing record. The details of the records that you have created will be displayed in a tabular form.

Branch

Specify the branch code for which limits are being maintained

Module

Specify the module for which the limits are being maintained

Entity_Type

You have to specify the category or entity types for which limit tracking is to be done. The following are the options available:

- Broker
- Counterparty
- Issuer
- Customer MIS Class

Only in the case of the Securities module can you track risk limits for a fifth category called Asset Type.

Attribute

The values reflected in the picklist for Attribute' are dependent on the module and entity type that you have selected. The following list reflects what the attribute will be for the various module and entity type combinations:

Module	Entity Type	Attribute
CS/CO	Broker	The Broker Id's of all authorized brokers
CS/CO	Counterparty	The CIF Id's of all the customers
CS/CO	Issuer	The Issuer Id's or codes of all authorized issuers
CS/CO	Customer MIS Class	The list of codes maintained for the categorization of customers into various classes
SE	Asset Type	You have to indicate whether the asset type is a bond, equity, right, warrants or a zero coupon bond

Fund Level Tracking

If the branch at which you are working is a fund branch then you can indicate whether the risk limit tracking is to be done at the fund level or at the branch level. If you indicate that limit tracking should be done at the fund level then risk limit will be tracked only for the particular fund. At the branch level, tracking will be done for all the contracts and deals originating from the branch.

10.2.1.1 Specifying Limit Details

Limit Type

The limit can either be tracked as a fixed amount or as a percentage of the basis amount. For example, in the Asset Management module, the limit basis will be the NAV of a fund.

In addition to specifying the limit type, you have to indicate whether the limit tracking has to be done at the Gross or at the Net level. If you indicate that the limit tracking has to be done at the Gross level then the limit utilized stands as it is even when the exposure to that category has been reversed.

Tracking Level

Tracking risk limits for each category can be made at an individual transaction level or as an accumulated amount.

For instance let us assume that there are two deals in the system as of today. The first deal is for one million dollars (\$ 1,000,000). The second deal is for five hundred thousand dollars (\$ 500,000).

The limit amount is \$ 750,000.

If you specify that the tracking is at the transaction level then the system will pass only one entry at the specified period for 1.5 million dollars. Else, two separate entries will be passed for the individual deals for the particular period.



Tracking limits for the Securities module will be done only at the accumulated level and not at the transaction level

Limit Period

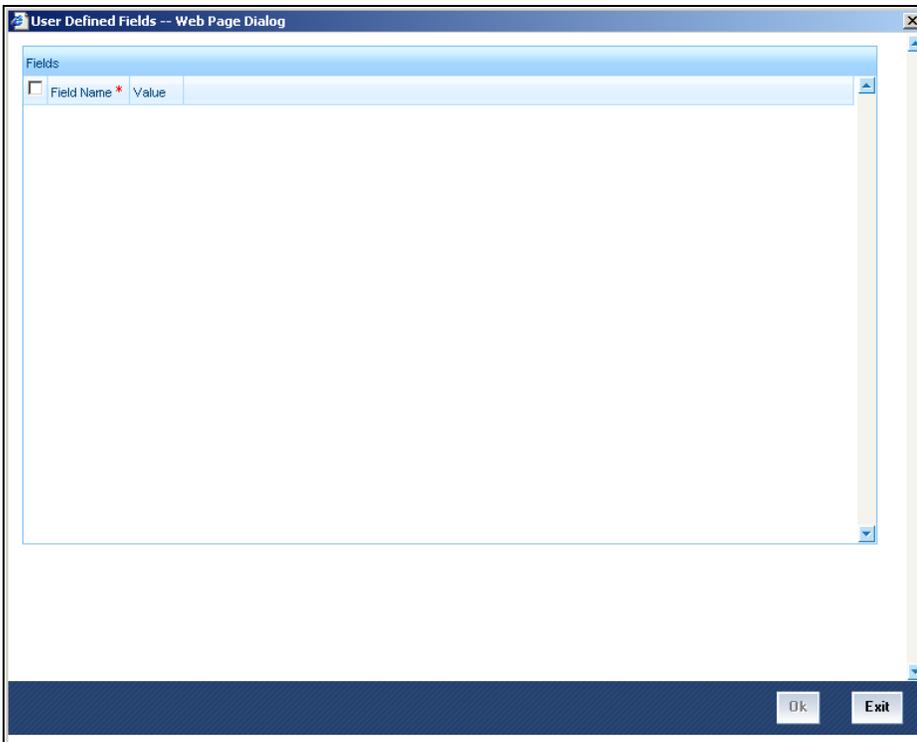
You can specify the periodicity at which risk tracking should be done for each category. It could either be on a daily, weekly, monthly or yearly basis or you can opt to leave it open-ended

In the case of weekly periodicity you have to specify the day of the week on which the tracking period should start. Similarly if you have specified that tracking is to be done annually you have to indicate the month in which it should commence.

10.2.2 Specifying User Defined Fields

You can associate values to all the User Defined fields created and attached to the Limits Maintenance Screen. You can view the list of User Defined fields associated by clicking the 'Fields' button.

The screen appears as shown below:



You can enter the value for the UDFs listed here in the 'Value' column.

For more details on how to create user Defined fields, refer chapter 'Creating custom fields in Oracle FLEXCUBE' in the User Defined Fields User Manual under Modularity.

10.2.3 Operations Allowed on Limits Maintenance Record

Apart from tracking a new limit you can perform any of the following operations (if any function under the Actions Menu is disabled, it means that the function is not allowed for the record) on an existing record.

- Amend the details of a record
- Authorize a record
- Copy the details of the record on to a new one
- Close the record
- Reopen the record
- Print the details of the record
- Delete the details of the record

Refer the Oracle FLEXCUBE User Manual on Common Procedures for details of these operations.

11. Tracking Credit Limits

11.1 Introduction

This chapter deals with the tracking of credit limits. Tracking is the process by which an on-line check is kept on the utilization of credit limits. This ensures that a customer's liability to the bank at a given point in time remains within a predefined limit. A limit overdraft situation arises if the customer's liability towards the bank exceeds the credit limit allotted.

The credit limit allotted to a customer is tracked for utilization at various levels, depending on the way you have set-up credit limits. To recall, you can set-up limits for a customer as follows:

- Overall Liability Limit
- Main Line Limit
- Main Line Tenor Limit
- Sub-Line Limit
- Sub-Line Tenor Limit
- Liability Clean Risk Limit
- Customer Clean Risk Limit
- Uncollected Funds Limit

11.1.1 Configuring On-line Credit Limit Tracking

On-line tracking is in the form of messages that are flashed each time you attempt to save a contract that results in exceeding the credit limit assigned to the customer.

This message can be configured to be one of the following:

- **Override message** - the user who encounters the message can specify to the system that the transaction should be stored despite the message. This will be recorded as an override and will be retrieved whenever the details of the transaction are retrieved.
- **Error message** - a transaction cannot be stored if the error condition is encountered
- **Ignore message** - the error condition need not result in an error message. The transaction will be stored despite the error condition, without the message being recorded anywhere. Only a message will be displayed when the transaction is stored.

Depending on this configuration, you will be prompted with the appropriate message at the time a customer exceeds the limits you have assigned.

Example

Case 1

You specify that for a sub-line excess, you want only an Ignore message to be flashed. This means that each time you attempt to save a contract that exceeds a limit that you have specified, the contract will be processed without the excess being recorded anywhere — only a message will be flashed indicating that you have exceeded a sub-limit.

Case 2

You configure that main-line excess should be indicated with override messages. This means that each time you attempt to save a contract that exceeds a Main line limit you have specified, you will be prompted with an override message.

When an override message is flashed, you can choose to either of the following options:

- Ignore the message in which case the contract will be processed in spite of the fact that it exceeds the main line limit
- Indicate that the processing of the contract should be stalled

The contract will be stored only if the override is given and the override will be recorded and retrieved whenever the details about the contract are retrieved.

Case 3

You configure that liability code excesses should be indicated with error messages. This means that each time you attempt to save a contract that causes the limit set for a liability code to be exceeded, an error message will be flashed.

You will not be able to store the contract unless you change the contract amount so that it does not exceed the limit set for the liability code. Besides the messages indicating that the customer has exceeded the defined limits, you can also generate reports that indicate your exposure in relation to the limits that you have set up.

Override messages when a limit is exceeded

If the limit defined for a credit line is exceeded, the system displays an override message (depending on your configuration). This message will furnish the following details:

- The limit defined for the line
- The amount that exceeds the limit
- The percentage of excess with respect to the limit defined for the line

11.1.2 Tracking FX Clean Risk Exposure

Clean risk refers to all FX contracts maturing on a particular date. It is also known as Mean Daily Delivery Risk. In order to track your clean risk exposure to deals entered into with the customer(s) of your bank, you have set up Clean Risk Limits. To recall, clean risk limits can be set up at two levels:

- For the liability code (which is applicable to all customers linked to the Liability Code)
- Subsequently for each customer linked to the Liability Code

All FX deals that you enter into with a customer utilize the customer clean risk limit and in turn also hits the limit set for the liability code to which the customer is linked. Thus you can track your Clean Risk Exposure for a specific customer and also for the Liability Code to which the customer is linked.

In addition, you can generate a report, which gives you details of your bank's clean risk exposure. That is, the sum of all FX contracts maturing on a particular day, entered into with all the customers of your bank.

11.1.3 Tracking Customer-wise Clean Risk Exposure

Customer Clean Risk limit is used to track the utilization by Maturity date. It indicates the maximum limit that a customer, linked to a Liability Code, can reach for all Foreign Exchange contracts maturing on a particular day, irrespective of the currencies involved in the deals.

To recall, you have set up Clean Risk Limits for a customer and for the Liability Code to which the customer is linked. These limits have been expressed in a particular currency, which we call the limit currency. The FX deals that you enter into with the customer are in different currencies. For the purpose of Clean Risk calculation and Tracking, the deal currencies are converted into the limit currency using the mid rate as of the transaction date of the deal.

For the purpose of customer clean risk tracking, the Bought Amounts of all the deals with a customer settling on a particular day will be summed up, to arrive at the Clean Risk Utilization amount for the customer for the day. The Clean Risk Utilization of the customer is then compared against the Clean Risk Limit set for the customer and also against the clean risk limit specified for the Liability code to which the customer is linked.

The following is an example of Clean Risk Tracking when the customer and liability code are the same:

Assume the following set-up:

Liability Code	Customer Code	Liability Clean Risk Limit	Customer Clean Risk Limit
Creativity Inc.	Creativity Inc.	\$60,000	\$60,000

The Clean Risk Exposure is to be tracked in USD. You enter the following deals with your customer Creativity Inc.

Deal No	Liab No	Customer	Transaction Date	Bought Amt	Sold Amt	Sett Date
1	Creativity Inc.	Creativity Inc.	01 Jan 99	USD 10,000	DEM 15,000	01 Feb 99
2	Creativity Inc.	Creativity Inc.	15 Jan 99	GBP 5,000	USD 6,200	01 Feb 99

Deal No	Liab No	Customer	Transaction Date	Bought Amt	Sold Amt	Sett Date
3	Creativity Inc.	Creativity Inc.	01 Jan 99	USD 5,000	DEM 7500	01 Feb 99
4	Creativity Inc.	Creativity Inc.	01 Jan 99	USD 30,000	BHD 10,000	01 Feb 99
5	Creativity Inc.	Creativity Inc.	15 Jan 99	USD 10,000	INR 36,000	01 Feb 99

Since all these deals mature on the same date, they contribute to the Clean Risk utilization of the customer for that day. The Clean Risk under these conditions is the sum of the Bought Amounts.

On 01 January 1999, you enter Deals 1, 3 and 4 with the customer. Since these deals mature on the 01 February 1999 they will contribute to the clean risk of the customer.

Clean Risk Exposure as of 1/1/99 for the maturity date 1/2/99 = USD 45,000

This amount will be compared with the limit of USD 60,000 assigned to the customer. Since Clean Risk Utilization is less than the Clean Risk Limit, the deals will be processed.

On 15 January 1999, you enter Deal 2 with the customer. Deal 2 also matures on 01 February 1999. The bought amount of this deal (GBP 1000) will add to the already existing Clean Risk Utilization of USD 45,000 for the settlement date 01 February 1999.

Clean Risk exposure as of 15 January 1999 = USD 45,000 + 5000 GBP

As you have defined the clean risk limit in USD, the deal currency (GBP) of Deal 2, will be converted using the exchange rate as of the **transaction date** 15 January 1999. The exchange rate prevailing as of 15 January 1999 is

Currency Pair	Exchange Rate
GBP - USD	1.25

Therefore, after the currency conversion, 5,000 GBP = 6,250 USD

Clean Risk exposure (in USD) as of 15 January 1999 = USD 51,250

On 15 January 1999, you enter Deal 5. Deal 5 also matures on the 1 February 1999. The Bought Amount of this deal (USD 10,000) will be added to the already existing Clean Risk of USD 51,250.

Clean Risk exposure (in USD) as of 15 January 1999 = USD 61,250

In this case, your Clean Risk Exposure to Creativity Inc. exceeds the Clean Risk Limit by USD 1,250. At the time of saving you save this contract, you will be prompted with an appropriate message, indicating that you have exceeded the clean Risk limit specified for the customer.

11.1.4 Tracking Clean Risk for Netted Deals

You can opt to net FX deals at the time of settlement if the deals:

- Are in the same currency (currency-wise netting)
- Involve the same currency pair or (currency pair-wise netting)
- Involve the same customer
- Have the same value date

The netting of Foreign Exchange contracts is done either pair-wise or currency-wise based on the netting definition you specified for the customer in the Netting Agreements screen.

The options available are:

- No Netting
- Pair wise Netting
- Currency wise Netting

If you choose to net contracts for the customer, the netted clean risks (arrived at based on the netting type you specify) for customers reporting to a liability code are then aggregated and compared to the Clean Risk Limit specified for the customer and the Liability code.

You enter into the following deals with your customer Creativity Inc.

Deal No.	Bought Leg			Sold Leg		
	Date	Amount	Currency	Date	Amount	Currency
1	01 Jan 1999	1,000	USD	01 Jan 1999	32,000	INR
2	03 Jan 1999	30,000	INR	01 Jan 1999	900	USD
3	01 Jan 1999	4,000	INR	01 Jan 1999	125	USD

No netting

You have specified that these deals entered into with this customer should not be netted. In this case,

Clean risk = USD 1000 + INR 34,000

In order to track Clean Risk Utilization of deals involving currencies other than the Clean Risk limit currency, the mid rate as of the Transaction date of the deals is used in the conversion.

Pair-wise netting

Pair wise netting is done for FX deals that have the same currency pair, irrespective of the whether they are bought or sold. If you specify that deals for this customer should be netted Pair-wise then Contracts 1 and 3 will be netted Pair-wise.

Clean Risk = USD 875 + INR 30,000

USD 875 (after pair-wise netting of contracts 1 & 3) + INR 30,000 (contract 2)

In order to track Clean Risk Utilization of deals involving currencies other than the Clean Risk limit currency. The mid rate as of the Transaction date is used in the conversion.

The clean risk utilization after the netting will be compared with the Clean Risk Limit specified for the customer. If the Clean Risk Exposure to the customer exceeds the specified Clean Risk Limit, you will be prompted with appropriate messages.

Currency-wise netting

If you specify that the contracts for this customer should be netted Currency-wise. In this case only Deals 1, 2 and 3 will be netted currency pair wise.

USD = 1000 - 900 - 125 = X

INR = 30,000

Clean Risk = INR 30,000

Therefore your clean risk exposure on account of these deals is 30,000 INR.

In order to track Clean Risk Utilization of deals involving currencies other than the Clean Risk limit currency, the mid rate as of the Transaction date is used in the conversion.



Clean Risk exposure (with no netting) is greater than or equal to Clean Risk exposure (Pair-wise Netting). This in turn is greater than or equal to Clean Risk (Currency-wise Netting).

Clean Risk (no netting) > or = Clean Risk (pair-wise netting)

Clean Risk (pair-wise netting) > or = Clean Risk (currency-wise netting)

11.1.5 Summary of Bank-wide Clean Risk Exposure

Bank-wide Clean risk indicates your exposure to all Foreign Exchange deals entered into with all the customers of your bank settling on a particular day. Clean Risk exposure at the bank wide level is not limit based and hence it is not tracked on-line.

You can only obtain information on your bank's Clean Risk exposure in the form of a report. This report gives you details of your banks overall exposure to deals settling on a particular date, irrespective of the customers, currencies and the type of deal -spot or forward.

You can also obtain a report on your bank's overall clean risk exposure across currencies translated into the local currency of your bank. The mid rate prevailing as of that day will be used in the conversion of the foreign currency.

11.1.6 Tracking Limits for Account

Every Account has a sub-limit, a temporary overdraft and an uncollected funds limit and an off-line limit specific to itself. Each time you enter a transaction involving this account, the limits set for the account are validated. If a transaction involving this account exceeds the limit specified for it, you will be prompted with appropriate messages indicating the overdraft.

These checks are specific to the transaction account and do not involve a credit line or any other account. The account balance is considered as utilizing a line only if the net balance of the account is in debit.

An account can have a credit line associated with it. Therefore, limit tracking at the account level is dependent on whether the account is linked to a credit line or not.

If an account reports to a credit line, its debit balance is considered as a utilization of the credit limit assigned to the Line to which it is linked. In this case limit tracking is done not only against account specific limits, but also against the Credit Limit line to which the account is linked.

However, if an account is not linked to a line, the overdraft checks are made specific to the account and do not involve the credit line. You can obtain further details about these checks in the Core Services User Manual.

The available amount under a credit line consists of three components:

- Line Amount (Unsecured component)
- Collateral Amount (Secured Amount)
- The uncollected funds line

If an account is linked to a Credit Line which has an uncollected funds line reporting to it, the calculation and tracking for the account is done in the following manner:

The uncollected funds of all the accounts linked to the credit line is aggregated and compared with the uncollected line limit that you have specified for the Line. The lower of the two is then added to the line amount and the collateral contribution to arrive at the Total Credit Amount available for the customer under a Credit Line.

11.1.7 Effect of Contract Status on Limits Assigned to Customer

The front-end modules of Oracle FLEXCUBE like Loans, Letters of Credit, Bills, Money Market etc. process contracts and thereby utilize the limits that you have set up. Tracking at the contract level registers the utilization and provides you with information on the status of lines in the form of on-line messages when storing a contract. You can also obtain information on the status of a line by generating reports.

The status assigned to a transaction affects the available amount under the Credit Line to which it is linked. Therefore, we will examine the bearing of contract status on the credit limit under a Credit Line.

11.1.8 Initiation of Contract

Whenever you enter into a transaction with a customer, who in turn is linked to a credit line:

- The utilization of the line to which the customer is linked, increases by the amount involved in the contract, and
- The available amount under the line is reduced by the utilization

A contract linked to a sub-line not only utilizes the limit under the sub-line but also reduces the available amount assigned to the Main line to which it is linked.

If the contract amount exceeds the available amount under a line, you will be prompted with an appropriate message indicating that if you store the contract you will exceed the relevant limit. You can choose to override and save the contract. Otherwise you can close the contract without saving it. The same is true when the line is a mainline.

11.1.9 Amendment of Contract

The amendment of the financial details of a contract directly affects the utilization and the availability of credit under the line to which the contract is linked.

Example

You assign a limit of \$1 million to the line LOANS and grant a customer under this credit line a loan of \$100,000, The credit limit available under the Line, is reduced to \$900,000 and the utilization of the line would be 100,000 on account of the loan.

You later increase the principal amount to \$125,000. The availability of credit under the line increases by the difference in the old and new loan principal which is \$ 25,000. The utilization of the line increases by \$25,000 and stands at \$125,000 on account of the amendment.

11.1.10 **Reversal of Contract**

When you reverse a contract, the accounting entries that were passed for the contract will be reversed. On initiation of the contract the available amount under the credit line reduces and its utilization increases.

On reversal of the contract, the available amount under the line increases and utilization of the line reduces.

11.1.11 **Deletion of Contract**

At the time you initiate a contract and save it, the available amount and the utilization of the Credit Line to which it is linked is affected. A contract need not be authorized for the utilization to be updated in the credit line.

On authorizing the deletion of a contract, all the accounting entries passed for the contract will be deleted. Therefore, the availability of credit under the line increases.

11.1.12 **Payment against Contract**

Payments made against a contract, affect the credit line to which they are linked, only if the line is a revolving line. Consider this example of a revolving line.

You have defined the credit limit for your customer Gem Granites to be \$1 million and the credit line to be a revolving credit line.

Gem Granites takes a loan for \$ 300,000 on 01 January 1999. Gem Granite s credit limit now stands at \$700,000 as it is reduced by \$ 300,000 on account of the loan.

The repayment schedule for the loan is as follows:

- USD 100,000 to be repaid on 01 February 1999
- USD 100,000 to be repaid on 01 March 1999
- USD 100,000 to be repaid on 01 April 1999

On 01 February 1999, when Gem Granites repays \$ 100,000, it s credit limit is reinstated by \$100,000. Therefore on 01 February 1999 the available Credit Limit of Gem Granites stands at \$ 800,000.

If the line is a non-revolving line any payments made against the contract, does not affect the credit line at all.

The effects of pre-payment and part-payment on a credit line are exactly similar to the payments made on schedule.

11.1.13 Roll-over of Contract

The effect of the roll over of a contract on a credit line is dependent on whether the line is a revolving line or a non-revolving line.

At the time you initiate a loan, linked to a revolving credit line, the availability of credit under the line is reduced and utilization increases by the loan amount. After the lapse of the tenor, the loan is partially liquidated. The outstanding amount of the loan is rolled-over. Therefore the initial utilization of the credit line is now nullified. The rolled-over amount is treated as a fresh utilization.

At the time you initiate a contract you can specify whether the credit limit utilization is to be updated when a loan is rolled-over. That is, the interest that has been accrued on a loan is also considered as a part of the utilized amount for the purpose of risk tracking. The following example illustrates how this concept works.

Example

Silas Reed has taken a loan of USD 10,000 under Short Term Loans for Individuals from you, on 01 June 1997 at 20% interest. The entire loan is to be liquidated at maturity on 31 December 1997. Mr. Reed's central liability limit is USD 11,000.

Now, Silas Reed's loan is not liquidated at Maturity and you plan to renew it, by rolling it over into a new contract. If you have opted to update the credit limit utilization, his total liability on 31 December 1997 is USD 1,1167 (USD 10,000 + USD 1,167 as of 31 December - Interest calculation method Actual/365). And since the utilized amount is above his central liability limit (USD 11,000), he will not be eligible for the roll-over or renewal of the loan. However, if you have not opted to update the credit limit utilization, then he will be eligible for the roll-over of the loan if it has been indicated for roll-over with interest.

In case the contract is linked to a non-revolving line, the initial utilization is not nullified. The rolled-over amount is treated as a fresh utilization.

Effectively,

For a revolving credit line

- Availability on initiation = Credit limit - Loan amount
- Availability on roll-over = (Availability on initiation + Liquidated Amount) - Rolled-over amount

For a non - revolving credit line

- Availability on initiation = Credit limit - Loan amount
- Availability on roll-over = Availability on initiation - Rolled-over amount

Effect of linking a contract to a tenor based credit line

Whenever you link contracts of Foreign Exchange, Money Market, LCs, Loans and Bills to a credit line, the tenor-based limits of this line will be active. The reason for this is that the tenor concept is relevant only to these products.

11.1.14 Tracking Against Main line and Sub-line Limits

Each time you enter a contract, which exceeds a limit that you have defined, you will be prompted with appropriate messages. A maximum of five limit overrides is possible. Depending on the type of contract you enter and on the line it reports to you may encounter the following overrides:

- Sub-line overall override
- Sub-line tenor override
- Main line overall override
- Main line tenor override
- Liability level override

11.1.15 Non-tenor Based Overrides

All transactions other than Foreign Exchange, Money Market, Loans & Deposits and Bill transactions are considered non-tenor based transactions. Contracts with a tenor of zero days, e.g. overdue loans, are considered as non-tenor based transactions.

Contracts reporting to	Non Tenor based overrides
A Sub-line	Sub-line overall override Main line overall override Liability level override
A Main Line	Main line overall override Liability level override

To recall, you have defined Limits for a Liability code. You later grant credit to this customer under various lines and sub-lines. In order to track your exposure to this customer you further define limits at the Main line and Sub-line level.

You have defined limits for a Credit Line, in a specific currency, called the line currency. While defining a limit, you have also defined whether the line can be used by deals involving currencies other than the line currency.

If the Line currency for the customer is not the same as the transaction currency and there exists no currency restriction for the line, the transaction amount will be converted to the Line Currency using the existing conversion rate between the two currencies as of the transaction date.

We shall examine a case where the limit you define for a customer is applicable for deals in all currencies.

Assume the following set-up:

Liability Code	Liability Limit
Creativity Inc.	US \$5million

You have linked this Liability Code to the following Credit Lines:

Liability Code	Main Line Code	Main Line Limit
Creativity Inc.	Current Account	GBP 1 million
Creativity Inc.	Forex	DEM 2 million
Creativity Inc.	LCs	US \$3 million

The mid rate as of the transaction date of the contracts involving other currencies is used to calculate the credit utilization of the customer. Utilization of these contracts are updated and tracked against the \$ 5 million assigned to this liability code.

11.1.16 Tenor Based Overrides

When you store a contract, which is tenor based, the contract amount will be checked against the tenor limits specified for the line. Remember, only Foreign Exchange, Money Market, Deposits, LCs, Bills and Loan contracts are treated as tenor based products. All other transactions are considered non-tenor-based transactions.

In Oracle FLEXCUBE, all tenor calculations are done in days. Contracts with a tenor of zero days are considered as non-tenor-based transactions.

There are two methods of tracking exposure:

- Fixed tenor
- Rolling tenor

Once the tenor of the contract you have entered is known, its contract amount is treated as a utilization of the tenor limit defined for the corresponding tenor range. A contract utilizes the limit defined for the tenor equal to or greater than the tenor of the contract.

Example

You have defined limits for tenors of 180D and 360D, then all contracts with tenors of 180 days or less will utilize the 180D day limits and all contracts with tenors of 181D to 360D will utilize the 360D limit.

Whenever utilization for a given tenor range exceeds that tenor's Limit, the excess is considered a utilization of the same tenor limit.

If the 180D limit is USD 10,000 and the utilization in the 1 to 180 days tenor range is USD 12,000, then in the Limits Tenor Utilization screen, US \$ 12,000 will be shown against the tenor 180D.



You will be prompted with a tenor-based override whenever the corresponding tenor limit is exceeded.

Here is an exhaustive list of overrides that you can encounter while storing a transaction. In any given situation, while entering a transaction, you will be prompted only with appropriate messages of the limits that you have exceeded.

Contracts reporting to	Tenor based overrides
A Sub-line	Sub-line tenor override Sub-line overall override Main line tenor override Main line overall override Liability level override
A Main Line	Main line tenor override Main line overall override Liability level override

11.1.17 Main Lines with Single Tenor Restriction

Assume the following setup of credit lines:

You define a Line LOANS. The limit set for this line – LOANS is \$1,000.

Main Line Code	Main Line Currency	Main Line Tenor List	Limit Amount
LOANS	USD	360D	\$1,000
Main Line Total			\$1,000

The following sub-lines are linked to this main line:

Sub-line Code	Sub-line currency	Sub-Line Tenor List	Limit Amount
STLOANS	USD	90D	\$500
MTLOANS	GBP	180D	\$600
LTLOANS	INR	360D	\$700

Sub-line Code	Sub-line currency	Sub-Line Tenor List	Limit Amount
Sub-line Total			\$1800

The total amount of the sub-lines is \$1800, which is greater than the main line amount of \$1000, but each sub-line amount is less than the main line amount.

Example 1

Entries passed to sub-line STLOANS with no prior entries to any of the other sub-lines or the main line, and falling within a time code of 90D may be:

- Upto \$500 with no sub-line or main line overrides
- Over \$500 and upto \$1000 with only a sub-line override
- Over \$1000 with both sub-line and main line overrides

11.1.18 Main Lines with Multi-tenor Restrictions

This is a Main Line with more than one time code. Tracking the utilization of the lines with equal or higher time codes is performed.

After the sub-line check is made, an overdraft may occur during the main line check because the amounts available from all the main lines with tenors equal to or greater than the time code of the entry have been utilized or is insufficient. In this case, there could still be a usable portion of the total line.

Assume the following set-up:

Main Line Code	Main Line Currency	Main Line Tenor List	Limit Amount
LOANS	USD	90D	\$10, 000
LOANS	USD	180D	\$6, 000
LOANS	USD	360D	\$7, 000
Main Line Total			\$23, 000

The following sub-lines are linked to this main line:

Sub-line Code	Sub-line currency	Sub-Line Tenor List	Limit Amount
STLOANS	USD	90D	\$1,000
MTLOANS	GBP	180D	\$600

Sub-line Code	Sub-line currency	Sub-Line Tenor List	Limit Amount
LTLOANS	INR	360D	\$700
Sub-line Total			\$2,300

Example 1

Entries passed to sub-line STLOANS with no prior entries to any of the other sub-lines or main line, and falling within a time code of 90D may be:

- Upto \$1000 with no sub-line or main line overrides
- Over \$1000 and upto \$10, 000 with only a sub-line override
- Over \$10, 000 with both sub-line and main line overrides

Example 2

Entries falling within the 180D tenor passed to sub-line MTLOANS with no prior entries to any of the other sub-lines or main line may be:

- Upto \$600 with no sub-line or main line overrides
- Over \$600 and upto \$6, 000 with only a sub-line override
- Over \$6, 000 with both sub-line and main line tenor overrides

Example 3

If an entry of \$100 has already been passed to sub-line MTLOANS, then entries falling within the time code of 180 days passed to sub-line MTLOANS may be:

- Upto \$500 with no sub-line or main line overrides
- Over \$500 and upto \$5,900 with only a sub-line override
- Over \$5,900 with both sub-line and main line tenor overrides

12. Revaluation

12.1 Introduction

The setting-up of Limits involves different types of currencies and collateral backed by marketable securities. Exchange rates of currencies and the value of marketable securities are driven by market forces and hence tend to fluctuate over a period of time.

Hence, revaluation becomes essential so that the limits that have been set are realistic and reflect the current market trends.

Revaluation can be of two types:

Limits Revaluation - The changes in the exchange rates of currencies involved in the active contracts, accounts and collateral linked to the line affects the Credit Limit under the line.

Collateral Revaluation - A change in the market price of a marketable security backing a collateral sparks off a revaluation of the collateral amount.

12.1.1 Limits Revaluation

Limits revaluation is triggered off as a result of:

- Change in the exchange rate between the line currency and the currency of a contract or account utilizing the limit under the line, or
- Change in exchange rates between the Credit Line currency and the currency of the collateral

The revaluation in both cases is triggered off automatically whenever there is a change in the exchange rates.

12.1.2 Limits Revaluation Process

Revaluation of credit limits is an end-of-day (EOD) process in Oracle FLEXCUBE. Credit limits are broken down into a hierarchy of levels, with the overall exposure tracked at the topmost level (liability level) of the tree. Oracle FLEXCUBE allows you to maintain and monitor credit limits up to any number of levels – thus, a credit line can have any number of sub-lines, with each sub-line having sub-lines of its own and so on.

Revaluation starts at the lowermost level. Once all the lines in a particular tree are revalued, the system proceeds with the next tree. The revaluation process updates the topmost level of the tree (the liability level) with all the lower levels getting updated subsequently.

12.1.3 Contracts and Limit Revaluation

In the Currency Rates Screen of the Core Services Module, you maintain exchange rates for currency pairs that your bank deals with. Along with this, you also specify the Mid Rate and the Buy or Sell Spread for various currency pairs. After you update the Rates you also need to authorize the changes you have made. After you have authorized the new exchange rates, they become effective.

To recall, while defining a credit line, you have the option of maintaining currency restrictions for the line. If you do not specify currency restrictions for a line, then accounts and contracts having currencies other than the line currency, can utilize the limit under the credit line. The revaluation process is applicable for such a line.

If the above conditions hold good, then a change in the exchange rate will trigger the revaluation process. The system calculates the Line currency equivalent of all the contracts linked to the line (using the new exchange rates) and updates the utilization and available amount under the line.

Example

You have defined a line for Loans, and linked the Liability Code Creativity Inc. to it. The credit limit assigned to the credit line is 1 million, the limit currency is USD. No currency restrictions have been maintained for the line.

Liability Code	Line Code	Line Limit	Line Currency
Creativity Inc.	Loans	50,000	USD

On 01 January 1999 you enter the following Loan contracts, which are linked to this Credit Line. At the time of saving these contracts, the line utilization will be computed based on the exchange rates as of the transaction date (i.e. 01 January 1999) of these contracts. The following table contains the details.

Loan Amount	Exchange Rate	Line Currency Equivalent (USD)	Utilization	Availability
AUD 15,000	1.275	11,764.70	11,764.70	38,235.3
DEM 2,000	1.06	1,886.79	1,886.79	36,348.51
GBP10,000	0.535	18,691.58	18,691.58	17,656.93
INR 72,000	36.00	2,000.00	2,000.00	15,656.93
Total			\$34343.07	15,656.93

On 01 February 1999 the exchange rates have changed. After the exchange rate revision has been changed and authorized, the revaluation process scans the contracts linked to the line, converts the contract currency to the Limit currency (using the new exchange rates) and updates the line's utilization and available amount.

The following table indicates these details:

Loan Amount	Exchange Rate	Line Currency Equivalent (USD)	Utilization	Availability
AUD 15,000	1.324	11,329.30	11,329.30	38,670.70
DEM 2,000	1.01	1,980.19	1,980.19	36,690.70
GBP10,000	0.525	19,047.61	19,047.61	17,643.09
INR 72,000	35.00	2,057.14	2,057.14	15,586.09
Total			\$34414.24	15,586.09

12.1.4 Collateral and Limit Revaluation

At the time you update and authorize the exchange rates in the currency table, the system scans all the collateral linked to a line (bearing different currencies). The collateral contribution is then converted into the line currency (using the latest exchange rates). After the conversion, the collateral contribution to the line is updated.

Example

You define a Line and assign it a limit of \$1 Million. The Limit currency is USD.

The Collateral contribution to this limit is GBP 100,000. The exchange rates as of today between the currency pair GBP-USD are 1.25. Therefore the collateral contribution to the limit amount in USD is \$125,000.

On 01 Feb'99 the exchange rates between the currency pair USD-GBP changes and stands at:

GBP-USD is 1.50

As a result of this change in the exchange rate, the collateral contribution to the overall limit of the customer has changed. At this point the revaluation process is immediately triggered off. The collateral contribution will now stand at \$ 150,000 as a result of the revaluation.

12.1.5 Collateral Revaluation of Marketable Securities

The assets that are offered as collateral generally back the credit facilities that the bank grants a customer. Your customers can offer 'marketable securities' as collateral. As Marketable Securities are by nature given to fluctuations based on the forces of short-term demand and supply, their value also tends to fluctuate.

A rise or fall in the market value of a security, affects its collateral value. Therefore, the value of a collateral should reflect the changes in the value of the securities backing it.

Revaluation of a Collateral is triggered off only if the value of the marketable security that backs the collateral, fluctuates beyond the price sensitivity you prescribed for the security in the Securities Maintenance screen. Based on these changes, the collateral contribution to the overall credit limit of the customer will increase or decrease. Hence the availability under the line will also change.

In a nutshell, after you authorize the price change:

- The price change is compared with the last price stored in the Collateral Maintenance screen.
- If the price change (in percentage) of the security is greater than the Price-Increase-Sensitivity defined for the collateral or less than the Price-Decrease-Sensitivity defined for the collateral, the revaluation process will be triggered off. Otherwise the price change will not effect the existing collateral value.

If the revaluation causes the collateral value to rise, this new value is compared with the Cap Amount that you specified for the collateral in the Collateral Maintenance screen.

If the revalued collateral contribution to the overall limit of a customer exceeds the Cap Amount, the revaluation process will set the collateral contribution to the cap amount specified for the collateral.

If the computed value is less than the cap amount then the collateral contribution will be increased to that effect on account of the revaluation. The available amount under the credit line increases.

Similarly, if the market price of the security decreases, the collateral contribution to the overall limit of the customer also decreases and as a result, the available amount under the credit line reduces.

Example

Your customer Keturah Smith has 1000 units of Debentures'99 that have been issued by Reliance as part of her portfolio, which you consider as Collateral. The Market value of the Debentures'99 is \$ 50 per unit. You have defined the Price Increase and Decrease Sensitivity for this security to be 8% and 5% respectively.

You have specified that this collateral's contribution to the overall Limit of the customer should be \$ 50,000. The maximum amount that it can contribute to the overall limit of the customer as \$ 60,000 (Cap Amount).

Liability Code	Liability Limit	Collateral Contribution	Cap Amount
Creativity Inc.	\$1 million	\$50,000	\$60,000

A Rise in Value

The market value of Debentures99 has increased to \$55, which is a 10% increase over the old market price of \$50.

At the time you update the Market price of Debentures99 in the Securities Maintenance screen, the revaluation process is triggered off, as the increase (10%) is higher than the Increase sensitivity (8%) defined for Debentures99. The value of this collateral now stands at \$ 55,000. As this amount is less than the Cap Amount you specified for the collateral the Credit Limit available to the Keturah Smith has increased by \$ 5,000, as a result of the revaluation.

A Rise in Value beyond the Cap Amount

The market value of Debentures99 has increased to \$65 which is a 30% increase over the old market price of \$50.

At the time you update the Market price of Debentures99 in the Securities Maintenance screen, the revaluation process is triggered off, as the increase (30%) is higher than the Increase Sensitivity (8%) defined for Debentures99. The value of this collateral now stands at \$ 65,000. As this amount is more than the Cap Amount of \$60,000 that you specified for the collateral, the Credit Limit available to the Keturah Smith will be increased. However, the increase will not exceed the Cap Amount.

Keturah Smith's Credit limit will now stand at \$ 60,000 (cap Amount) and not at \$65,000 (market value) as a result of the revaluation.

A Fall in value

The market value of Debentures99 has decreased to \$45, which is a 10% decrease from the old market price of \$50.

At the time you update the Market price of Debentures99 in the Securities Maintenance screen, the revaluation process is triggered off, as the decrease (11.11%) is higher than the decrease sensitivity (5%) defined for Debentures99.

The market value of this collateral now stands at \$ 45,000.

Keturah Smith's credit limit will stand decreased by \$ 5,000 as a result of the revaluation.

13. Error Codes And Messages For Limits

13.1 Error Codes and Messages

Error Code	Message
LM-00001	The issuer limits details are incomplete. Complete/delete the issuer limits details
LM-00002	The line code is not a limits template
LM-00003	The line code is not entered
LM-00004	The liability is not entered
LM-00005	The line start date cannot be later than the line expiry date
LM-00006	The last available date cannot be later than the line expiry date
LM-00007	The line currency is not entered
LM-00008	This tenor has been maintained for the limit
LM-00009	The tenor details are incomplete. Complete/delete the tenor details
LM-00010	The products allowed details are incomplete. Complete/delete the products allowed details
LM-00011	The branches allowed details are incomplete. Complete/delete the branches allowed details
LM-00012	The last available date cannot be less than the line start date.
LM-00013	The customers allowed details are incomplete. Complete/delete the customers allowed details
LM-00014	The tenor limit amount exceeds the line limit amount
LM-00015	The sub line tenor limit amount cannot be greater than the next higher main line tenor limit amount \$1 - \$2
LM-00016	The sub line tenor cannot be greater than maximum main line tenor \$1 days
LM-00017	There are no tenors specified for the main line
LM-00018	The line code is limits template. Details will be copied from template. Continue?

Error Code	Message
LM-00019	The sub line limit cannot exceed the main line limit. \$1-\$2
LM-00020	The main line limit cannot be less than any of its sub line limit. \$1 -\$2
LM-00021	The main line tenor cannot be less than the minimum tenor of any sub lines reporting to it. - \$1 days.
LM-00022	The main line tenor limit amount cannot be less than the next lower sub line tenor limit amount. \$1 - \$2.
LM-00023	The limits copy could not be completed
LM-00024	Blank spaces cannot be a part of this field
LM-00025	The line code should have nine characters
LM-00026	The tenor mnemonic is not entered
LM-00027	The limit is not entered
LM-00028	The collateral start date cannot be later than the collateral expiry date
LM-00029	The margin computed is not between 0 and 100
LM-00030	The collateral currency is not entered
LM-00031	The collateral type is not entered
LM-00032	The collateral review date cannot be later than the collateral expiry date.
LM-00033	The collateral review date cannot be earlier than collateral start date.
LM-00034	The expiry date cannot be earlier than start date
LM-00035	The security code is not entered
LM-00036	The security type is not entered
LM-00037	The currency is not entered
LM-00038	The market price details are incomplete. Complete / delete the market price details
LM-00039	The line code is not entered
LM-00040	The computed exposure is not between 1 and 100

Error Code	Message
LM-00041	There are active sub lines reporting to this main line. Main line cannot be closed
LM-00042	The last price change date cannot be greater than branch date
LM-00043	The security code is not entered for the MVBC
LM-00044	The price code is not entered for the MVBC
LM-00045	The number of units is not entered for the MVBC
LM-00046	The collateral CCY is not entered for the collateral
LM-00047	Security code has not been entered
LM-00048	The issuer exposure details are incomplete. Complete / delete the issuer exposure details.
LM-00049	The start date cannot be greater than the branch date
LM-00050	The last price change date cannot be earlier than start date
LM-00051	The expiry date cannot be earlier than branch date
LM-00052	The last price change date cannot later than expiry date
LM-00053	The description is not entered
LM-00054	The face value is not entered
LM-00055	The limit contribution cannot be greater than the cap amount
LM-00056	Report date should be greater than the date today
LM-00057	The total issuer exposure should be greater than 100 %
LM-00058	Collateral exists with the issuer code. Record cannot be closed
LM-00059	Securities exist with the issuer code. Record cannot be closed
LM-00060	There are collateral linked to this limit. Record cannot be closed
LM-00061	There are collateral linked to this security. Record cannot be closed

Error Code	Message
LM-00062	There are collateral linked to this price code. Record cannot be closed
LM-00063	There are collateral linked to this collateral type. Record cannot be deleted
LM-00064	This facility is not available at this branch
LM-00065	No details exist for the reference number
LM-00066	Customer clean risk limit cannot be greater than liability clean risk limit
LM-00067	Customer clean risk limit cannot be greater than overall limit
LM-00068	Liability clean risk limit cannot be greater than overall limit
LM-00069	Limit currency is not entered
LM-00070	Overall limit is not entered
LM-00071	Liability clean risk limit is not entered
LM-00100	Line not authorized
LM-00101	Line closed
LM-00102	Line not found
LM-00103	Invalid customer ID
LM-00104	Liability ID. Not specified
LM-00105	Account ID. Not specified
LM-00106	Reference ID not specified
LM-00107	Amount tag not specified
LM-00108	Amount not specified
LM-00109	Currency not specified
LM-00110	Branch not specified
LM-00111	Line \$1 - amount exceeds limit for specified tenor by \$2
LM-00112	Line \$1 - amount exceeds all available tenor limits by \$2

Error Code	Message
LM-00113	Line \$1 - amount exceeds line limit. Limit = \$3 \$2. Utilization = \$4 \$2. Overdraft = \$5 \$2.
LM-00114	Main line \$1 - amount exceeds main line limit amount. Limit = \$3 \$2. Utilization = \$4 \$2. Overdraft = \$5 \$2
LM-00115	Line has matured
LM-00116	Line not available
LM-00117	Amount exceeds overall limit for liability \$1. Limit = \$3 \$2 utilization = \$4 \$2 over Draft = \$5 \$2
LM-00118	Report date mandatory
LM-00200	Clean risk limit exceeded for customer \$1 on \$2. Limit = \$4 \$3, utilization = \$5 \$3, excess = \$6 \$3.
LM-00201	Clean risk limit exceeded for liability \$1 on \$2. Limit = \$4 \$3, utilization = \$5 \$3, excess = \$6 \$3.
LM-00202	Date input is a holiday. Do you want to continue?
LM-99998	Limits: node \$1 unavailable. Utilization will be updated later
LM-99999	Limits service - unexpected error - \$1
LM- DQRISK01	The selected customer does not have any clean risk limits
LM- DQUTIL01	The selected main line does not have any utilization
LM- DQUTIL02	The selected subline does not have any utilization
LM- SQLIAB01	None of the liabilities are open
LM- SQLINE01	The selected liability does not have any lines
LM- SQSUBL01	The selected line does not have any sub-lines
LM-TEN01	No valid lines with required tenor maintained

14.1 Important Terms

Credit Line

A credit limit linked to each customer and account (or a customer, account and a specific product), against which transactions involving the customer are tracked.

Revolving Line

A credit line in which the availability of funds against it increases (or is reinstated to the original level) in the event of repayments

Non Revolving Line

A credit line in which the availability of funds against it does not increase (or is not reinstated to the original level) in the event of repayments. Any utilization reduces the funds available under the line.

Omni Lines

Credit lines available across products and accounts, in OracleFLEXCUBE

Main Line

A credit line created for the first time. Subsequently created lines may be placed under it and report to it as sub-lines.

Sub Line

A credit line that is placed under a higher, main line and reports to it.

Bank wide clean risk

The bank-wide clean risk signifies the total exposure of the bank to FX deals entered into with all customers, that are settled on a given business day.

Overdrawn Lines

Credit lines, the limits in respect of which have been exceeded by the customer

Overdrawn Amount

The amount by which the limits in respect of a credit line has been exceeded by the customer

Limit Revaluation

The revision of credit limits due to changes in exchange rates of currencies involved in active contracts, accounts and collateral linked to the credit line.

Collateral Revaluation

The revision of credit limits due to changes in the market value of the security that backs collateral involved in active contracts and linked to the credit line. The change affects the collateral amount.

Marketable Collateral

Collateral that is linked to a credit line or limit, which is backed by a marketable security

Non-Marketable Collateral

Collateral that is linked to a credit line or limit, which is backed by a non-marketable security.

Clean Risk Limit

The maximum that can be reached by a customer (or all customers) for FX deals that settle on a given business day.

FX Clean Risk

The FX clean risk signifies the total exposure due to all FX deals that are settled on a given business day.

Increase Sensitivity

The maximum upper limit for fluctuation in the value of a marketable security that is backing collateral.

Decrease Sensitivity

This is the maximum lower limit for fluctuation in the value of a marketable security that is backing collateral.

Collateral Pool

Collaterals are grouped together and the group of collaterals is called collateral pool. The collateral pools are attached to the credit lines

Issuer

An institution which issues securities like bonds, shares etc. Issuers of securities include commercial companies, government agencies, local authorities and international and supranational organizations (such as the World Bank).

Uncollected Funds

Funds that have been deposited in an account by means of a check drawn on another institution that has not yet paid the check.

Overdraft

It is the act of overdrawing from a Bank account. In other words, the account holder withdraws more money from a Bank Account than has been deposited in it.

Credit Rating

A **credit rating** assesses the credit worthiness of an individual, corporation, or even a country. Credit ratings are calculated from financial history and current assets and liabilities. Typically, a credit rating tells a lender or investor the probability of the subject being able to pay back a loan.

Netting

Calculating the net exposure of a party by offsetting the receivables in a currency with the payables in the same currency for the same dates.

Presettlement risk

It is the bankruptcy of the counterparty or such other trigger event that impairs the ability of the counterparty to perform its obligation prior to settlement.

Securities

A **security** is a fungible, negotiable instrument representing financial value. Securities are broadly categorized into debt securities (such as banknotes, bonds and debentures), and equity securities, e.g., common stocks

Face value

The value printed or written on the face, as of a bill or a bond

Lendable/offset margin

A portion of the collateral amount that can be lent to the borrower is the lendable margin. Offset margin is the portion of the collateral amount that the Bank retains as margin.

Drawing Power

The maximum amount that can be withdrawn by the borrower considering the limit sanctioned to him and the collaterals to back that limit.

Equity Base

The total amount of money raised through a particular equity issue

15. Central Liability Reports

15.1 Introduction

Reports on credit administration fall among the most important reports at a bank. Oracle FLEXCUBE provides you a variety of reports that give details about credit utilization in many formats.

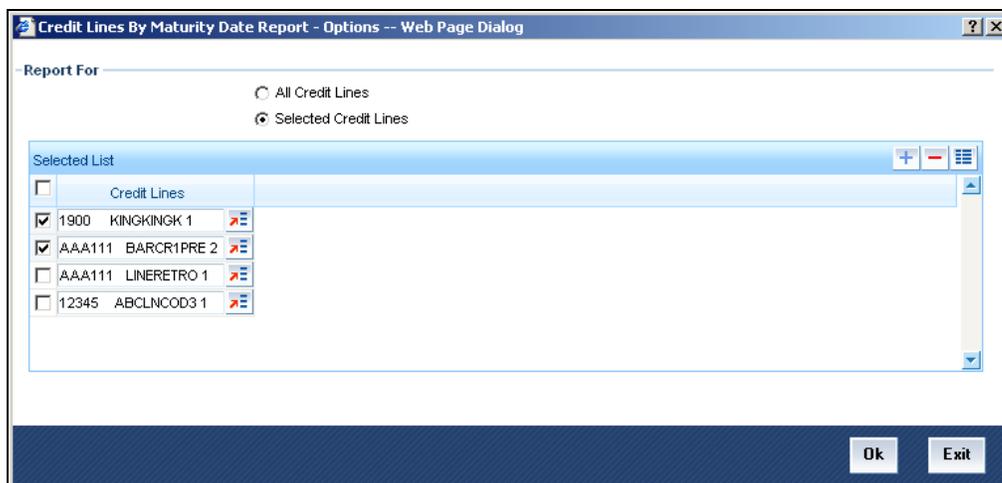
You can generate the following reports for the Limits sub-system:

- Bank-wide Clean Risk Report
- Collateral Utilization by Collateral Party
- Collateral Utilization by Credit Line
- Country Exposure Report
- Credit Lines by Maturity Date
- Credit Movements Report
- Credit Rating Report
- Foreign Exchange Clean Risk Report
- Issuer Exposure Report - By security
- Limits Exposure Report
- Overdrawn Lines Report
- Product Exposure Report

15.2 Credit Lines by Maturity Dates Report

This report gives details of credit lines sorted on the basis of their maturity dates. The maturity date of a line indicates the expiry date of the line. The report also prints the number of days to maturity.

You can invoke this screen by typing 'LMRPCLMT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

By default, this report prints the details of *all* Credit Lines sorted on the basis of the date on which they mature. However, you can indicate your preferences, (i.e., whether the report should contain details of):

- All Credit Lines
- A particular Credit Line or a selected list of Credit Lines

To generate the report for specific credit lines, add the credit lines to the Selected List

Click the add icon button to add a new credit line to the selection list. Select the required credit line by clicking option list. The credit lines that you have selected will be displayed under the head Selected List. Check the corresponding box.

Once you have set the preference, generate the report. The content of the report is determined by the preference you have stated.

Contents of the report

The options that you specified while generating the report are printed at the beginning of the report.

The contents of the Credit Lines by Maturity Date Report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

Liability ID	The Liability Code to which the customer is linked
Customer Name	The name of the customer linked to this credit line
Line ID	This is the Credit Line to which the customer s Liability number has been linked
Serial Number	The running serial number for the Liability-Line Combination
Start Date	The date on which the Credit Line is linked and activated
Expiry Date	The date on which the Credit Line Matures. Maturity of a Credit Line indicates that the Line expires after this date
Days to Maturity	This is the number of days left, before the Line matures

15.3 Foreign Exchange Clean Risk Report

The FX report gives the Clean Risk Limit utilization by customers of your bank. The report reflects both the clean risk of a customer and the total risk of a liability number.

You can invoke this screen by typing 'LMRFXCL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

Foreign Exchange Clean Risk Report - Options -- Web Page Dialog

Report For

All Customers
 Selected Customers

Customer List		
<input type="checkbox"/>		
<input type="checkbox"/>	5151	+
<input type="checkbox"/>	AKS000AKS	+
<input type="checkbox"/>	BGT000BGT	+
<input type="checkbox"/>	00002	+
<input type="checkbox"/>	ASVASV111	+
<input type="checkbox"/>	CHO000881	+

Date for Report: 7/27/2000

Ok Exit

Selection Options

By default the report prints your Clean Risk Exposure for all customers. However, you can indicate your preferences, (i.e.) whether the report should be generated details of your FX Exposure for:

- All customers
- A particular customer or group of customers

To generate the report for specific customers, select the option 'Selected Customers'. Add more rows to the Customer List using add icon. Select the customers using adjoining option list.

Check the corresponding box and highlight the customer(s) for whom you would like to generate the report.

Once you have set the preferences, generate the report. The contents of the report depend on the preferences you have stated.

Specifying the date

As Customer Clean Risk is the aggregate of all FX contracts entered into with the customer, maturing on a particular date, you need to specify the date for which you would like to obtain a report of your Clean Risk Exposure.

Contents of the Report

The options that you specified while generating the report are printed at the beginning of the report. The report has distinct sections sorted on the basis of Settlement Date.

The contents of the FX Risk Report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the report

Customer ID	The code used to identify the customer
Customer Name	The name of the customer for whom Clean Risk is displayed
Settlement Date	The date for which Clean Risk is tracked
Currency	The currency of utilization
Amount	Clean risk utilization by the customer
Total	The total amount
Limit	The limit amount
Overdraft	The Overdraft Amount

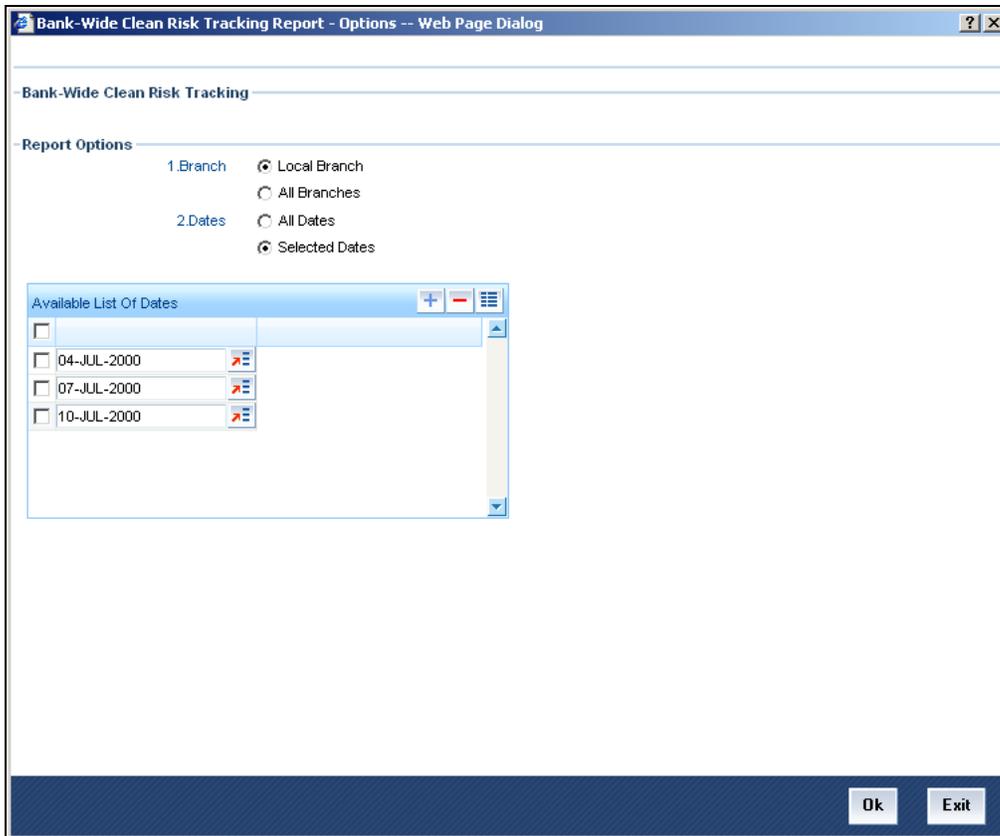
Summation

The report ends with a summation of your Clean Risk exposure to the customer expressed in the Clean Risk Limit currency. The Clean Risk Limit specified for the customer, together with overdrafts (if there were any) are also printed in the summation of the report.

15.4 Bank-wide Clean Risk Tracking Report

The Bank-Wide Clean Risk Report gives the Clean Risk Exposure for all the branches of your bank.

You can invoke this screen by typing 'LMRPCLBK' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection options

Specifying branch options

You can generate a report on your bank’s clean risk exposure for all the branches of the bank or for your branch alone (local branch).

It is only the Head Office that can utilize the All Branches option. The individual branches of your bank can only obtain its own Clean Risk Exposure.

Specifying date options

The date option is available to all branches. By default, the FX Clean Risk Exposure report prints your bank’s exposure for all dates. However, you can tailor the report so that it gives your bank s exposure only for a selected date or a selected list of dates.

To generate report for specific dates, he option ‘Selected Dates’. Add more rows to the Available List of Dates using  button. Check the corresponding boxes and select the dates for which you would like to generate the report.

Once you have set the preference, generate the report. The contents of the report depend on the preferences that you have stated.

Contents of the report

The report has distinct sections sorted by Branch. The report options that you selected while generating the report are printed at the beginning of the report. The Bank s Clean Risk Exposure is reported for each branch if you have selected the All Branches option.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the report

Branch Code	The code used to identify the branch whose Clean Risk Exposure is printed
Description	The description of the Branch Code
Settlement Date	The date for which Clean Risk is tracked
Currency	The currency of utilization
Risk Amount	The Risk Amount is the exposure expressed in the utilization currency
Risk Amount (in LCY)	Your bank's Clean Risk Exposure expressed in the local currency of your bank
Total Risk Amount in Lcy	Specifies the total Clean Risk Exposure expressed in the local currency of your bank

Summation

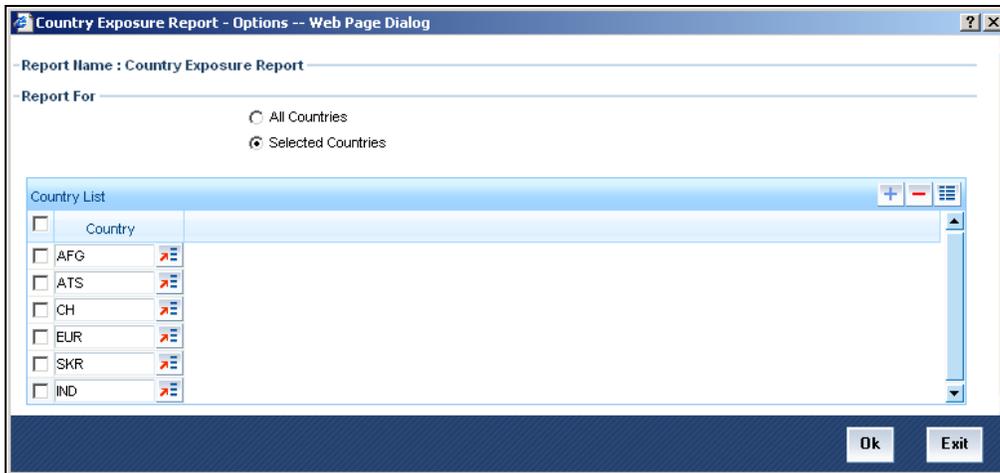
The report ends with a summation of your banks exposure for each of the dates you have selected, expressed in the local currency of your bank.

15.5 Country Exposure Report

The Country Exposure report gives the Sovereign risk (country-wise exposure break-up) incurred by the bank due to the transactions entered into with counter-parties from different countries.

Based on the nationality specified for the customer in the Customer Information File the system computes your risk to the country. This report also prints your bank's Total Exposure to a currency for a country.

You can invoke this screen by typing 'LMRPCNEX' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

By default, the Country Exposure report prints your exposure for all countries. However you can tailor the report so that it gives your bank s exposure only for countries of your choice.

To generate a report for specific countries, use the option 'Selected Countries'. Add more rows to the Country List using add icon. Add the country of your choice by using adjoining option list. Use the corresponding checkbox to highlight the countries for which you would like to generate the report.

Once you have set the preference, you can generate the report. The contents of the report depend on the preferences that you have stated.

Contents of the Report

The report has distinct sections for each country. The utilization in the limit currency is reported for each country under the different Liability Codes.

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

Country Code	The code of the country to which you are exposed
Country Description	The description of the Country Code
Liability	The Liability Code to which your bank is exposed
Currency	The currency in which the Limit for the Liability code is expressed
Exposure Amount	Your exposure to the country expressed in the Liability currency

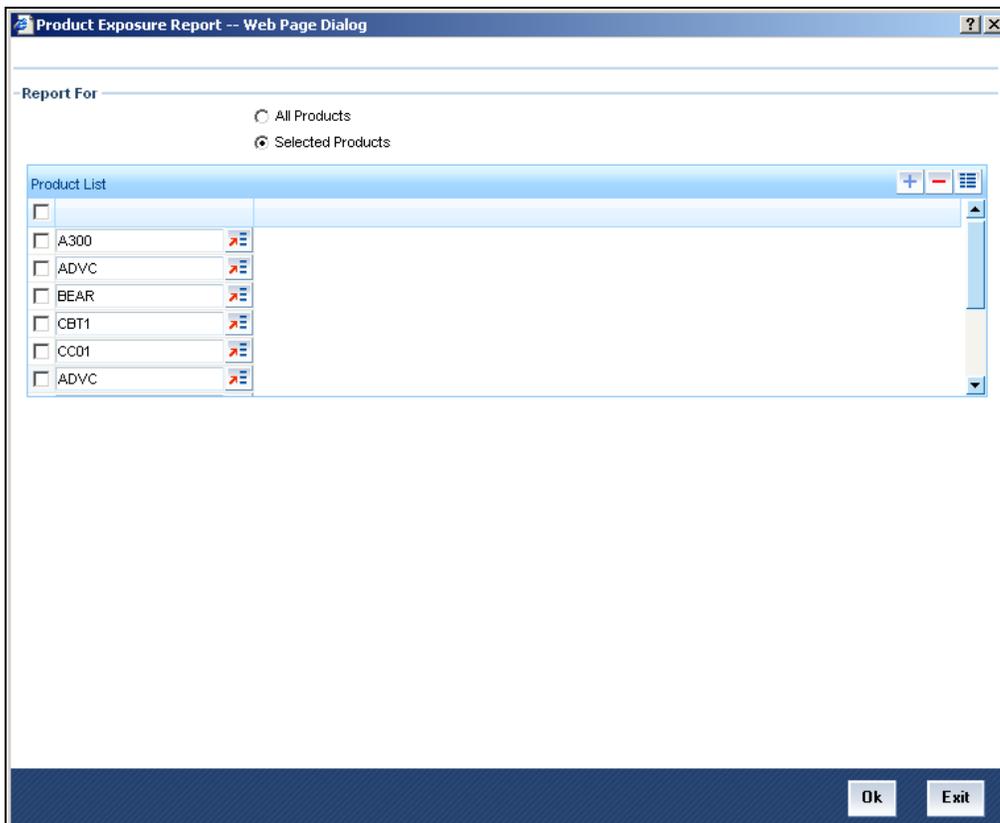
Summation

The report ends with a summation of your exposure to the country expressed in the currency of the country.

15.6 Product Exposure Report

The Product Exposure report gives the product-wise exposure of your bank.

You can invoke this screen by typing 'LMRPPREX' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection options

By default this report prints the details of *all* the products which have utilized the limit under any of the Credit Lines you have defined. However, you can indicate your preferences, (i.e.) whether the report should contain details of your exposure to:

- All Products
- A particular Product or a selected list of Products

To generate a report for specific products, use the option 'Selected Products'. Add more rows to the Product List using add icon. Add the product of your choice using adjoining option list. Use the corresponding checkbox to highlight the products for which you would like to generate the report. Click the 'Ok' button, to generate the report containing details of your bank's product wise exposure. The details of this report will be based on the preferences that you have set.

Contents of the Report

The report has distinct sections for each product. The utilization in the product currency is reported for each product.

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the report

Product	The product to which you are exposed
Product Description	A description of the product
Currency	The currency of the transactions linked to this product
Amount	Your exposure to the product expressed in the utilization currency

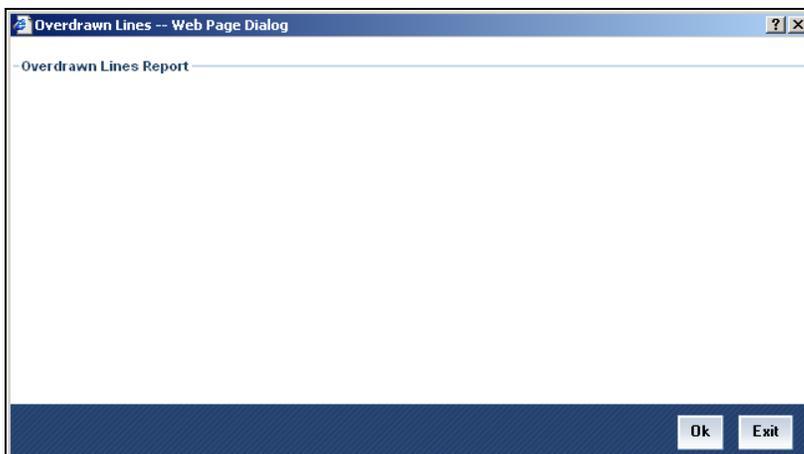
Summation

The report ends with a summation of your total exposure to the product expressed in the local currency of your bank.

15.7 Overdrawn Lines Report

The overdrawn Lines report prints details of the lines whose utilization has exceeded the Limit specified for it.

You can invoke this screen by typing 'LMRPOVLN' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Contents of the Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

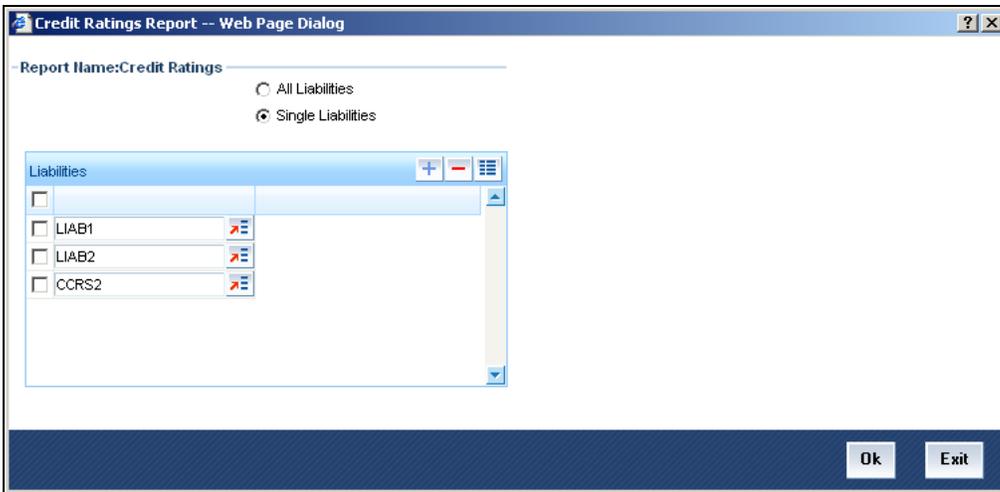
Body of the Report

Liability	The Liability code of the customer
Name	The name of the liability
Line	The credit line associated with the liability
Serial	The serial number assigned to this Liability Code-Line Code combination
Currency	This is the currency in which the limit for the Credit Line is defined
Main Line	This is the code of the Main Line in which there is an overdrawn amount
Overdrawn Amount	This is the amount by which the customer has exceeded the limit set for the Credit Line

15.8 Credit Rating Details Report

The Credit Rating Details report gives the credit rating that you have assigned to each customer in the Liability Maintenance screen. The report also prints the date on which the credit rating of the customer is to be revised.

You can invoke this screen by typing 'LMRPCRED' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

By default, the Credit Ratings report prints the credit rating for all Liability codes that you have defined. However, you can tailor the report so that it prints the credit rating awarded to the customers linked to:

- All Liability Codes
- A particular Liability Code or a select list of Liability Codes

To generate details pertaining to specific Liability Codes, use the option 'Single Liabilities'. Add more rows to the Liabilities List using add icon. Add the liability code of your choice by using the adjoining option list. Use the corresponding checkbox to highlight the liability codes for which you would like to generate the report.

Once you have set the preferences, generate the report. The details that the report prints depend on the preferences that you have stated.

The details of this report will be based on the Preferences you have stated

Contents of the Report

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

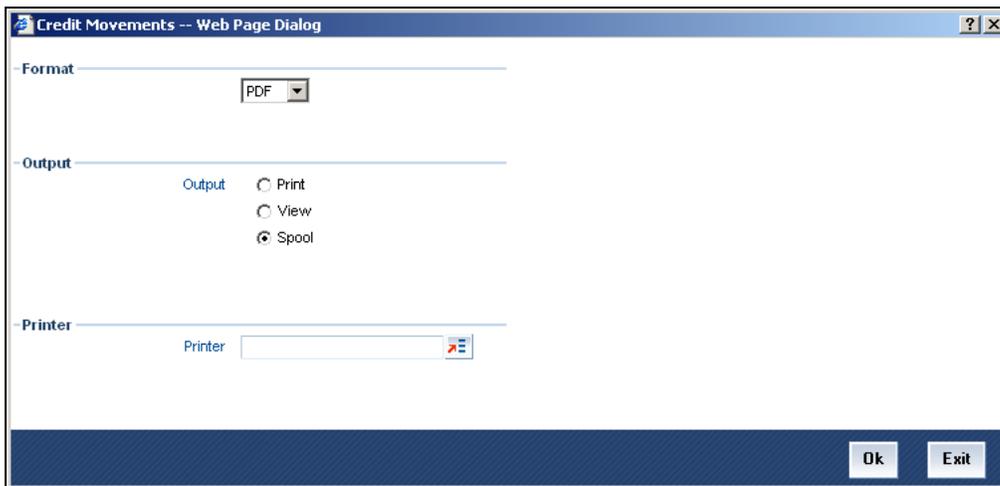
Body of the Report

Liability	The Liability Code of the Customer
Name	The Name of the customer linked to the Liability Code
Credit Rating	The credit rating awarded to the customer
Revision Date	The date on which a revision of the credit rating is due

15.9 Credit Movements Report

The Credit Movements Report provides a history of the Credit Movements under the credit lines that you have defined. The information is printed for a Liability Code.

You can invoke this screen by typing 'LMRPCRMO' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Contents of the Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

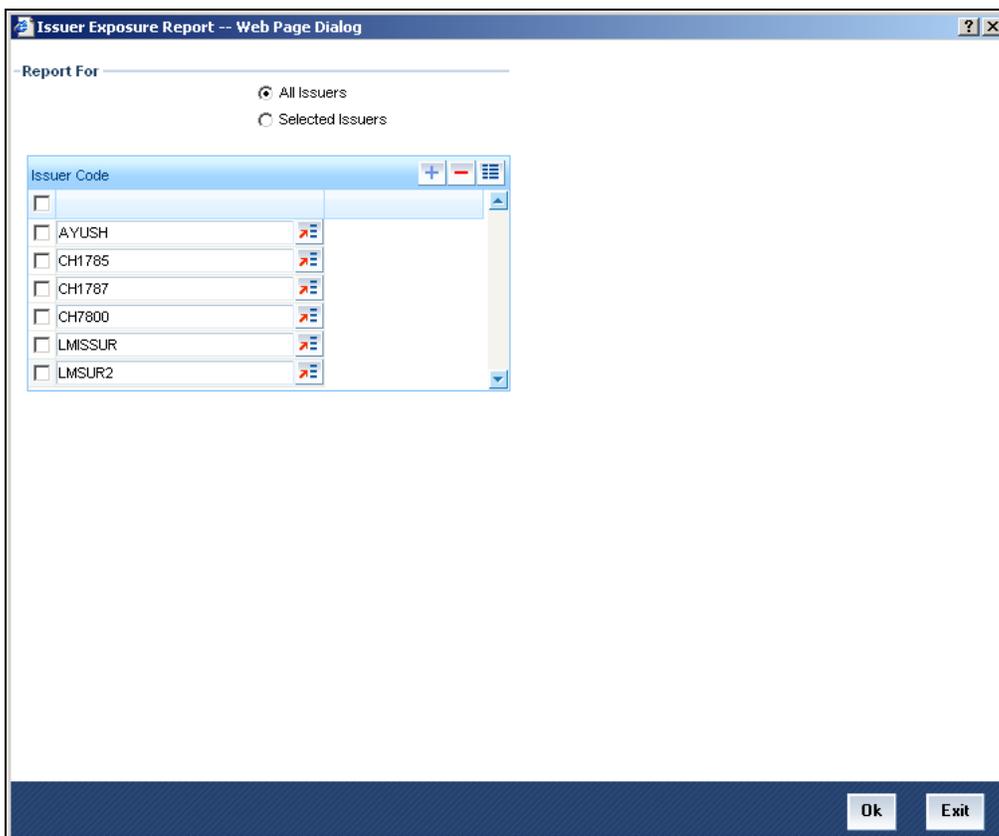
Liability ID	The Liability Code of the Customer
Customer Name	This is the Name of the customer linked to the Liability Code
Line ID	The Code of the Credit Line that has been linked to the customer s liability number
Line Currency	The currency in which the limit for the Line is expressed

Utilized	This is the amount utilized under the particular line
Reinstated	If the Line is a revolving line, the reinstated amount is printed here
Current Available	The amount currently available under the Credit Line

15.10 Issuer Exposure by Security Report

The Issuer Exposure by Security report prints the issue-wise exposure of your bank. The information is sorted on the basis of the issuer of the securities.

To invoke the screen, choose **Report** from the Application Browser. Thereafter, choose **Limits** and **Issuer Exposure** under it. You can also invoke this screen by typing 'LMRPUSEX' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

By default, the Issuer Exposure by Security report prints your exposure to all issuers. However, you can tailor the report so that it gives your bank s exposure to selected issuers.

To generate a report for specific issuers, use the option 'Selected Issuers'. Add more rows to the Issuer Code List using add icon. Add the issuer of your choice using the adjoining option list. Use the corresponding checkbox to highlight the issuer codes for which you would like to generate the report.

Once you have set the preferences, generate the report. The details that the report prints depend on the preferences that you have stated.

Contents of the Report

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

The body of the report is contained in two sections:

- Issuer Details
- Security Details

Issuer Details

Issuer ID	The code you assigned to the issuer in the Issuer Maintenance screen
Overall Limit	This is the exposure limit specified for the Issuer
Currency	The currency in which the Limit was defined
Utilization	The utilization of the limit

Security Details

Security ID	The Code assigned specified in the Types Maintenance screen to identify the Security
Currency	The currency in which the value of the security is expressed
Limit	This is the exposure limit specified for the security
Utilization	The utilization of the limit
Price Code	The price code of the security
Market Price	The current market price of the security, if it is a marketable security

15.11 Limits and Utilization Reports

The Limits and Utilization report, displays a customer's liability, line-wise. Under the Limits and Utilization Report, you can generate a series of sub-reports, which cover the utilization of the various Limits that you have set up in the Limits sub-system.

You can select the report you want to generate from the option list. The reports available are:

- Liability Summary Report
- Main Line Summary Report
- Line Details Report
- Tenor-wise Detailed Report
- Utilization Report
- Non-Revolving Line Report

The Central Liability Report is provided with two options:

- The Summary Option — a snap shot of the Utilization of Credit Lines.
- The Detailed Option — a comprehensive report on the utilization of Credit Lines. The detailed report gives details of the collateral backing the credit line and lists the accounts or contracts utilizing the line.

You can invoke this screen by typing 'LMRPCL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.

The screenshot shows a web-based dialog box titled "Limits & Utilisations Report -- Web Page Dialog". It contains a "Report Type" dropdown menu currently set to "Utilisations Report". Below this is a section for selecting a liability customer, with a search bar containing "Liability Customer *" and a list of results. To the right, under the "Options" heading, there are three checkboxes: "Report All" (checked), "Show Utilisations to Undefined Lines", "Show Utilizations to Closed/Unavailable Lines", and "Consolidate Account Utilisations". At the bottom right, there are "Ok" and "Exit" buttons.

By default the sub-reports under the Limits and Exposure report prints details for *all* Liability Codes linked to any of the credit lines you have defined, irrespective of whether there is a utilization or an Overdraft for the Liability Code.

However, you can tailor the reports to suit your preferences, you can state, whether the report should print details of:

- All Liability Codes
- Or a specific list of Liability Codes

Report Type

Select the type of report that you want to generate. The dropdown menu displays the following report types:

- Liability Summary Report
- Main Line Summary Report
- Line Details Report
- Tenorwise Details Report
- Utilisation Report
- Non Revolving Lines Report

Report All

Check this option to generate reports for all Liability Customers. If you wish to generate a report specifically for one or more liability customers, uncheck this option and select the liability customers.

To generate a report for a specific list of the liability codes, use the option 'Select a Liability Customer'. Add more rows to the liability customer list using the add icon. Now, select the liability customers for each row using the adjoining option list.

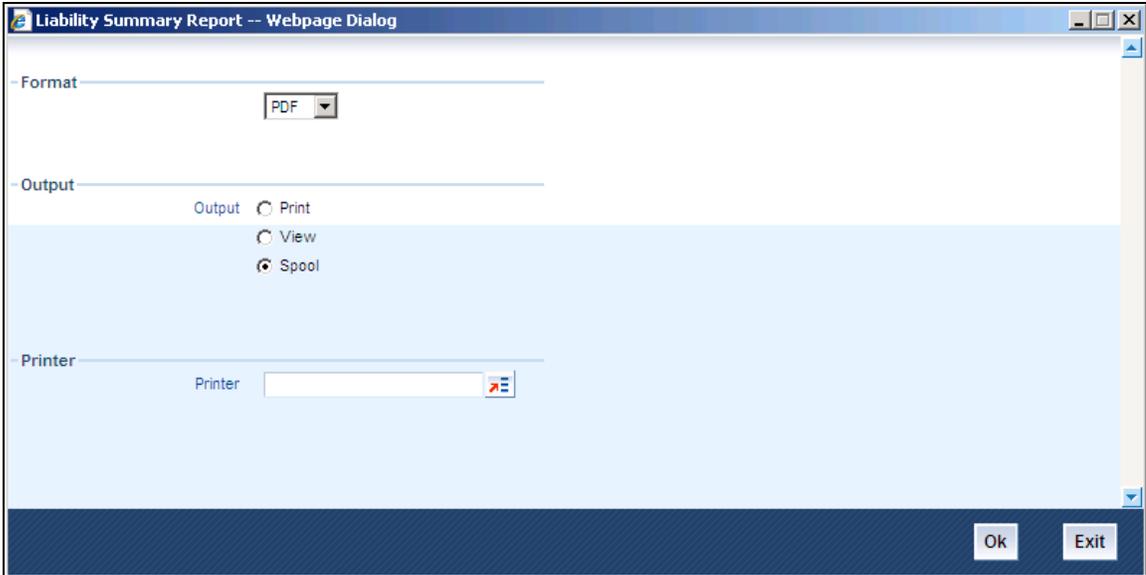
Once you have set the preferences, click the 'Ok' button. The system displays the 'Print Options' screen. Set the print options and generate the report.

Each report type has been discussed under the following headings.

15.12 Liability Summary Report

The Liability Summary report gives you a brief description of the total utilization of the Limit assigned to the Liability Code. The report also indicates the Liability Codes that are in overdraft, (i.e., Utilization under the Liability Code has exceeded the Limit assigned to it) together with the overdraft amount.

To generate the Liability Summary report, invoke the related screen by typing 'LMRPLB' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

Liability	The Liability code of the customer
Name	This is the name of the customer associated with the Liability Code
Currency	The currency in which the limit for the Liability Code is defined
Limit	The credit limit assigned to the liability code

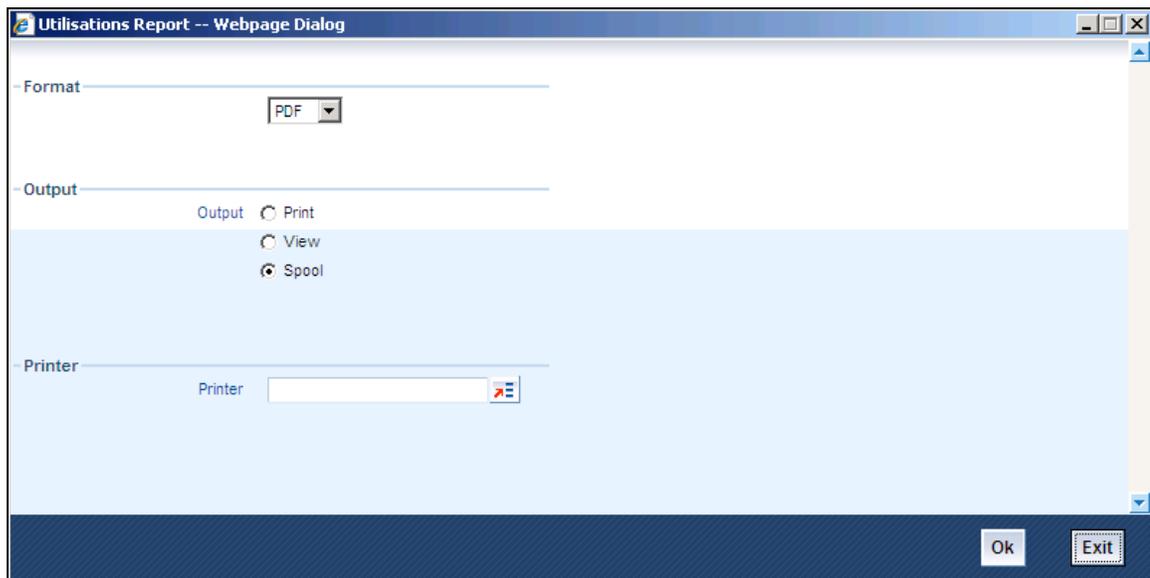
Liability	The Liability code of the customer
Utilization	The utilization of the credit limit assigned to the liability Code
Overdraft	This is the amount by which the customer has exceeded the limit set for the liability code

15.13 Utilizations Report

The Utilizations Report details the utilization and overdrafts (if there are any) of the limits that you have set up for a Liability Code, a main line and sub-line.

Utilization is tracked against the limits set for the Liability Code, main line and sub lines.

To generate the Utilizations Report, invoke the related screen by typing 'LMRPUA' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report has four distinct sections. The utilization and overdrafts if any are reported for each Liability Code.

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

The report is printed in the descending order of Main Lines and then Main Lines with sub-lines. If a Main Line has several sub-lines associated with it, the details of the sub lines will appear in ascending order based on their Tenor codes.

Liability Code details

Liability	The Liability Code of the customer
Limit	The credit limit assigned to the Liability code and the currency in which it is defined
Utilization	The utilization under the Line
Overdraft	This is the amount by which the customer has exceeded the limit set for the liability code

Main line and Sub-line details

Main Line/Sub-line	This is the code of the main line or sub-line to which the customer s liability number has been linked
Limit	The limit defined for the main line and the currency in which it is defined
Overdraft	This is the amount by which the customer has exceeded the limit set for the line

Below the details of the main line or sub-line, this report also prints the details of contracts or accounts that have utilized the limit under the main line, as follows:

Reference Number	This column lists the reference number of the contract.
Tenor	The tenor of the contract
Amount Tag	The nature of the amount for which the utilization details are being reported
Amount	The amount involved in the contract
Line Currency Equivalent	The Contract amount expressed in the Currency in which the Main Line is defined

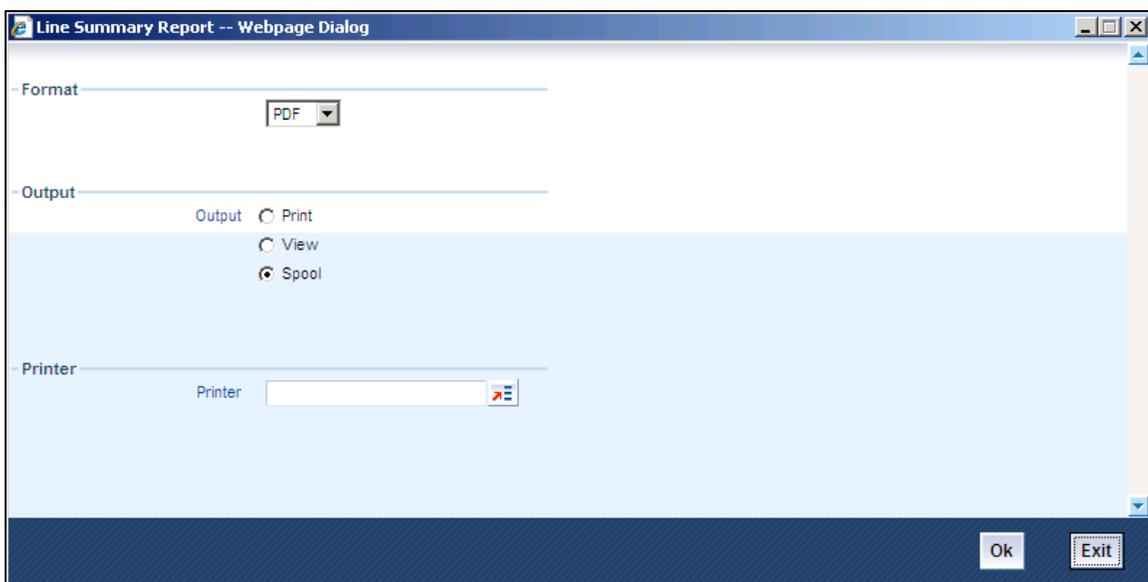
15.14 Line Summary Report

The Line summary report gives details on the utilization under the various Credit Lines that you have defined in the Limits Maintenance screen. The Overdrafts (if any) will also be reported against the line.

In the case of Undefined lines, the system totals all the credit and debit amounts against the line. The total amounts are displayed here.

The report contains two sections. The first contains details of the Liability Code, the second details of utilization under the various lines the liability code is linked to.

To generate the Line Summary Report, invoke the related screen by typing 'LMRPML' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report has distinct sections for each Liability Code. The utilization under each Credit Line is reported for each of the Liability Code.

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

Liability	The Liability code of the customer
Limit	The credit limit assigned to the Liability Code and the currency in which it is defined
Utilization	The utilization of the limit under the Liability Code
Overdraft	This is the amount by which the customer has exceeded the limit set for the liability code

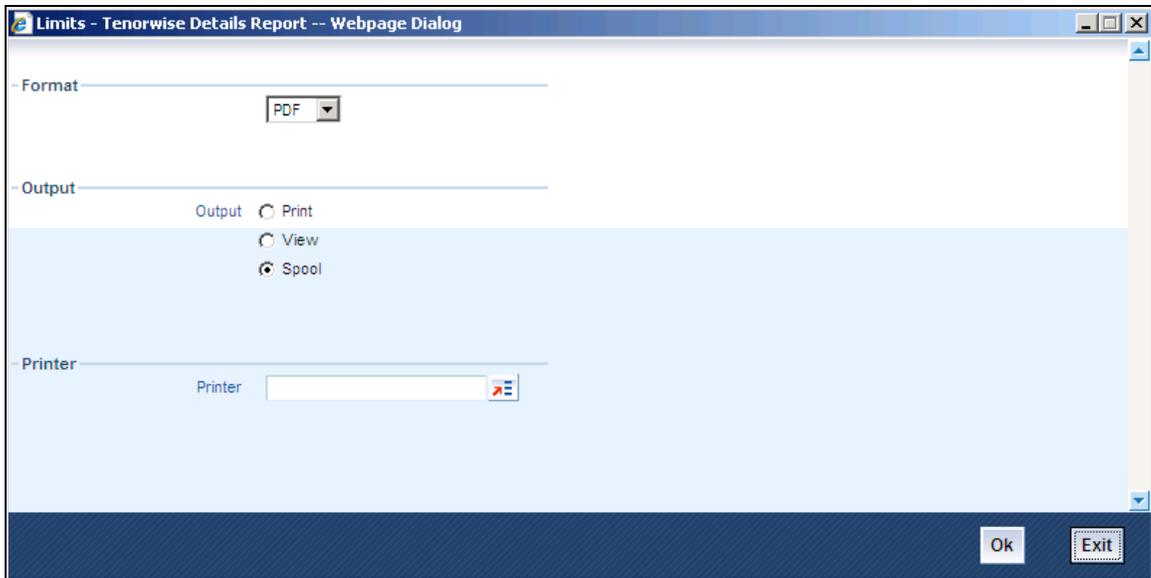
Under each Liability Code the following details are displayed in tabular columns under the following heads:

Line ID	This is the code of the Main Line to which the customer s Liability number has been linked
Currency	This is the currency in which the limit under the Main Line or sub-line is defined
Limit	The Limit set for the Main line
Utilization	The utilization of the limit under this line is displayed here
Overdraft	This is the overdrawn amount of the Line or sub-line
Status	Status of the line

15.15 Limits - Tenorwise Detailed Report

The Tenor-wise Detailed report prints details of the Tenor utilization under the credit Lines you have defined in the Limits Maintenance screen. The Overdrafts, (if any) will also be reported against the line.

To generate the Limits - Tenorwise Report, invoke the related screen by typing 'LMRPTN' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report has distinct sections for each Liability Code. The utilization of tenor based limits is printed for both Main Lines and Sub-Lines.

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

Liability	The Liability code of the customer
Limit	The credit limit assigned to the Liability code and the currency in which it is defined
Utilization	The utilization of the limit under the Liability Code
Overdraft	This is the amount by which the customer has exceeded the limit set for the Liability Code

For each Liability Code the following details are printed for the Main Line or sub-line as the case may be.

Main Line	This is the code of the Main Line to which the customer s Liability number has been linked
Status	Status of the main line
Limit	The Limit set for the Main line and the currency in which the limit under the Main Line or Sub-Line is defined
Status	Status of the line
Limit	The limit set for the line and the currency in which the limit for the line is defined.
Utilization	The utilization of the limit under this line is displayed here
Overdraft	This is the overdrawn amount of the Line or sub-line
Line ID	Specifies the line ID of the Main Line
Utilization	The utilization of the limit under this line is displayed here
Overdraft	This is the overdrawn amount of the sub-line

After the details of the Line are displayed the following details are printed in tabular columns:

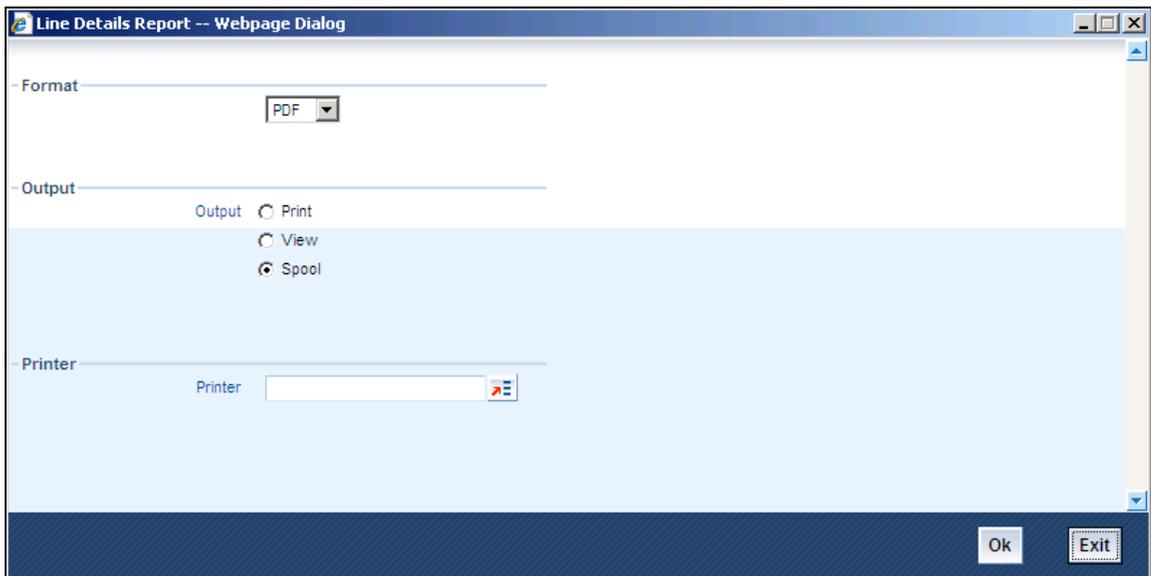
Tenor	This is the tenor code
Limit	The limit assigned to the tenor
Utilization	The utilization of the limit under the tenor code
Overdraft	This is the overdrawn amount

15.16 Line Details Report

The Line Details report gives details on the utilization under the various Credit Lines that you have defined for the customer and the accounts linked to these credit lines. The Overdrafts will also be reported against the line. This report reflects the usage of the credit lines and the balance position.

The report contains two sections. The first contains details of the Liability Code, the second details of utilization under the various lines the liability code is linked to.

To generate the Line Details Report, invoke the related screen by typing 'LMRPLN' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report has distinct sections for each Liability Code. The utilization of tenor based limits is printed for both Main Lines and Sub-Lines.

The report options that you selected while generating the report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

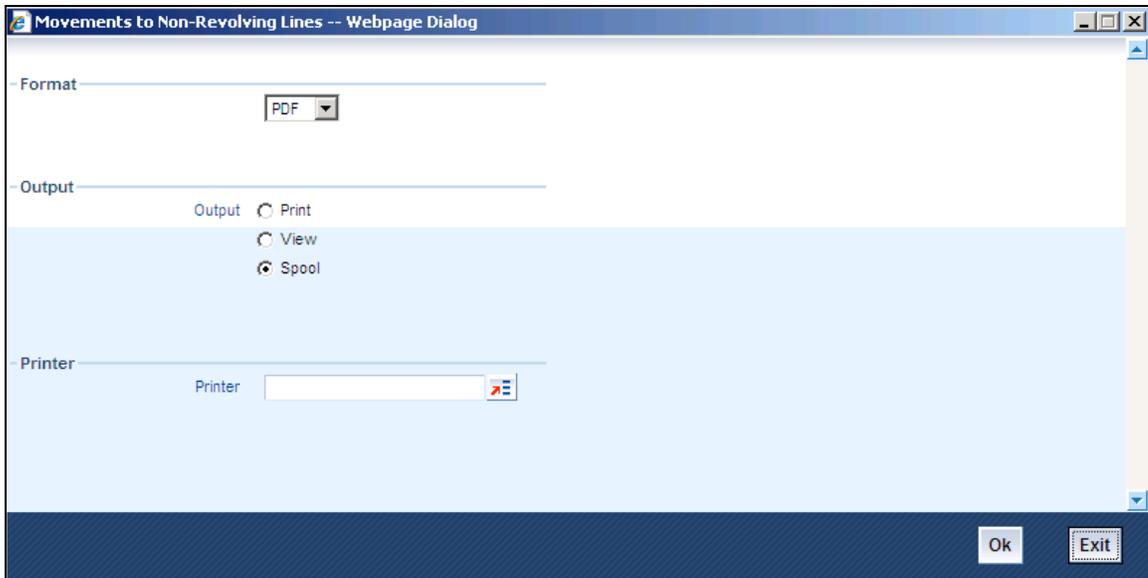
Body of the Report

Liability	This is the liability code, the details of which are being reported
Limit	This is the overall limit allotted for the liability code
Utilization	This is the overall utilization against the limit allotted for the liability code
Overdraft	If the utilization has exceeded the allotted limit, this is the amount by the utilization has exceeded the limit
Ccy	The amount is expressed in this currency
Main Line	The report gives the utilization details by each line linked to the liability. This denotes the main line for which the details are being reported
Line ID	Under each main line, the utilization for each sub-line is reported. This is the ID of the sub-line
Limit	This is the limit allotted to the sub-line, in the currency shown
Utilization	This is the utilization against the sub-line, in the currency shown
Overdraft	If the utilization has exceeded the allotted limit, the amount by which the utilization has exceeded the limit id displayed
Status	This is the status of the line. It could be undefined, open, expired, etc

15.17 Movements to Non-Revolving Lines

This report gives the details of movements to all the non-revolving lines defined. To recall, a non-revolving line is one for which the utilized credit limit is not reinstated on a repayment.

To generate the Movements To Non Revolving Lines Report, invoke the related screen by typing 'LMRPNR' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

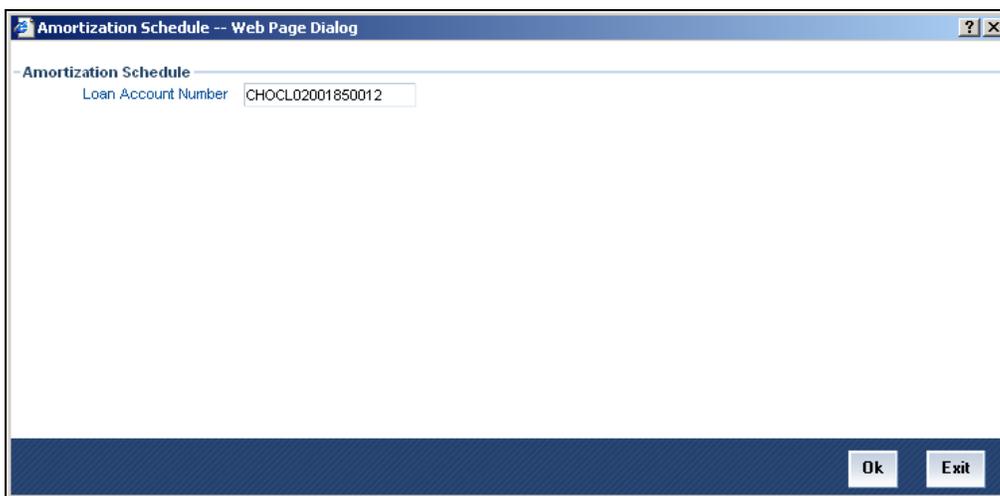
Liability	This is the Liability Code for which the details of non-revolving lines are being reported
Line ID	This is the ID of the revolving line whose details are being reported
Reference No.	This is the Reference Number of the transaction that utilized the limit allotted to the line
Ccy	This is the currency of the transaction
Increase	This is the increase in utilization of the limit under the non-revolving line

Liability	This is the Liability Code for which the details of non-revolving lines are being reported
Decrease	This is the decrease in utilization of the limit under the non-revolving line

15.18 Amortization Schedule Report

You can generate reports that show the details pertaining to amortization schedules in Oracle FLEXCUBE. Use 'Amortization Schedule' screen to generate this report.

You can invoke this screen by typing the code 'CLRPAMSC' on the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



In the given space, enter the loan account number for which you want to generate the amortization schedule details. Click the 'Ok' button to generate the report.

15.19 Payoff Calculator Reports

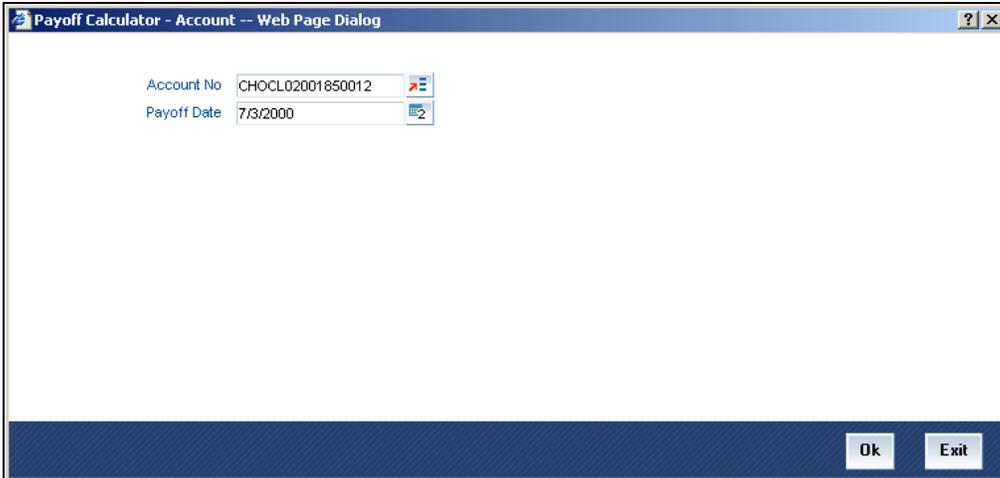
You can generate two reports for payoff calculation in Oracle FLEXCUBE. They are:

- Payoff Calculator – Account Report
- Payoff Calculator – Line Report

Payoff Calculator – Account Report

You can calculate the payoff values of a loan account and generate the details using 'Payoff Calculator – Account' screen.

To invoke the screen, type the code 'CLRPAYAC' on the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



You can generate this report for individual accounts, as of a specific payoff date. Specify the account number and the payoff date and click the 'Ok' button.

Contents of the Report

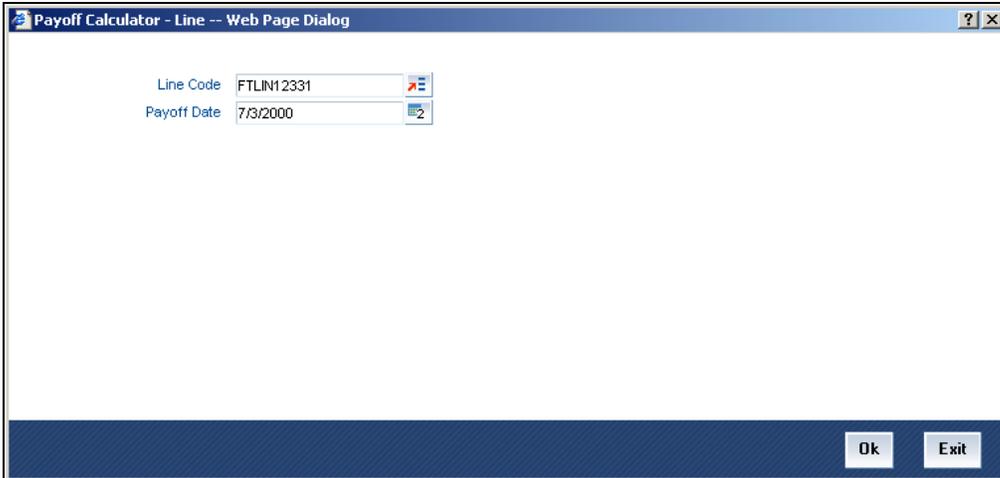
The payoff calculator - account report contains the following details:

- Pay off Values for the Loan Account
 - Principal and Interest Amount Due
 - Net Payoff
 - Prepayment Fees
- Component-wise Fees / Charges Details
 - Component Name
 - Fees / Charges
- Component-wise Per Diem / Projected Interest Due
 - Component Name
 - Per Diem
 - Projected Due

Payoff Calculator – Line Report

You can generate the details of loan history using 'Payoff Calculator – Line' screen.

To invoke the screen, type the code 'CLRPAYLM' on the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



You can generate this report for a line code, as of a specific payoff date. Specify the line code and the payoff date and click the 'Ok' button.

Contents of the Report

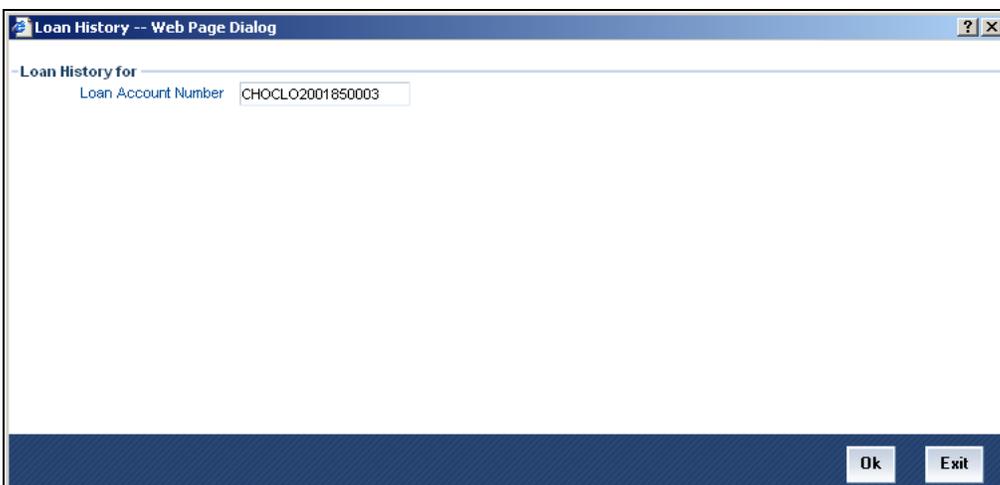
The payoff calculator - account report contains the following details:

- Component wise Fees / Charges details
 - Component Name
 - Fees and Charges
- Component wise Per Diem / Projected Interest Due
 - Component Name
 - Per Diem
 - Projected Due

Loan History Report

You can generate the loan history details using 'Loan History' screen.

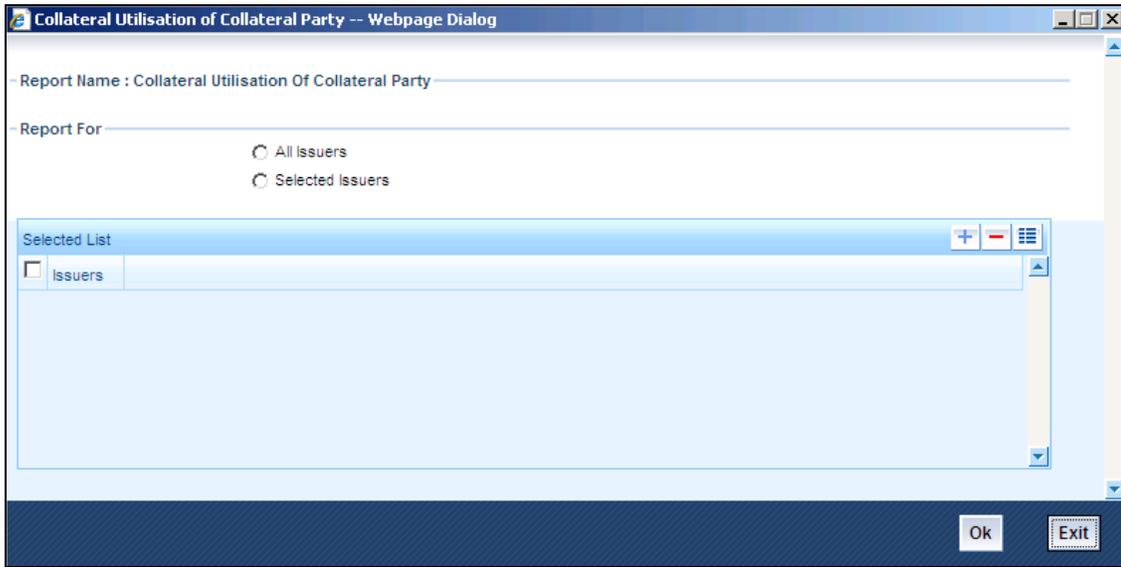
To invoke the screen, type the code 'CLRPLNHT' on the field at the top right corner of the Application tool bar and click on the adjoining arrow button.



You can view this report specific to any loan account. Enter the loan account number in the given space and click the 'Ok' button.

15.20 Collateral Utilization of Collateral Party Report

To generate the Collateral Utilization of Collateral Party report, invoke the related screen by typing 'LMRPCOUL' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

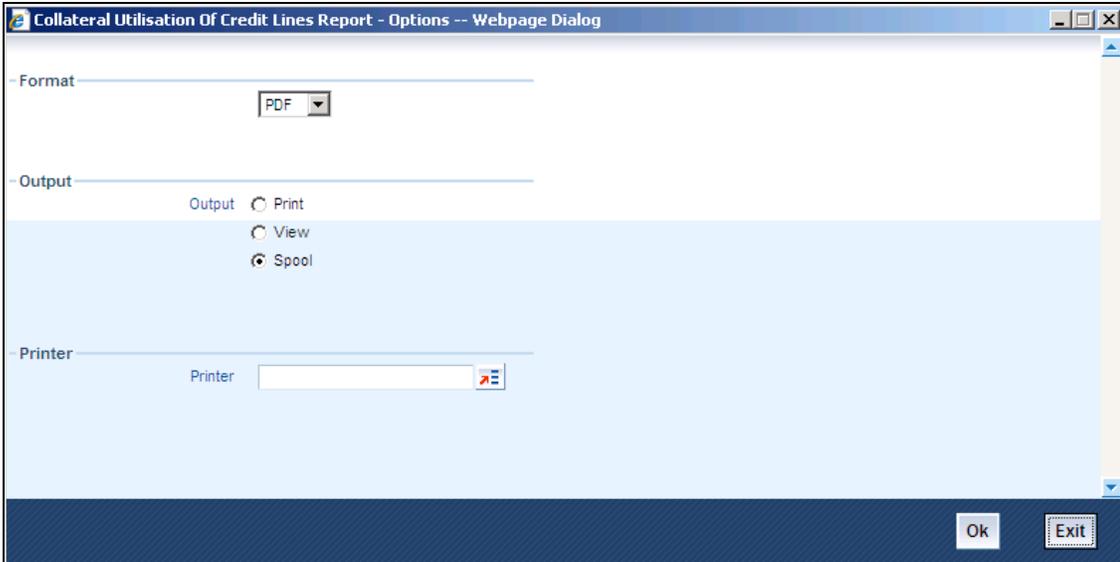
Issuer ID	The ID of the collateral's issuer
Overall Limit Ccy	Specifies the over all limit currency of the collateral
Overall Limit	Specifies the over all limit allowed on the collateral
Utilization	Specifies the amount utilized

For each Collateral Type, the following details are displayed;

Collateral Type	Specifies the type of collateral used
Liab ID	Specifies the ID of the liability
Line Cd	Specifies the line identification code
Line Serial	Specifies the serial number of the credit line
Sequence Number	Specifies the sequence number
Ccy	Specifies the ccy in which the Limit is expressed
Collateral Value	Specifies the value of the collateral
Collateral Value in Limit Ccy	Specifies the collateral value in Limit Ccy

15.21 Collateral Utilization of Credit Lines Report

To generate the Collateral Utilization of Collateral Party report, invoke the related screen by typing 'LMRPCOUT' in the field at the top right corner of the Application tool bar and clicking on the adjoining arrow button.



Selection Options

You can specify the following options for generation of report in the above screen:

- Format in which the report must be generated. For e.g. PDF
- Form of Output. You may choose one of the following:
 - Print – for printing the report out
 - View – for only viewing the report
 - Spool – for spooling to be printout as a batch later
- Printer to be used for printing the report out

Contents of the Report

The report options that you selected while generating this report are printed at the beginning of the report.

The contents of the report are discussed under the following heads:

Header

The Header carries the title of the Report, information on the branch code, the date and time of report generation, the user-ID of the user generating the report, and the page number.

Body of the Report

Liab ID	Specifies the ID of the liability
Customer Name	Specifies the name of the customer
Branch Code	Specifies the Branch code of the branch involved
Pool Code	Specifies the pool code

Pool Utilization	Specifies the amount utilized out of the pool
Collateral Currency	Specifies the currency of the collateral
Collateral Contribution	Specifies the amount contributed via the collateral
Linked Amount	Specifies the amount linked to the pool
Collateral Contribution in Line Currency	Specifies the collateral contribution in the line currency



Central Liability
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