

Covenant Tracking User Guide

Oracle Banking Credit Facilities Process Management

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Oracle Banking Credit Facilities Process Management User Guide
Oracle Financial Services Software Limited
Oracle Park
Off Western Express Highway
Goregaon (East)
Mumbai, Maharashtra 400 063
India

Worldwide Inquiries:
Phone: +91 22 6718 3000
Fax: +91 22 6718 3001
www.oracle.com/financialservices/

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Chapter 1 - Preface.fm

Preface

About this guide




This guide provides the user with all the information necessary to perform Covenant Tracking process in OBCFPM.

Intended Audience

This document is intended for the banking personnel responsible for performing Covenant Tracking process for the corporate customer.






Conventions Used

The following table lists the conventions that are used in this document:

Convention	Description
Italic	Italic denotes a screen name
Bold	Bold indicates <ul style="list-style-type: none">• Field name• Drop down options• Other UX labels
	This icon indicates a note
	This icon indicates a tip
	This icon indicates a warning

Common Icons in OBCFPM

The following table describes the icons that are commonly used in OBCFPM:

Icons	Icon Name
	Add icon
	Calendar icon
	Configuration / settings icon
	Delete icon
	Edit icon

Chapter 4 - Maintenance

Covenant Tracking Maintenance

Covenant is a promise in an indenture, or any other formal debt agreement, that certain activities will or will not be carried out or that certain thresholds will be met. In order to ensure the repayment of debt from the organization, banks need to set the covenant at the time of processing credit facility and continuously monitor the covenant during the entire period of agreement.

Maintenance module in OBCFPM is built-in with the following features to allow the bankers to easily define and monitor the covenant:

- Covenant Maintenance
- Monitoring Information Maintenance

Covenant Maintenance

This feature helps the banker to create and view the covenant master details.

Steps to create and view the covenant master details

1. Navigate to **Credit Facilities > Maintenance > Covenant Maintenance > Create Covenant Master Details**. *Create Covenant Master Details* page appears:

The screenshot shows a web form titled "Create Covenant Master Details". The form is divided into two main sections: "Covenant Details" and "Formula Details". The "Covenant Details" section contains several fields:

- Covenant Code**: Text input field containing "COV3".
- Covenant Name**: Text input field containing "Operations Covenant".
- Covenant Description**: Text input field containing "Operations Covenant".
- Classification Type**: Dropdown menu with "External" selected.
- Covenant Type**: Dropdown menu with "Financial" selected.
- Linkage Type**: Dropdown menu with "Facility" selected.
- Tracking Frequency**: Dropdown menu with "Quarterly" selected.
- Notice Days**: Spin box with "15" entered.
- Monitoring Information**: Text input field containing "Balance Sheet".
- Deferred Days**: Spin box with "5" entered.

The "Formula Details" section is currently collapsed and empty. At the bottom right of the form, there are "Save" and "Cancel" buttons.

In the *Covenant Details* section:

2. Type unique code for the covenant in **Covenant Code** field.
3. Type the name for covenant in the **Covenant Name** field.
4. Type a brief description about the covenant in the **Covenant Description** field.
5. Select the **Classification Type** for the covenant. The options available are: Internal and External.
6. Select the **Covenant Type** from the drop down list. The options available are: Financial, and Non Financial.

Chapter 4 - Maintenance

If 'Non-Financial' is selected as **Covenant Type**, the **Covenant Sub Type** field appears.

7. Select the **Covenant Sub Type** from the drop down list. The options available are: Asset Sale Covenants, Preservation of Collateral/Seniority, Reporting and Disclosure, Others, Cash Payout Covenants, Management, control and ownership, Investment Expenditure, and Operating Activity.
8. Select the **Linkage Type** from the drop down list. The options available are: Customer, Collateral, and Facility.
9. Select the **Tracking Frequency** for the covenant. The options available are: Weekly, FortNightly, Monthly, Quarterly, SemiAnnual, Annual, and Custom.

If 'Custom' option is selected as **Tracking Frequency**, the **Tracking Custom Days** field appears.

10. Specify the custom tracking frequency in **Tracking Custom Days** field.
11. Specify the **Notice Days** for the Covenant. The system will generate the covenant tracking task before the specified notice days from covenant due date.
12. Click and select the **Monitoring Information** from the list of information defined in the Monitoring Information Maintenance. The system will use the selected Monitoring Information to derive covenant compliance status.
13. To define a formula for the covenant, click and expand the **Formula Details** section.

The screenshot shows the 'Create Covenant Master Details' window. The 'Formula Details' section is expanded, revealing the 'Formula Builder'. It features a 'Variables' dropdown menu with the text 'Select Any Variable', an 'Operators' panel containing symbols for addition (+), subtraction (-), multiplication (*), division (/), percentage (%), parentheses (and), greater than (>), and less than (<), and a 'Custom Value' input field. Below the operators is a text area for the formula expression, currently displaying 'CABB + CI'. To the right of the text area is a 'Clear All' button. A status message below the text area reads 'Formula Is Valid : Valid Expression'. At the bottom of the window, there are 'Build Formula', 'Save', and 'Cancel' buttons. Below these buttons is a table with three columns: 'Covenant Target Condition', 'Target Type', and 'Target From Value'. The table contains one row with the values 'Equal to', 'Percentage', and '60'.

In **Formula Details** section:

14. Select the **Variables** from the drop down list.

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15. Select the **Operation** to be performed on the selected variable.
16. Type the **Custom Value** or select another **Variable**.

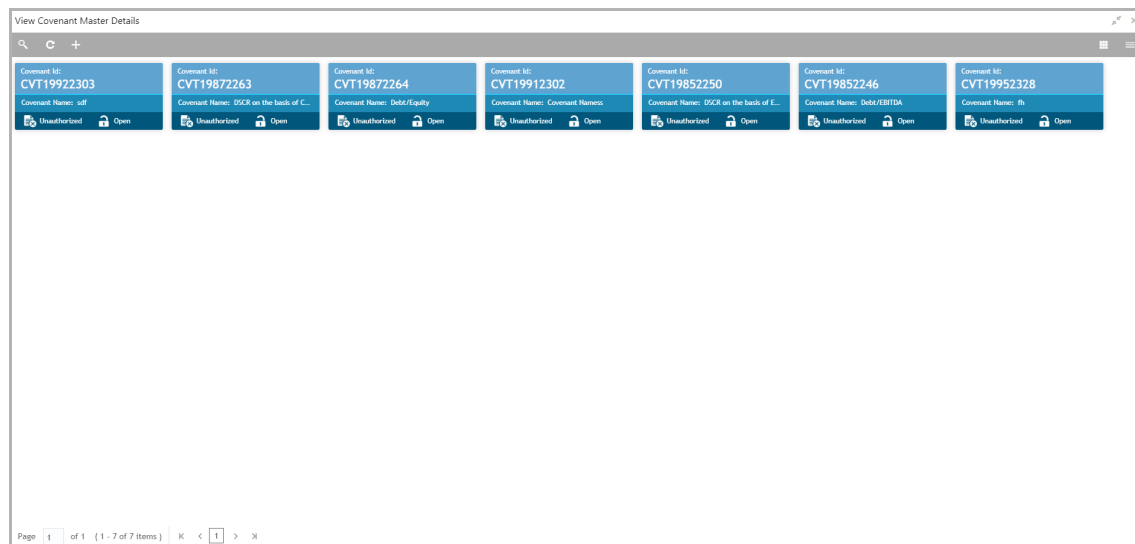
The Formula Panel dynamically builds the Formula based on the selected / provided Variables, Operators and Custom Value.

17. To clear the built formula, click **Clear All**.
18. To check if the formula is valid, view the **Formula Is Valid** value.
19. After adding the required operators and variables, click **Build Formula** to confirm the built formula.
20. Select the **Covenant Target Condition** from the drop down list.
21. Select the **Target Type** from the drop down list.
22. Specify the **Target From Value**. For example: If 100 is entered in **Target From Value** field and Percentage is selected as **Target Type**, then the target from value is considered as 100 %.

The result of calculation performed using the built formula must satisfy the Covenant Target Condition with respect to the Target From Value.

The covenant is breached, if the calculation result does not satisfy the Covenant Target Condition with respect to the Target From Value.

23. To save the master details, click **Save** in *Create Covenant Master Details* page.
24. To view the added covenant master details, navigate to **Credit Facilities > Maintenance > Covenant Maintenance > View Covenant Master Details**.



25. Double click on the required tile. The *Covenant Master Details* page appears:

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The screenshot shows the 'Covenant Master' application window. At the top, there are buttons for 'New', 'Copy', 'Unlock', and 'Authorize'. Below this is a section titled 'Covenant Details' containing a table of fields:

Covenant Code *	Covenant Name *	Covenant Description *	Classification Type *
CUCOV	Operations covenant	Operations covenant	External
Covenant Type *	Covenant Sub Type *	Linkage Type *	Tracking Frequency *
Non Financial	Operating Activity	Facility	Quarterly
Notice Days *	Monitoring Information	Deferred Days	
15	EMISSIONCERTIFICATE	0	

At the bottom left of the window is an 'Audit' button.

26. To edit the covenant details, click Unlock and modify the necessary details.



In order to link a covenant in an application, the covenant must be authorized by the Approver by clicking **Authorize** button.

Monitoring Information Maintenance

The Monitoring Information Maintenance allows you to define monitoring information which is used for deriving covenant compliance status. By default, the following monitoring information are factory shipped in the system:

- Balance Sheet
- Profit & Loss Statement
- Cash Flow Statement

You can use the above monitoring information as well as create new monitoring information based on requirement. In case of using default monitoring information, you cannot modify the elements that are fetched from the Financial Codes maintained for corresponding monitoring information.

Steps to create and view the monitoring information

27. To create monitoring information, navigate to **Credit Facilities > Maintenance > Monitoring Information Maintenance > Create Monitoring Information**. *Create Monitoring Information* page appears:

Chapter 4 - Maintenance

Monitoring Information

Monitoring Info Id: Collateral_Valuation_Report

Monitoring Description: Collateral Valuation report

Add

Element Code	Element Description
Valuation_Amount	Valuation Amount

Edit Delete

Save Cancel

28. In the **Monitoring Info Id** field, type a Unique ID for the Monitoring Information to be defined.

29. In the **Monitoring Description** field, type a description for the Monitoring Information to be defined.

30. To capture the elements for the Monitoring Information to be defined, click the **Add** Button. *Element Details* window appears:

Element Details

Element Code *

Element Description *

Create Cancel

31. In the **Element Code** field, enter the unique code for the element to be added.

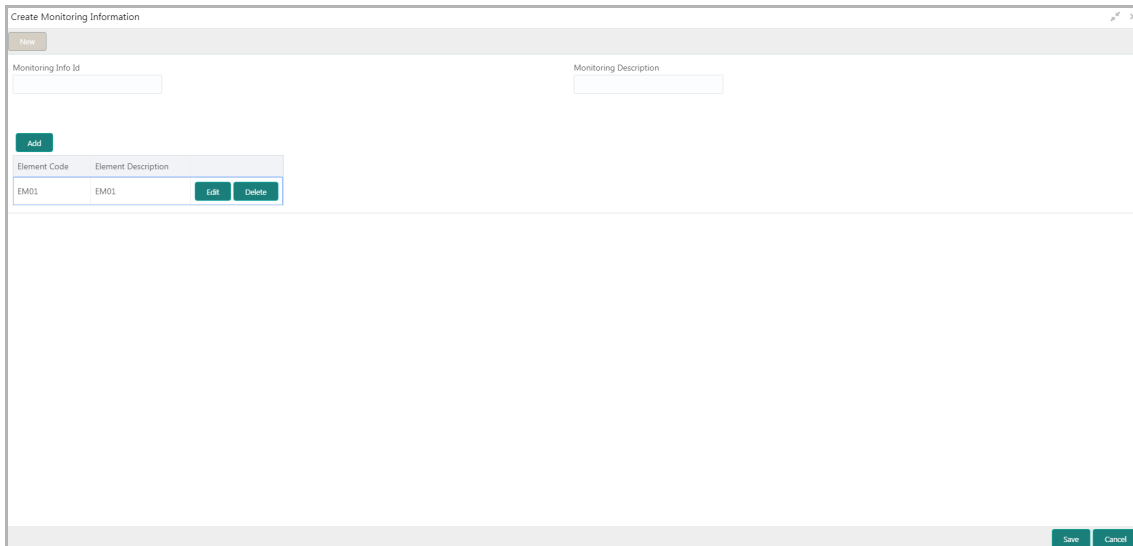
32. In the **Element Description** field, enter the description for the element to be defined.

33. To add the element, click the **Create** Button.

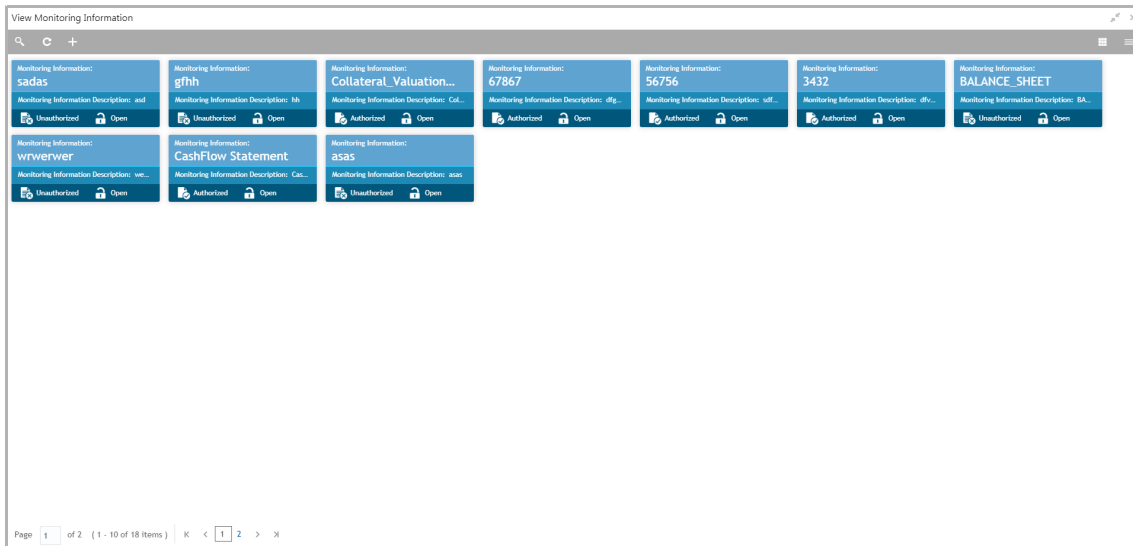
34. To exit the *Element Details* window, Click the **Cancel** Button.

Upon click the **Create** button, the element is added and displayed as shown below:

Chapter 4 - Maintenance



- 35. To modify the element details, click the **Edit** Button.
- 36. To remove the element details, click the **Delete** Button.
- 37. To save the monitoring information, click the **Save** Button in *Create Monitoring Information* page.
- 38. To view the monitoring information summary, navigate to **Credit Facilities > Maintenance > Monitoring Information > View Monitoring Information**.



- 39. Click on the required tile to view the particular monitoring information. *Monitoring Information* page appears:

Chapter 4 - Maintenance

Monitoring Information

Monitoring Info Id: Collateral_Valuation_Report

Monitoring Description: Collateral Valuation report

Add

Element Code	Element Description
Valuation_Amount	Valuation Amount

Edit Delete

Save Cancel

Chapter 4 - Covenant Tracking

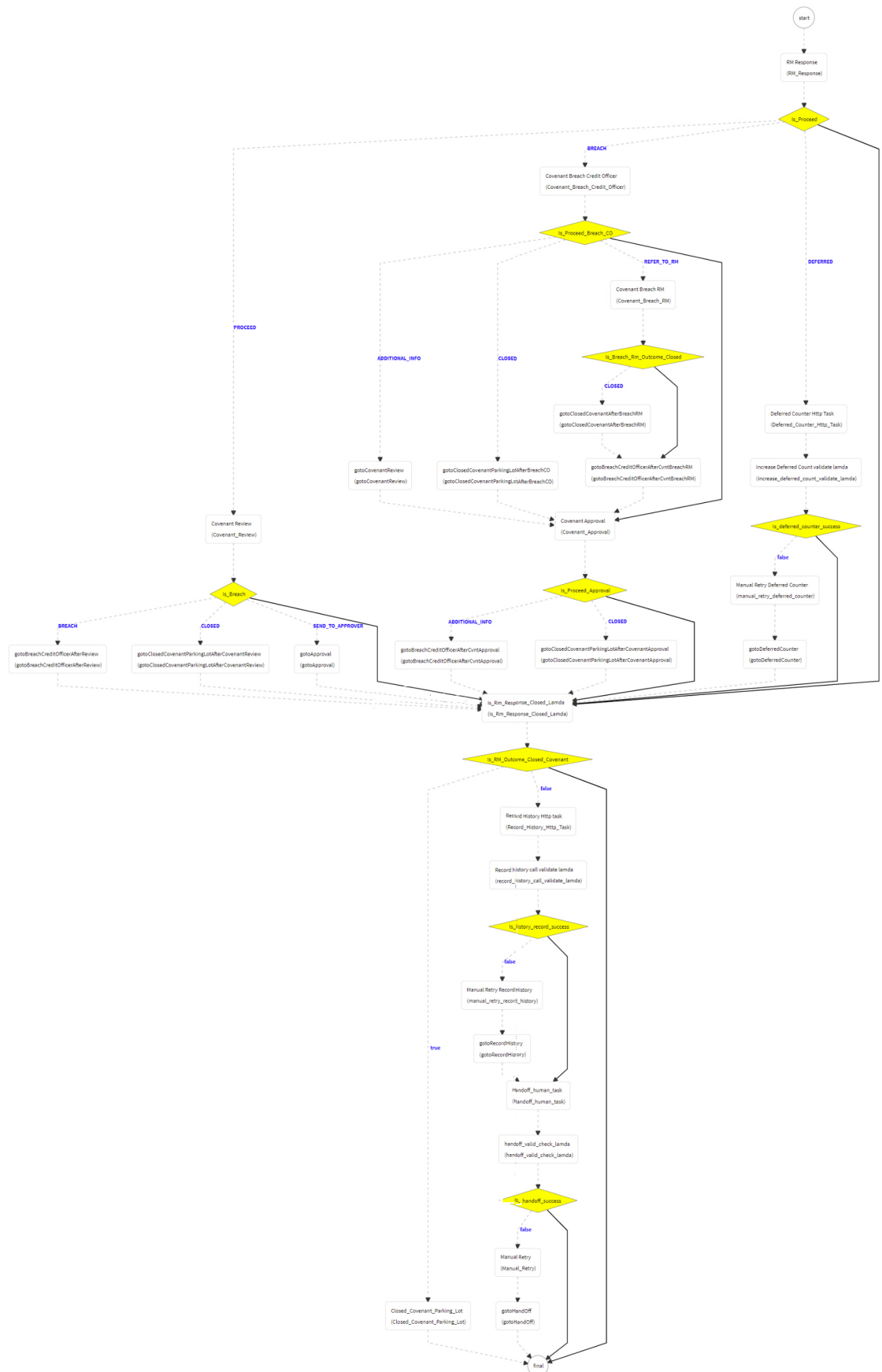
Covenant Tracking

Covenant tracking plays a major role in mitigating the risks associated with corporate lending, as the organization structure changes often over time. In OBCFPM, covenant tracking is automatically triggered with the help of a new batch program before the commencement of the covenant tracking period. Initiation of the covenant tracking before due date of the covenant prevents heavy loss that the bank might face due to covenant breach.

The batch program is designed to group the covenants based on their due dates and the monitoring information and trigger a single covenant tracking task for the group of covenants.

The flow diagram illustrating different stages in the Covenant Tracking process is provided below for reference:

Chapter 4 - Covenant Tracking

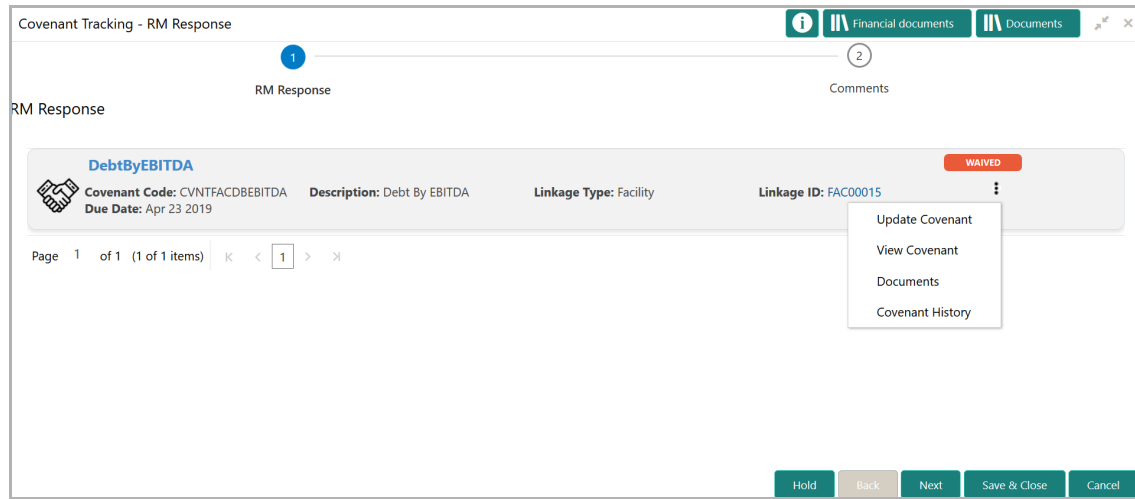


Chapter 4 - RM Response

RM Response

Covenant tracking task is automatically created with the covenant details and moved to the RM Response stage through covenant batch before the start of covenant tracking period. In this stage, RM has to interact with the customer and update the covenant details along with the required documents. If multiple covenants are part of the covenant tracking task, then all the covenant details are displayed and RM has to update the status and remarks for each covenant.

1. To **Acquire & Edit** the RM Response task, navigate to **Tasks > Free Tasks** and select the required task. The *RM Response* page appears:



In *RM Response* page, all the covenants that are due for RM review are listed. The RM can perform following actions for each covenant individually:

- **Update Covenant** details
- **View Covenant** details
- Upload / download **Documents**
- View **Covenant History**

Update Covenant:

2. To update the covenant details, click the hamburger icon in the covenant record and select **Update Covenant**. The *Covenant Details* window appears:

Chapter 4 - RM Response

The screenshot shows a 'Covenant Details' window with the following fields and values:

- Formula:** $(STD + LTD) / (PBT + INEXP + DEP + AMORT)$
- Target Type:** Select Covenant Target Type
- Covenant Check Condition:** Greater than
- Target Value:** 4
- Derived Result Value:** (Empty)
- Result Value:** (Empty)
- Derived Compliance Status:** (Empty)
- Compliance Status:** Breach
- Previous Compliance Status:** MET
- Deferred?:** Yes (radio), No (radio, selected)
- Deferred Days:** Enter Defer Days
- Deferred Count:** (Empty)
- Waiver Status:** Waive

Below the form is a rich text editor with a toolbar and a 'Post' button. The editor contains the text 'No items to display.' and has 'Update' and 'Cancel' buttons at the bottom right.

In the above window, the result value and the compliance status derived from the uploaded financial documents are displayed as **Derived Result Value** and **Derived Compliance Status**, respectively. However, the RM can capture their result value and compliance status for the covenants based on manual verification.



Refer Uploading Financial Document chapter and upload the financial documents to view the system derived value and status.

In the Covenant Details window, all the details (formula, target type, covenant check condition, and target value) maintained for the covenant are displayed only for reference purpose. You cannot modify the same.

To view covenant linkage details, click and expand the **Covenant Details** section.

3. Select the Covenant **Compliance Status** from the drop down list.

In this stage, the RM can specify only if the covenant is breached or not. If the covenant is not breached, the compliance status should not be selected and the covenant should not be deferred.

Chapter 4 - RM Response

4. To defer a covenant, select **Yes** under **Deferred?** field and specify the **Deferred Days**.

Mentioned Deferred Days will be compared with the maximum allowed deferred days set for the covenant.

The system displays the number of times a covenant has been deferred in the **Deferred Count** field.

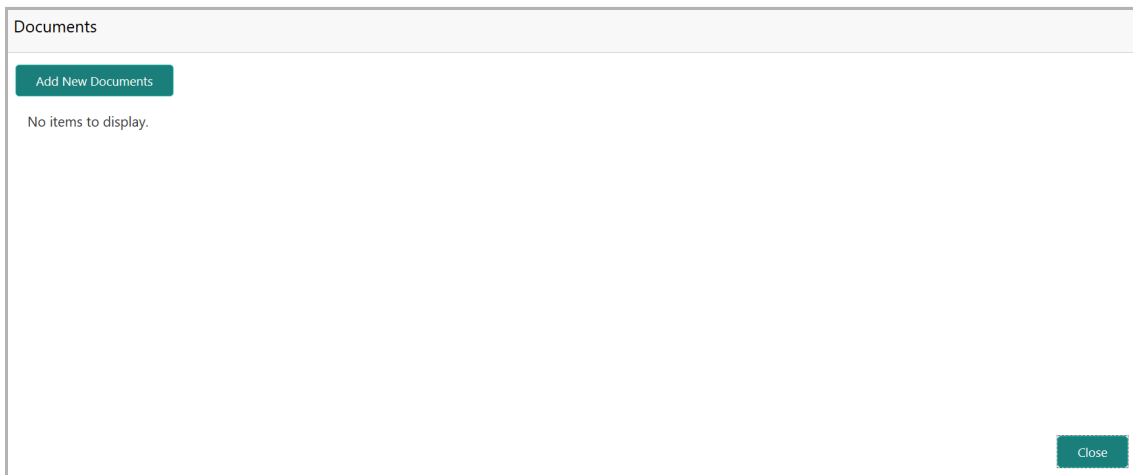
5. Select the **Waiver Status**, if the covenant is breached. The options available are Waive and Waive All.
6. In the comments text box, capture remarks for the covenant if any.
7. Click **Update**. The **Compliance Status** is updated in the *RM Response* page.

View Covenant:

8. To view the covenant details, click the hamburger icon in the covenant record and select **View Covenant**.

Documents:

9. To upload documents related to specific covenant, click the hamburger icon in the covenant record and select **Documents**. The *Documents* window appears:



10. Click **Add New Documents**. The following window appears:

Chapter 4 - RM Response

The screenshot shows a web form titled "Document". It has several input fields and sections:

- Document Type ***: A dropdown menu with "COLLATAGREE" selected.
- Document Type Description**: A text field containing "Collateral Agreement".
- Document Code ***: A dropdown menu with "COLAGRDOC" selected.
- Document Code Description**: A text field containing "Legal Aggrement Document".
- Document Expiry Date ***: A date picker showing "Mar 31, 2022".
- Remarks**: A large text area for notes.
- Drop files here or click to select**: A dashed box for file uploads.
- Selected Files**: A list showing one file: "BLS_FINAL.xls".
- Link Document**: A section with "Total selected count: 0" and "0 documents are selected for this category".
- No items to display.**: A message in a list area.
- Buttons**: "Upload" and "Close" buttons at the bottom right.

11. Search and select the **Document Type** and **Document Code**. Document types and codes maintained in the Maintenance module are displayed in the LOV.

Document Type Description and **Document Code Description** maintained for the selected Document Type and Document Code get defaulted.

12. Click the calendar icon in the **Document Expiry Date** field and select the expiry date of document to be uploaded.

13. Specify **Remarks** for the document, if any.

14. In the **Drop files here or click to select** section, click and upload or drag and drop the required document. Total selected count is updated to display the number of documents added.

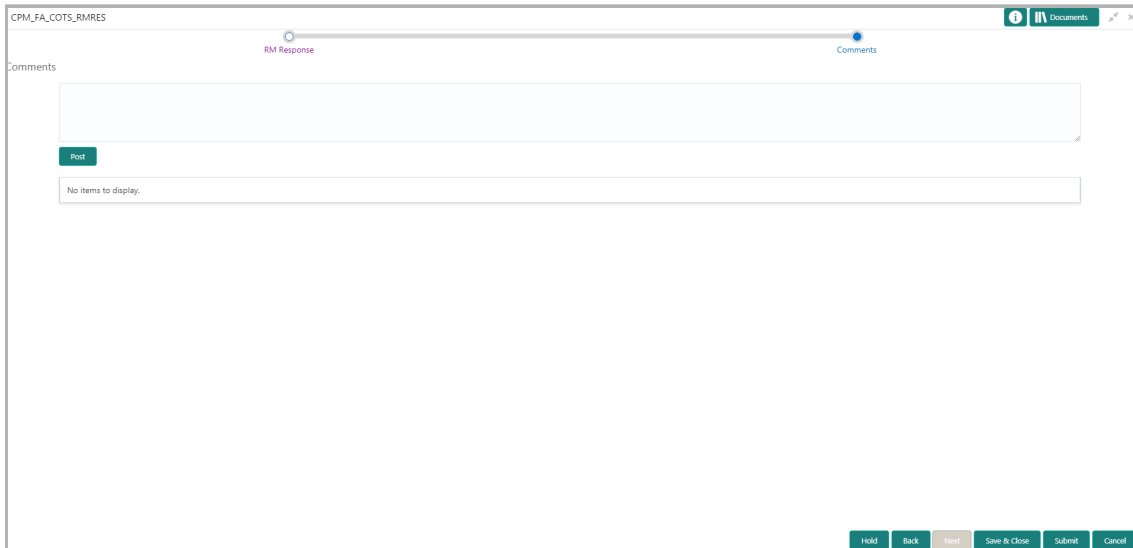
15. Click **Upload**. Document is uploaded and displayed in the *Documents* window.

Covenant History:

16. To view the history of specific covenant, click the hamburger icon in the covenant record and select **Covenant History**.

17. To go to the *Comments* page, click **Next**.

Chapter 4 - RM Response



18. **Post** comments for this stage, if required. Posted comments are displayed at the bottom of **Comments** box.
19. Click **Submit**. Checklists maintained for the stage are displayed.
20. Verify all the checklist and select the **Outcome**. The options available for outcome are: DEFERRED, BREACH and CLOSED.
21. Click **Submit**.

If the Outcome is selected as DEFERRED, the covenant tracking task is directly moved to **Handoff** stage.

If the Outcome is selected as BREACH, the covenant tracking task is moved to **Covenant Breach – Credit Officer** stage.

If the Outcome is selected as PROCEED, the covenant tracking task is moved to the **Covenant Review** stage.

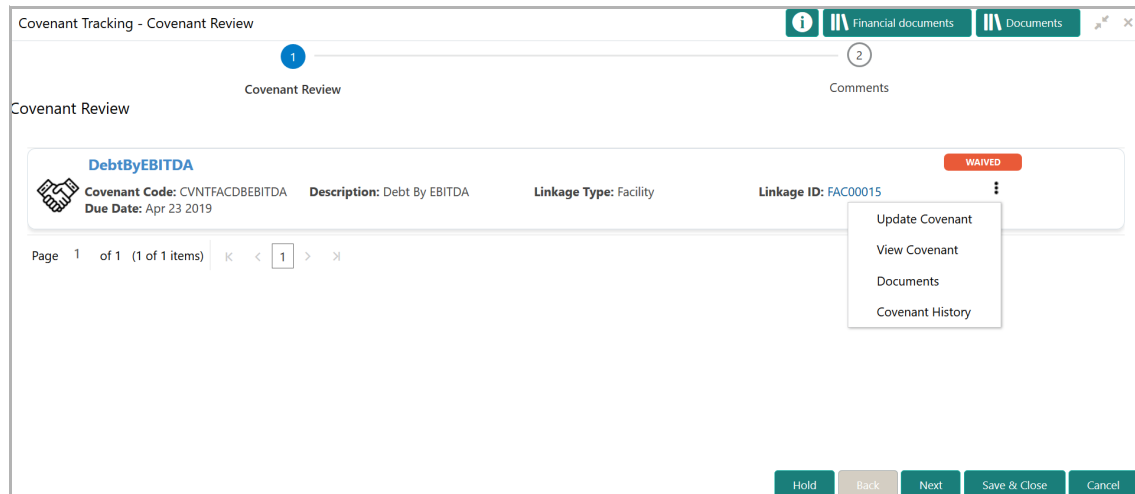
If the Outcome is selected as CLOSED, the application gets closed.

Chapter 4 - Covenant Review

Covenant Review

In this stage, the credit or monitoring team must derive the covenant formula with the available Document/MIS/Financial Information and check if the borrower has either met or breached the covenant. The system also derives the formula and displays the compliance status automatically for all the covenants for which monitoring information is available in Balance Sheet, P & L or Cash Flow Statement.

1. To **Acquire & Edit** the Covenant Review task, navigate to **Tasks > Free Tasks** and select the required task. The *Covenant Review* page appears:



In *Covenant Review* page, the following actions can be performed for each covenant individually:

- **Update Covenant** details
- **View Covenant** details
- Upload / download **Documents**
- View **Covenant History**

Update Covenant

2. To update the covenant details, click the hamburger icon in the covenant record and select **Update Covenant**. The *Covenant Details* window appears:

Chapter 4 - Covenant Review

The screenshot shows a 'Covenant Details' window with the following fields and values:

- Formula:** $(STD + LTD) / (PBT + INEXP + DEP + AMORT)$
- Target Type:** Select Covenant Target Type
- Covenant Check Condition:** Greater than
- Target Value:** 4
- Derived Result Value:** (empty text box)
- Result Value:** (empty text box)
- Derived Compliance Status:** (empty text box)
- Compliance Status:** Breach (dropdown menu)
- Previous Compliance Status:** MET
- Deferred Count:** (empty text box)
- Waiver Status:** Waive (dropdown menu)

Below the fields is a rich text editor with a toolbar and a 'Post' button. At the bottom, there is a 'No items to display.' message and 'Update' and 'Cancel' buttons.

In the above window, the result value and the compliance status derived from the uploaded financial documents are displayed as **Derived Result Value** and **Derived Compliance Status**, respectively. However, the covenant reviewer can capture their result value and compliance status for the covenants based on manual verification.



Refer Uploading Financial Document chapter and upload the financial documents to view the system derived value and status.

In the Covenant Details window, all the details (formula, target type, covenant check condition, and target value) maintained for the covenant are displayed only for reference purpose. You cannot modify the same.

To view covenant linkage details, click and expand the **Covenant Details** section.

3. Specify the **Result Value** which is manually derived from the financial documents using covenant formula.
4. Select the covenant **Compliance Status** from the drop down list. The options available are Met and Breached.

If the **Compliance Status** is selected as Met, the **Waiver Status** must not be selected.

Chapter 4 - Covenant Review

The system displays the status of previous compliance and the number of times a covenant has been deferred in the **Previous Compliance Status** and **Deferred Count** fields, respectively.

5. Select the **Waiver Status**, if the covenant is breached. The options available are Waive and Waive All.
6. In the comments text box, capture remarks for the covenant if any.
7. Click **Update**. The **Compliance Status** is updated in the *Covenant Review* page.

View Covenant:

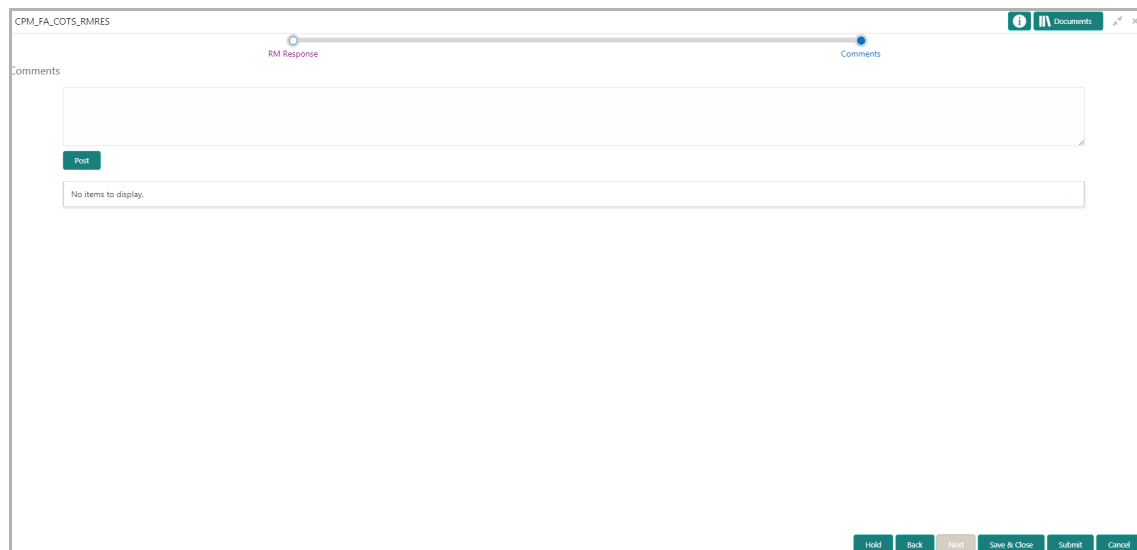
8. To view the covenant details, click the hamburger icon in the covenant record and select **View Covenant**.

Documents:

Refer “[Documents:](#)” on page 14 for information on uploading covenant related documents.

Covenant History:

9. To view the history of specific covenant, click the hamburger icon in the covenant record and select **Covenant History**.
10. To go to the *Comments* page, Click **Next**.



11. **Post** comments for this stage, if required. Posted comments are displayed at the bottom of **Comments** box.
12. Click **Submit**. Checklists maintained for the stage are displayed.
13. Verify all the checklist and select the **Outcome**. The options available for outcome are: PROCEED, BREACH, CLOSED, and SEND_TO_APPROVER.
14. Click **Submit**.

Chapter 4 - Covenant Review

If the Outcome is selected as PROCEED, covenant details are handed off to back office system (OBELCM) and the covenant tracking process gets completed.

If the Outcome is selected as BREACH, the covenant tracking application is moved to **Covenant Breach – Credit Officer** stage.

If the Outcome is selected as CLOSED, the covenant tracking application gets closed.

If the Outcome is selected as SEND_TO_APPROVER, the covenant tracking application is moved to **Covenant Approval** stage.

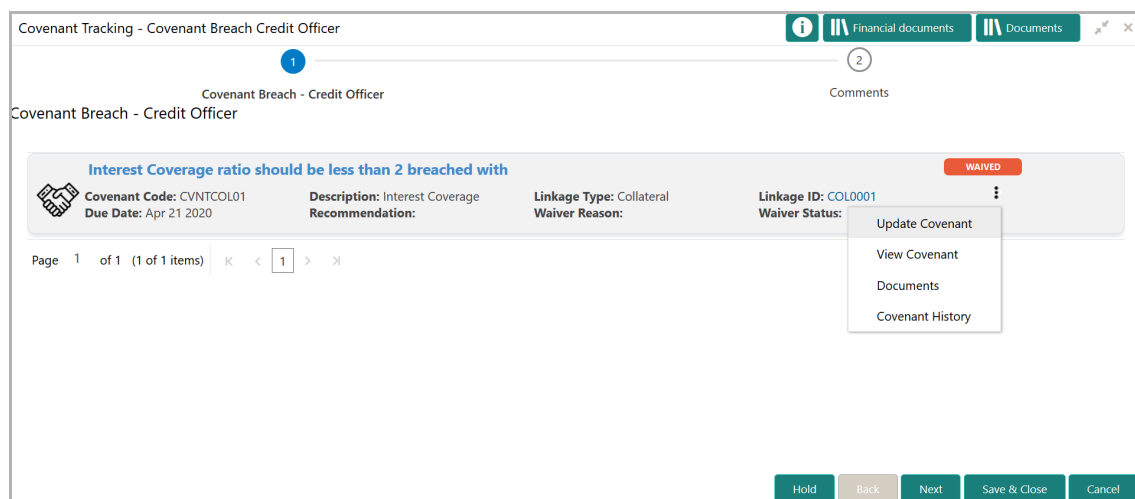
Chapter 4 - Breach - Credit Officer

Covenant Breach - Credit Officer

In this stage, the Credit Officer has to discuss about the covenant breach with the client and capture the reason for breach. If the covenant is breached temporarily, then the Credit Officer can request for a waiver on covenant check for the particular period from the Risk team.

If the borrower mentions that the breach will continue in future as well, then the Credit Officer can request for a complete removal of covenant, take remedial action, request to withdraw the facility, or take any other corrective action.

1. To **Acquire & Edit** the Covenant Breach - Credit Officer task, navigate to **Tasks > Free Tasks** and select the required task. The *Covenant Breach - Credit Officer* page appears:



In *Covenant Breach - Credit Officer* page, the following actions can be performed for each covenant individually:

- **Update Covenant** details
- **View Covenant** details
- Upload / download **Documents**
- View **Covenant History**

Update Covenant

2. To update the covenant details, click the hamburger icon in the covenant record and select **Update Covenant**. The *Covenant Details* window appears:

Chapter 4 - Breach - Credit Officer

The screenshot shows a window titled "Covenant Details" with a close button (X) in the top right corner. The window is divided into two main sections: "Compliance Details" and "Credit Officer Opinion".

Compliance Details:

- Formula:** (PBT + INEXP) / INEXP
- Target Type:** Ratio
- Covenant Check Condition:** Less than
- Target Value:** 2
- Derived Result Value:** (blank)
- Result Value:** (blank)
- Derived Compliance Status:** (blank)
- Compliance Status:** Breach
- Previous Compliance Status:** BREACH
- Deferred Count:** (blank)
- Waiver Status:** Waive

Credit Officer Opinion:

This section features a rich text editor with a toolbar containing icons for undo, redo, bold, italic, underline, strikethrough, text color, font size, bulleted list, numbered list, indent, outdent, link, unlink, table, and a right arrow. Below the toolbar is a text area labeled "Enter Overall Comments". A "Post" button is located at the bottom right of this section. Below the text area, a message states "No items to display." At the bottom right of the entire window, there are "Update" and "Cancel" buttons.

In the above window, covenant details derived by the system as well as captured by the users in previous stage are displayed. The Credit Officer can modify the covenant details only if the fields are set as editable in Business Process maintenance.



To upload financial documents in this stage, refer Uploading Financial Document chapter.

To view covenant linkage details, click and expand the **Covenant Details** section.

3. In the **Credit Officer Opinion** section, capture comments for the covenant if any.
4. Click **Post**. Comments are posted below the comments text box.
5. Click **Update**.

View Covenant:

6. To view the covenant details, click the hamburger icon in the covenant record and select **View Covenant**.

Chapter 4 - Breach - Credit Officer

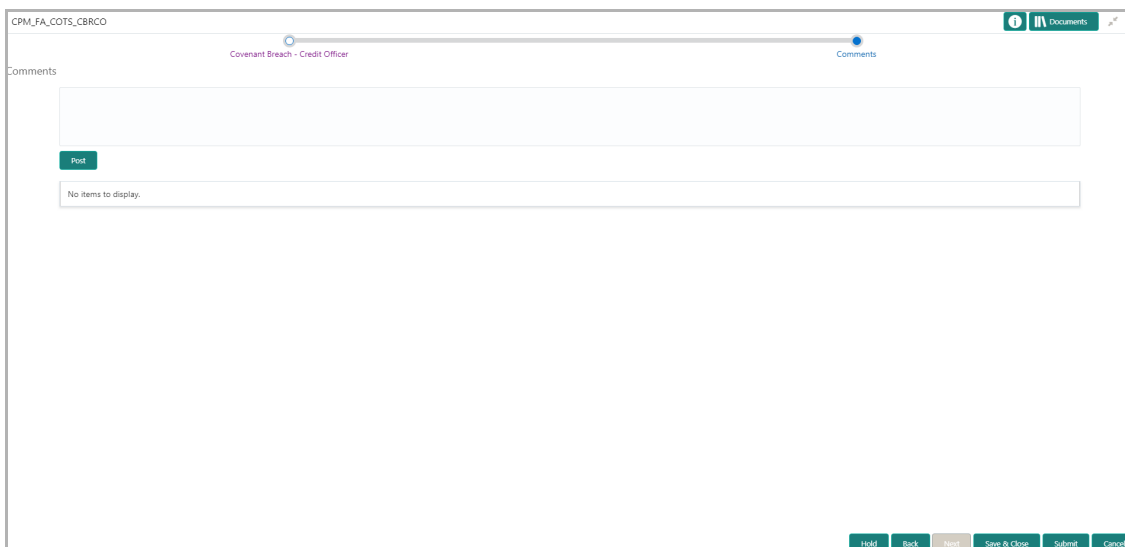
Documents:

Refer “[Documents:](#)” on page 14 for information on uploading covenant related documents.

Covenant History:

7. To view the history of specific covenant, click the hamburger icon in the covenant record and select **Covenant History**.

8. To go to the *Comments* page, click **Next**.



9. **Post** comments for this stage, if required. Posted comments are displayed at the bottom of **Comments** box.

10. Click **Submit**. Checklists maintained for the stage are displayed.

11. Verify all the checklist and select the **Outcome**. The options available for outcome are: PROCEED, ADDITIONAL_INFO, REFER_TO_RM, and CLOSED.

If the outcome is selected as PROCEED, the covenant tracking task is moved to **Covenant Approval** stage.

If the outcome is selected as ADDITIONAL_INFO, the task is moved to **Covenant Review** stage.

If the outcome is selected as REFER_TO_RM, the task is moved to **Covenant Breach – RM** stage.

If the Outcome is selected as CLOSED, the covenant tracking application gets closed.

Chapter 4 - Breach - RM

Covenant Breach - RM Stage

In this stage, the RM has to discuss about the covenant breach with the client and capture the reason for breach. If the covenant is breached temporarily, then the RM can request for a waiver on covenant check for the particular period from the Risk team.

If the borrower mentions that the breach will continue in future as well, then the RM can request for a complete removal of covenant, take remedial action, request to withdraw the facility, or take any other corrective action.

1. To **Acquire & Edit** the Covenant Breach - RM task, navigate to **Tasks > Free Tasks** and select the required task. The *Covenant Breach - RM* page appears:


Covenant Breach - RM

1 2

Covenant Breach - RM

Comments

Interest Coverage ratio should be less than 2 breached with **WAIVED**

	Covenant Code: CVNTCOL01 Due Date: Apr 21 2020	Description: Interest Coverage Recommendation:	Linkage Type: Collateral Waiver Reason:	Linkage ID: COL0001 Waiver Status:
---	---	---	--	---

Page 1 of 1 (1 of 1 items) < 1 >

Hold Back Next Save & Close Cancel

In *Covenant Breach - RM* page, the following actions can be performed for each covenant individually:

- **Update Covenant** details
- **View Covenant** details
- Upload / download **Documents**
- View **Covenant History**

Update Covenant

2. To update the covenant details, click the hamburger icon in the covenant record and select **Update Covenant**. The *Covenant Details* window appears:

Chapter 4 - Breach - RM

The screenshot shows a window titled "Covenant Details" with a close button (X) in the top right corner. The window is divided into several sections:

- Covenant Details**: A collapsed section at the top.
- Compliance Details**: An expanded section containing:
 - Formula**: $(PBT + INEXP) / INEXP$
 - Target Type**: Ratio
 - Covenant Check Condition**: Less than
 - Target Value**: 2
 - Derived Result Value**: (blank)
 - Result Value**: (blank)
 - Derived Compliance Status**: (blank)
 - Compliance Status**: Breach
 - Previous Compliance Status**: BREACH
 - Deferred Count**: (blank)
 - Waiver Status**: Waive
- Relationship Manager Opinion**: A section with a rich text editor containing:
 - A toolbar with icons for undo, redo, bold, italic, underline, strikethrough, text color, background color, bulleted list, numbered list, link, unlink, table, insert table, link icon, unlink icon, print, and refresh.
 - A text area with the placeholder "Enter Overall Comments".
 - A "Post" button at the bottom right of the text area.
 - A message "No items to display." below the text area.
 - "Update" and "Cancel" buttons at the bottom right of the entire window.

In the above window, covenant details derived by the system as well as captured by the users in previous stage are displayed. The RM can modify the covenant details only if the fields are set as editable in Business Process maintenance.



To upload financial documents in this stage, refer Uploading Financial Document chapter.

To view covenant linkage details, click and expand the **Covenant Details** section.

3. In the **Relationship Manager Opinion** section, capture comments for the covenant if any.
4. Click **Post**. Comments are posted below the comments text box.
5. Click **Update**.

View Covenant:

6. To view the covenant details, click the hamburger icon in the covenant record and select **View Covenant**.

Chapter 4 - Breach - RM

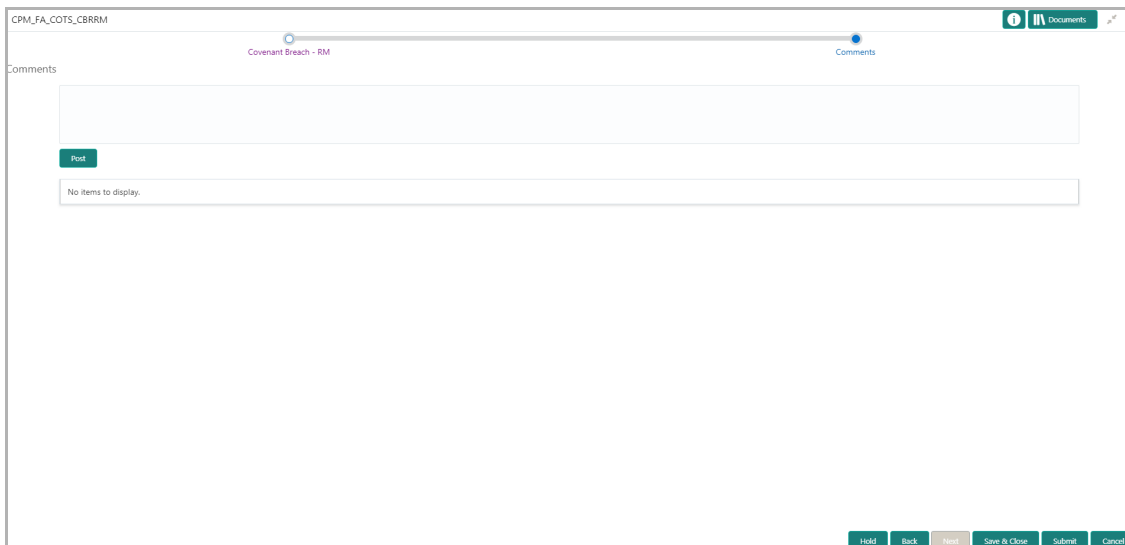
Documents:

Refer “[Documents:](#)” on page 14 for information on uploading covenant related documents.

Covenant History:

7. To view the history of specific covenant, click the hamburger icon in the covenant record and select **Covenant History**.

8. To go to the *Comments* page, click **Next**.



9. **Post** comments for this stage, if required. Posted comments are displayed at the bottom of **Comments** box.

10. Click **Submit**. Checklists maintained for the stage are displayed.

11. Verify all the checklist and select the **Outcome**. The options available for Outcome are: PROCEED and CLOSED

12. Click **Submit**.

If the outcome is selected as PROCEED, the covenant tracking task is moved to **Covenant Breach – Credit Officer** stage.

If the Outcome is selected as CLOSED, the covenant tracking application gets closed.

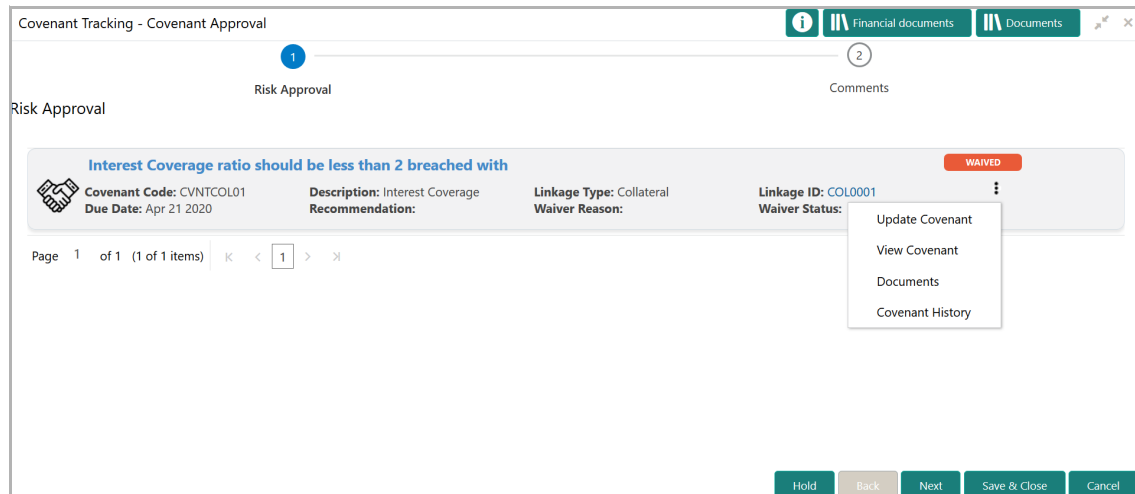
Chapter 4 - Covenant Approval

Covenant Approval

In this stage, the Risk Approver can view the entire details of the linked transaction (Customer, Facility, and Collateral along with the status) and specify their own recommendation.

Once the risk team approves the covenant, covenant waiver letter is sent to the borrower.

1. To **Acquire & Edit** the **Risk Approval** task, navigate to **Tasks > Free Tasks** and select the required task. *Risk Approval* page appears:



In *Covenant Approval* page, the following actions can be performed for each covenant individually:

- **Update Covenant** details
- **View Covenant** details
- Upload / download **Documents**
- View **Covenant History**

Update Covenant

2. To update the covenant details, click the hamburger icon in the covenant record and select **Update Covenant**. The *Covenant Details* window appears:

Chapter 4 - Covenant Approval

The screenshot shows a 'Covenant Details' window with the following sections:

- Covenant Details** (expanded):
 - Compliance Details**:
 - Formula: $(PBT + INEXP) / INEXP$
 - Target Type: Ratio
 - Covenant Check Condition: Less than
 - Target Value: 2
 - Derived Result Value: Result Value
 - Derived Compliance Status: Breach
 - Compliance Status: Breach
 - Previous Compliance Status: BREACH
 - Deferred Count: Waive
 - Waiver Status: Waive
 - Risk Approver Decision**:
 - Enter Overall Comments: A text area with a rich text editor toolbar (bold, italic, underline, font color, font size, bulleted list, numbered list, indent, outdent, link, unlink, table, grid, right arrow).
 - Buttons: Post, Update, Cancel

In the above window, covenant details derived by the system as well as captured by the users in previous stage are displayed. The Approver can modify the covenant details only if the fields are set as editable in Business Process maintenance.



To upload financial documents in this stage, refer [Uploading Financial Document](#) chapter.

To view covenant linkage details, click and expand the **Covenant Details** section.

3. In the **Risk Approver Decision** section, capture comments for the covenant if any.
4. Click **Post**. Comments are posted below the comments text box.
5. Click **Update**.

View Covenant:

6. To view the covenant details, click the hamburger icon in the covenant record and select **View Covenant**.

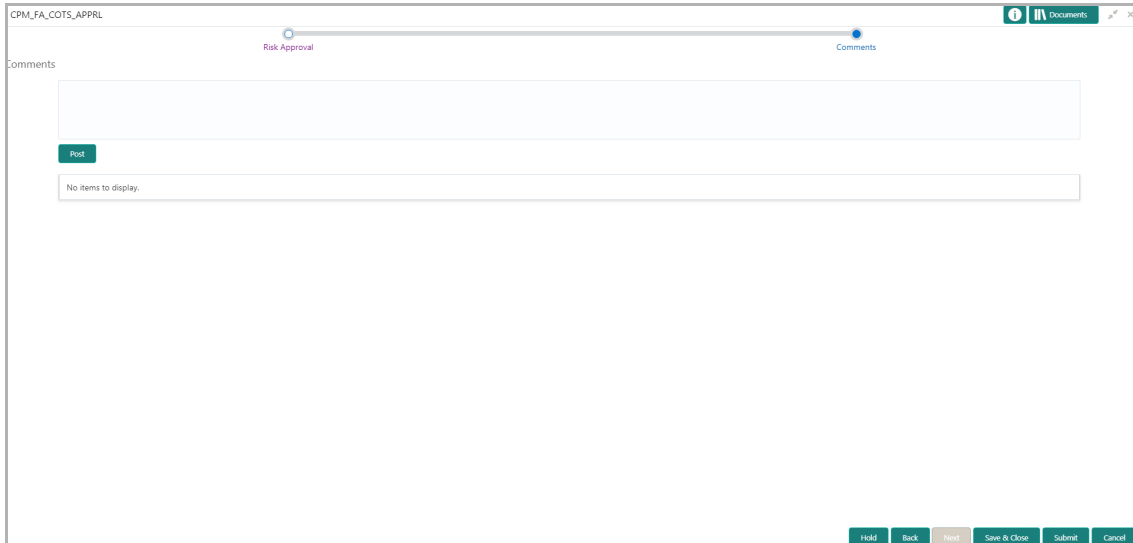
Documents:

Refer [“Documents:” on page 14](#) for information on uploading covenant related documents.

Chapter 4 - Covenant Approval

Covenant History:

7. To view the history of specific covenant, click the hamburger icon in the covenant record and select **Covenant History**.
8. To go to the *Comments* page, click **Next**.



9. **Post** comments for this stage, if required. Posted comments are displayed at the bottom of **Comments** box.
10. Click **Submit**. Checklists maintained for the stage are displayed based on the application category.
11. Verify all the checklist and select the **Outcome**. The options available for Outcome are: PROCEED and ADDITIONAL_INFO.
12. Click **Submit**.

If the outcome is selected as PROCEED, the covenant tracking task is moved to **Handoff** stage.

If the outcome is selected as ADDITIONAL_INFO, the covenant tracking task is moved to **Covenant Breach – Credit Officer** stage.

Chapter 4 - Handoff

Hand Off to Back Office System

Once the covenant is successfully approved, the covenant details are automatically handed off to the back office system. If the automatic handoff fails, then the system moves the Handoff task to the Manual Retry Stage.

Chapter 4 - Handoff - Manual Retry

Hand Off - Manual Retry

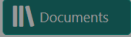
Manual Retry task is created for the failed Handoff task to manually hand over the covenant details to back office system. In this stage, the credit officer or the risk officer will go through the error details and take necessary steps to solve the errors operationally.

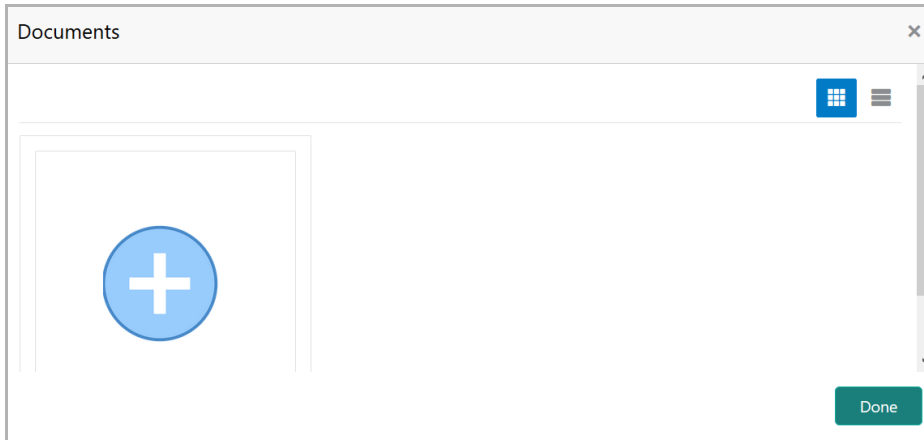
Chapter 4 - Supporting Documents

Uploading Supporting Documents

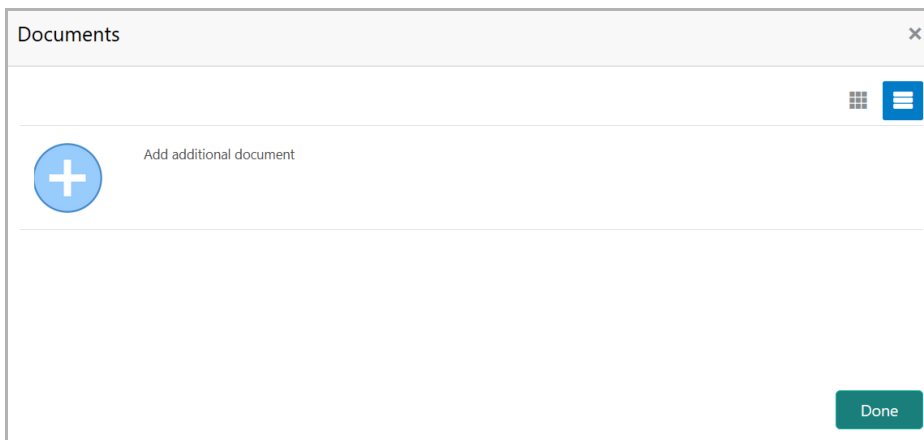
In OBCFPM, covenant related documents can be uploaded in any stage of Covenant Tracking process. Uploading the covenant related documents help the covenant approver in making better decisions.

Steps to upload documents

1. Click  at the top right corner of any page. *Documents* window appear:



2. To change the table view to the list view, click the list icon at the top right corner. *Documents* window appears as shown below:



3. Click the add icon. *Document Details* window appears:

Chapter 4 - Supporting Documents

Document

Document Type *
Closure Documents

Document Code *
Closure Documents

Document Title *
Facility Payment Bills

Document Description

Remarks
Paid

Document Expiry Date
Mar 21, 2020

Drop files here or click to select

Selected files: ["pdf-PDF-Invoice3.pdf"]

Upload

4. Select the **Document Type** and **Document Code** from the drop down list. The options available are: Amendment Documents, Proposal Documents and Closure Documents.
5. Type the **Document Title**.
6. Type the **Document Description** that best describes the document.
7. Type the Remarks based on your need.
8. Click the calendar icon and select the **Document Expiry Date**.
9. In **Drop files here or click to select** area, drag and drop the documents or click and select the documents. Selected files are displayed at the bottom.



To upload multiple supporting documents at the same time, drag and drop or click and select all the documents.

10. Click **Upload**. *Checklist* window appears:

Chapter 4 - Supporting Documents

Checklist

Proposal Enrichment

Company Registration document Uploaded Remarks

Incorporation document Uploaded Remarks

Collateral document Uploaded Remarks

* Outcome Proceed Submit

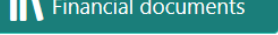
11. Select the **Outcome** as **Proceed**.
12. Click **Submit**. Document is uploaded and listed in Document window.
13. To edit or delete the document, click the edit or delete icons.

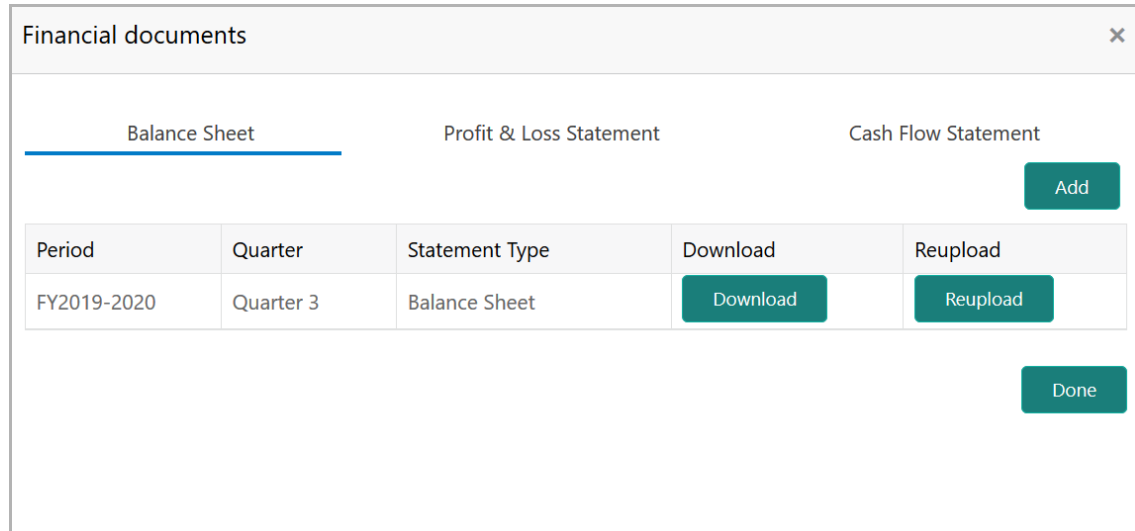
Chapter 4 - Financial Documents

Uploading Financial Documents

Financial documents are mandatory for the system to derive compliance status of covenants. It must be uploaded before performing other actions in all the stages.

Steps to upload financial documents

1. Click  at the top right corner of any page. The *Financial Documents* window appear:



Period	Quarter	Statement Type	Download	Reupload
FY2019-2020	Quarter 3	Balance Sheet	Download	Reupload

In the above window, you can upload the following documents for financial covenant verification:

- Balance Sheet
- Profit & Loss Statement
- Cash Flow Statement

2. To upload a specific financial document, click on the corresponding tab and then click **Add**. The *Document Upload* window appears:

Chapter 4 - Financial Documents

The screenshot shows a window titled "Balance Sheet Details". At the top, there are two dropdown menus: "Period *" with the value "FY2019-2020" and "Quarter *" with the value "Q3". Below these is a large dashed rectangular area containing the text "Drop files here or click to select". Underneath this area is the text "Current selected files:". At the bottom right of the window are two buttons: "Cancel" and "Add".

3. Select the **Period** and **Quarter** for which you want to upload financial documents.
4. In the **Drop files here or click to select** section, click and upload or drag and drop the required document. Current selected files count is updated to display the number of documents added.
5. Click **Add**. Document is uploaded and displayed in the *Financial Documents* window.
6. To download the added document, click **Download** in the Download column.
7. To upload the document again, click **Reupload** in the Reupload column. This will override the already uploaded document.
8. To exit the *Financial Documents* window, click **Done**.

Chapter 4 - Reference and Feedback

Reference and Feedback

References

For more information on any related features, you can refer to the following documents:

- Oracle Banking Procedure User Guide
- Oracle Banking SMS User Guide
- Oracle Banking Common Core
- Oracle Banking Credit Facilities Process Management Installation Guides

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