Oracle® Banking Credit Facilities Process Management Cloud Service

Covenant Tracking User Guide

Release 14.7.4.0.0
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Oracle Banking Credit Facilities Process Management Cloud Service Covenant Tracking User Guide, Release 14.7.4.0.0

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Contents

1 Preface

1.1 About this Guide

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

1.2 Intended Audience

This document is intended for the banking personnel responsible for tracking covenants set for the corporate customer.

1.3 Conventions Used

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

Table 1-1 Conventions Used

Convention	Description
Bold	Bold indicates: • Field Name • Screen Name • Drop-down Options • Other UX labels
	This icon indicates a Note.

Figure 1-1 Note

1.4 Common Icons in OBCFPM

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

Table 1-2   Common Icons

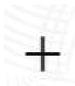
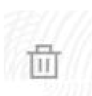
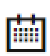
Icons	Purpose
Figure 1-2 Add 	To add new record.
Figure 1-3 Edit 	To modify existing record.
Figure 1-4 Delete 	To delete a record.
Figure 1-5 Calendar 	To select start or end date.
Figure 1-6 Upload 	To upload a record.

Table 1-2 (Cont.) Common Icons

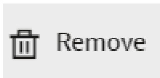
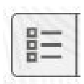
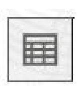
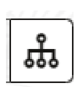
Icons	Purpose
Figure 1-7 Remove 	To remove the record.
Figure 1-8 List View 	To change the screen layout to list view.
Figure 1-9 Table View 	To change the screen layout to table view.
Figure 1-10 Tree View 	To change the screen layout to tree view.
Figure 1-11 Action Button 	To view, edit, and delete a record.

Table 1-2 (Cont.) Common Icons

Icons	Purpose
Figure 1-12 Hold 	To hold the process.
Figure 1-13 Back 	To go back to the previous screen.
Figure 1-14 Next 	To go to the next data segment.
Figure 1-15 Save and Close 	To save the captured information and exit the process window.
Figure 1-16 Submit 	To submit the task to next stage.

Table 1-2 (Cont.) Common Icons

Icons	Purpose
Figure 1-17 Cancel  	To exit the window without saving the captured information.

2

Maintenance

2.1 Covenant 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 bank users to easily define and monitor the covenant:

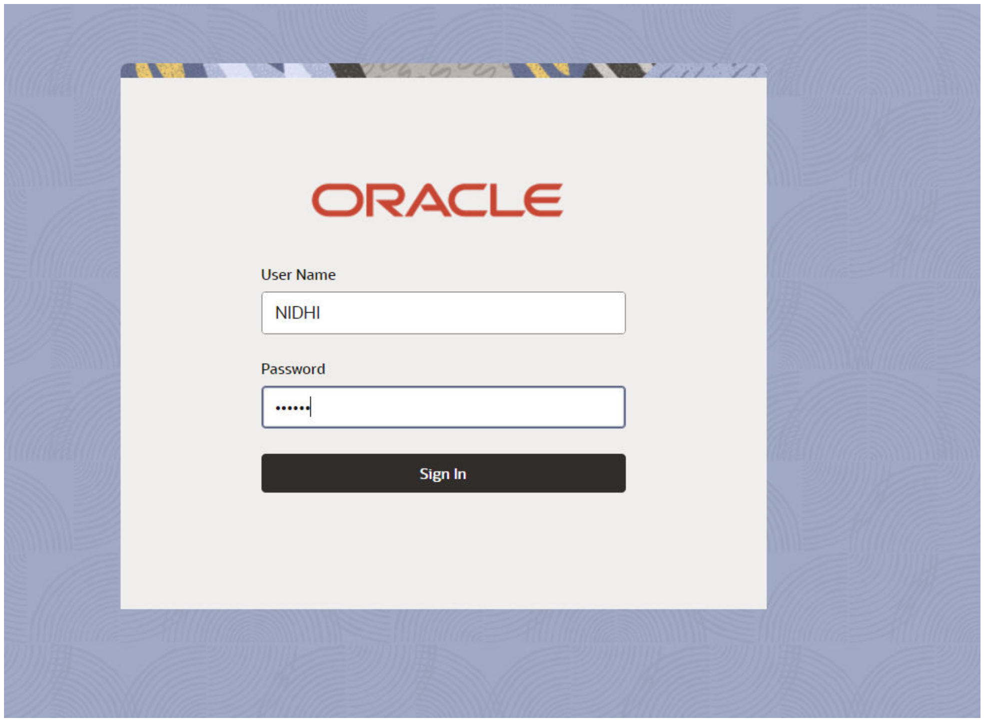
- Covenant Maintenance
- Monitoring Information Maintenance

2.2 Covenant Maintenance Feature

This feature helps the bank user to create and view the covenant master details.
Steps to create covenant master details

1. Login to **OBCFPM**. Enter your **User Name**, **Password** and click **Sign In**.

Figure 2-1 Login Screen



2. Navigate to **Credit Facilities** > **Maintenance** > **Covenant Maintenance** > **Create Covenant Master Details** from the left menu.

   The **Create Covenant Master Details - Covenant Details** screen is displayed.

Figure 2-2 Create Covenant Master Details - Covenant Details- Financial

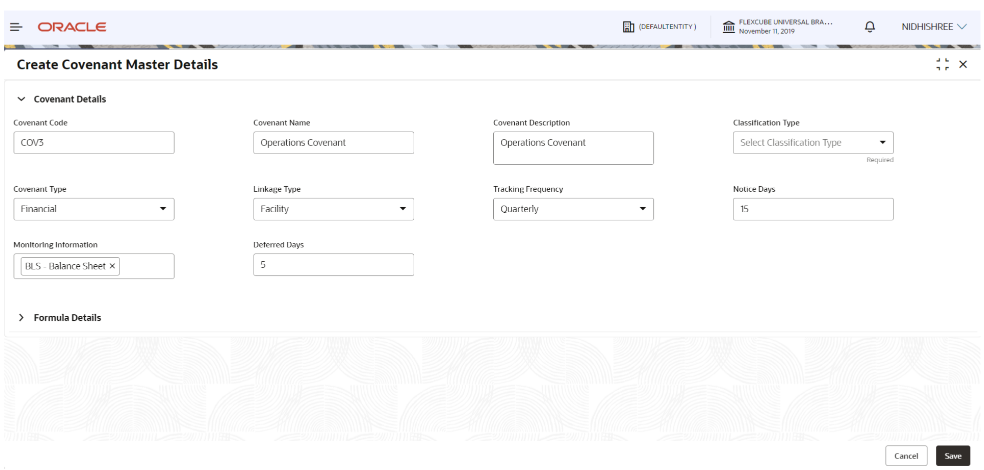


Figure 2-3 Create Covenant Master Details - Covenant Details- Financial - Tracking Custom Days

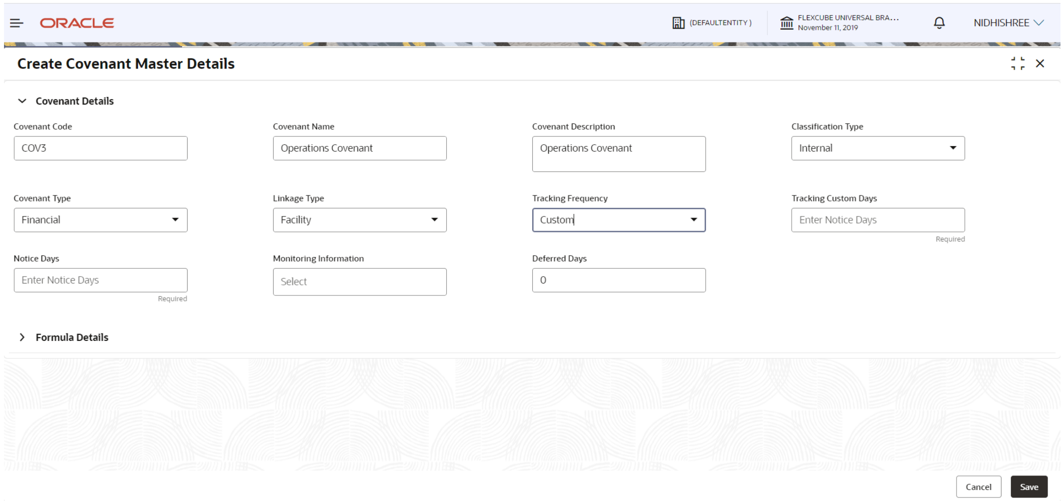
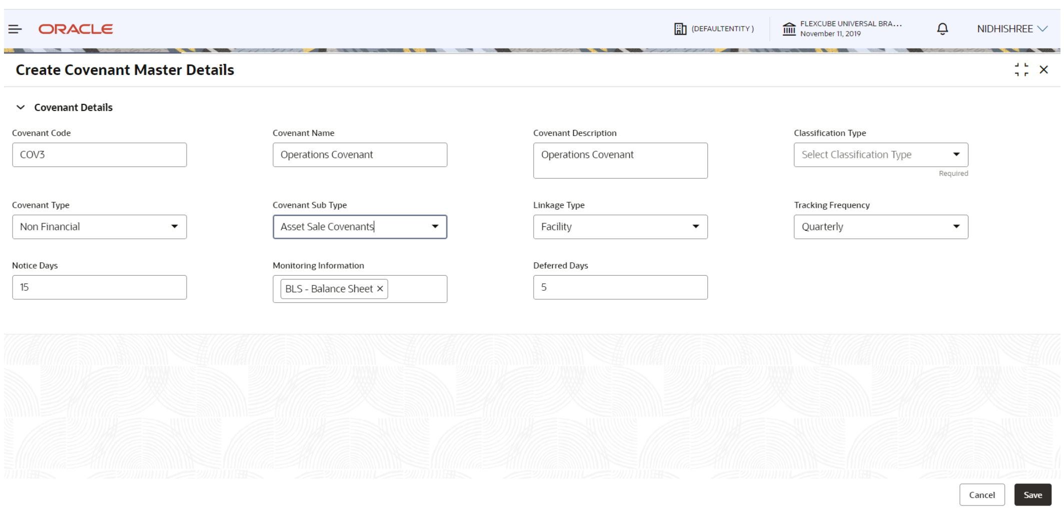


Figure 2-4 Create Covenant Master Details - Covenant Details- Non Financial



3. Specify all the details in **Create Covenant Master Details - Covenant Details** screen.

   For field level information, refer the below table.

Table 2-1 Create Covenant Master Details - Covenant Details - Field Description

Field	Description
Covenant Code	Specify a unique code for the covenant.
Covenant Name	Specify the name for covenant.
Covenant Description	Provide a brief description about the covenant.

Table 2-1 (Cont.) Create Covenant Master Details - Covenant Details - Field Description

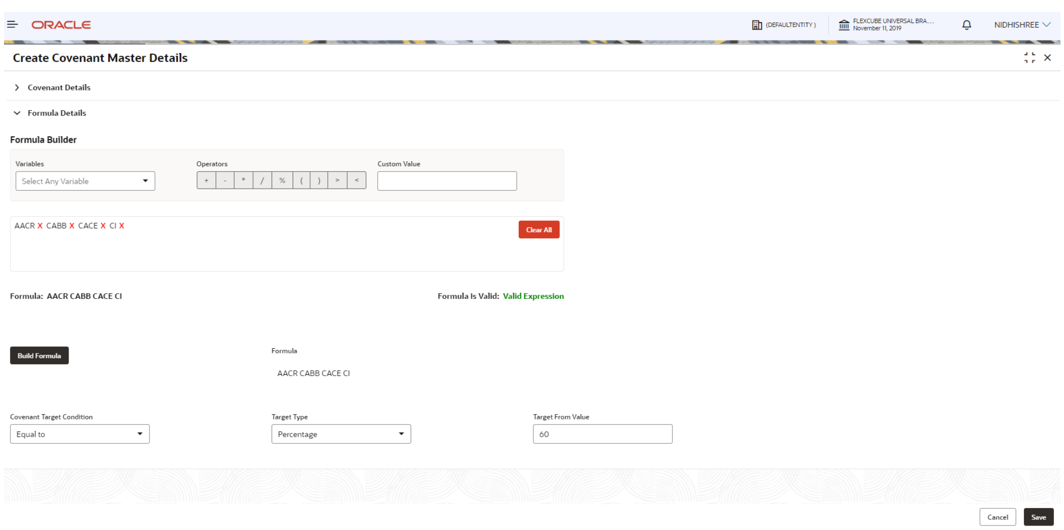
Field	Description
Classification Type	Select **Classification Type** for the covenant. The options available are: • **External**- External covenants are informed to the customer. • **Internal**- Internal covenants are not informed to the customer and are tracked internally by the bank.
Covenant Type	Select **Covenant Type** from the drop-down list. The options available are: • **Financial**-The compliance of these covenant generally is determined by the financial performance of the customer as documented in the periodic financial documents like P&L, Balance Sheet, etc. • **Non Financial**- Non Financial compliance is determined from non financial documents like Insurance premium document, work order, etc.
Covenant Sub Type	If **Non-Financial** is selected as **Covenant Type** , the **Covenant Sub Type** field is displayed. Select **Covenant Sub Type** from the drop-down list. The options available include but are not limited to: • Asset Sale Covenants • Cash Payout Covenants • Investment Expenditure • Management, control and ownership • Operating Activity • Others • Preservation of Collateral/Seniority • Reporting and Disclosure • Stock Statement
Linkage Type	Select **Linkage Type** from the drop-down list. The options available include but are not limited to: • Collateral • Customer • Facility
Tracking Frequency	Select **Tracking Frequency** for the covenant. The options available include but are not limited to: • Custom • Fort Nightly • Half Yearly • Monthly • Quarterly • Weekly • Yearly

Table 2-1 (Cont.) Create Covenant Master Details - Covenant Details - Field Description

Field	Description
Tracking Custom Days	Enter **Tracking Custom Days**. **Note**: **Tracking Custom Days** field is displayed only if **Tracking Frequency** is selected as **Custom** .
Notice Days	Specify **Notice Days** for the Covenant. The system will generate the covenant tracking task before the specified notice days from covenant due date.
Monitoring Information	Click and select **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.
Deferred Days	Enter **Deferred Days**. By deferring the user can defer the compliance check of the covenant by a specified number of days.

4. Expand **Formula Details** section. The **Formula Details** screen is displayed.

Figure 2-5 Formula Details



5. Specify all the details. For field level information, refer the below table.

Table 2-2 Create Covenant Master Details - Formula Details - Field Description

Field	Description
Variables	Select **Variables** from the drop-down list. It takes the elements of monitoring information selected.
Operators	Select the Operation to be performed on the selected variable.

Table 2-2 (Cont.) Create Covenant Master Details - Formula Details - Field Description

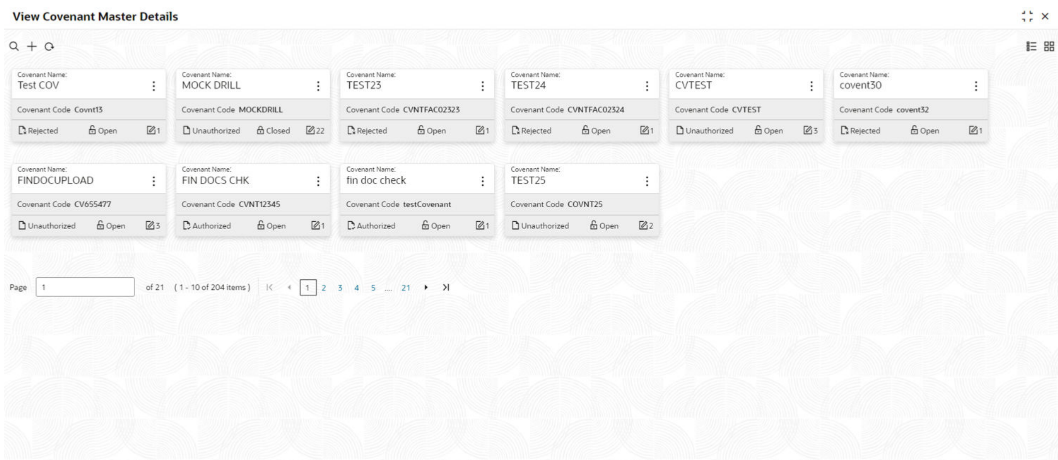
Field	Description
Custom Value	Specify **Custom Value** or select another **Variable**.
Formula	The **Formula** Panel dynamically builds the Formula based on the selected / provided **Variables**, **Operators** and **Custom Value**.
Clear All	To clear the built formula, click **Clear All**.
Formula Is Valid	To check if the formula is valid, view **Formula Is Valid** value.
Build Formula	After adding the required operators and variables, click **Build Formula** to confirm the built formula.
Covenant Target Condition	Select **Covenant Target** from the drop-down list. The options are: • Between • Equal to • Greater than • Greater than or equal to • Less than • Less than or equal to
Target Type	Select **Target Type** from the drop-down list. The options are: • Amount • Percentage • Ratio **Note:** If **Target Type** is selected as **Amount**, then **Currency** field is displayed by default and it takes the Branch currency as its value. For **Percentage** and **Ratio** option, **Currency** field is not displayed.
Target From Value	Specify **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.

6. To save the master details, click **Save** in the **Create Covenant Master Details - Covenant Details** screen.
7. To view the added covenant master details, navigate to **Credit Facilities** > **Maintenance** > **Covenant Maintenance** > **View Covenant Master Details** from the left menu.

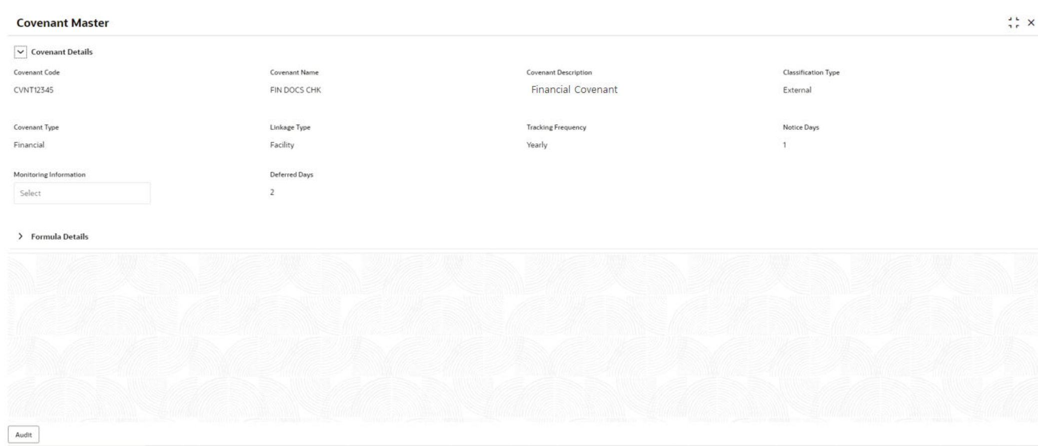
Figure 2-6 View Covenant Master Details



8. Double click on the required tile.

   The **Covenant Master Details** screen is displayed.

Figure 2-7 Covenant Master Details



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

> **Note:**
>
> In order to link a covenant with an application, the covenant must be authorized by the Approver by clicking **Authorize**.

2.3 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 and Loss Statement
- Cash Flow Statement

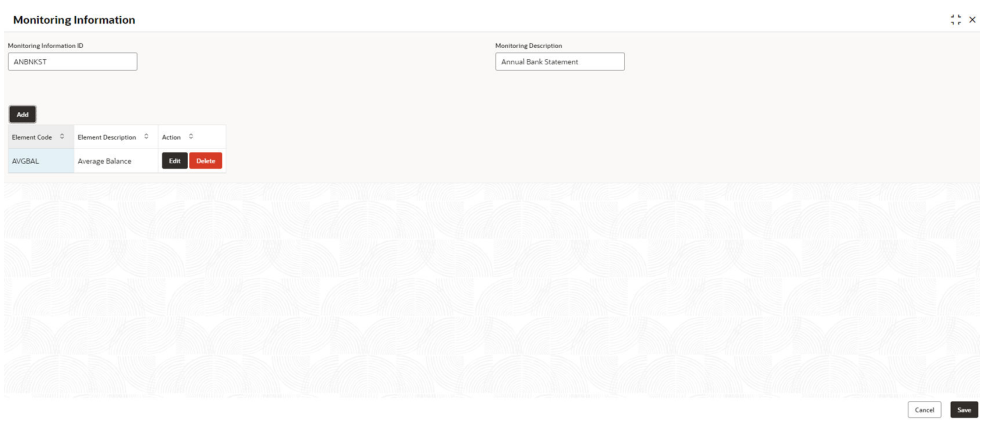
You can use the above monitoring information as well as create new monitoring information based on requirement. In case of using default monitoring information, you cannot modify the elements that are fetched from the Financial Codes maintained for corresponding monitoring information.

To create monitoring information:

1. Navigate to **Credit Facilities** > **Maintenance** > **Monitoring Information Maintenance** > **Create Monitoring Information** from the left menu.

   The **Monitoring Information** screen is displayed.

   Figure 2-8 Monitoring Information

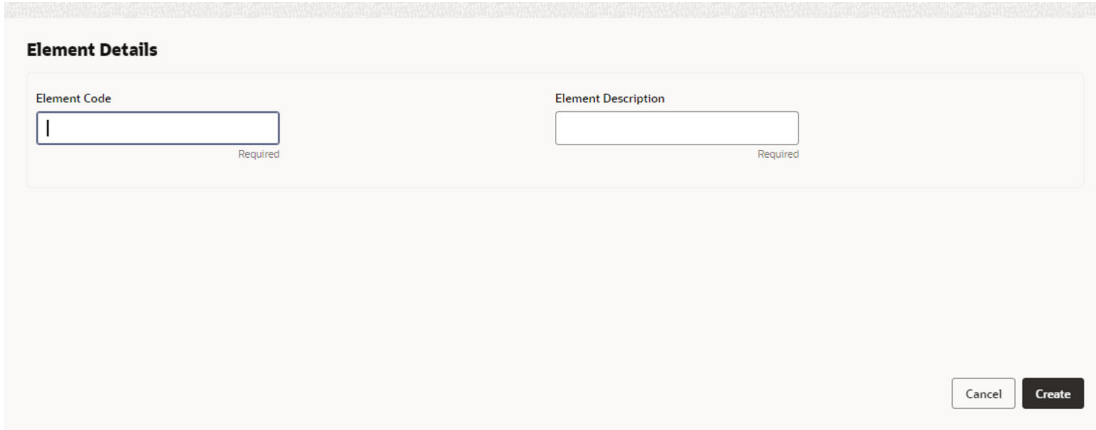
2. Specify all the details in **Monitoring Information** screen.

   For field level information, refer the below table.

Table 2-3 Monitoring Information - Field Description

Field	Description
Monitoring Info Id	Specify a Unique ID for the Monitoring Information to be defined.
Monitoring Description	Provide a brief description for the Monitoring Information to be defined.
Add	To capture the elements for the Monitoring Information to be defined, click **Add**. The **Element Details** window is displayed.

Figure 2-9 Element Details



3. Specify all the details in **Element Details** window.

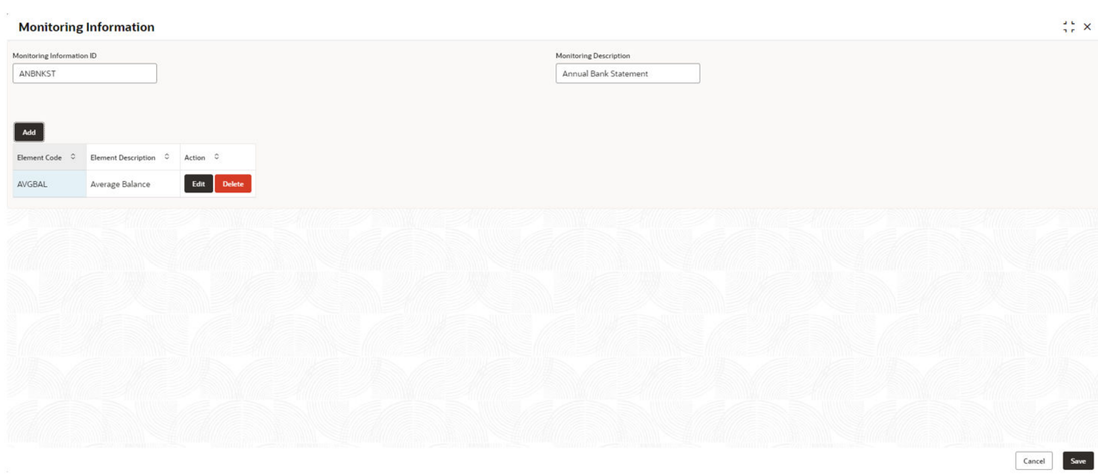
   For field level information, refer the below table.

Table 2-4 Element Details - Field Description

Field	Description
Element Code	Specify a unique code for the element to be added.
Element Description	Provide a brief description for the element to be defined.
Create	To add the element, click **Create**.
Cancel	To exit the **Element Details** window, click **Cancel**.

On clicking **Create**, the element is added and displayed in **Monitoring Information** screen.

Figure 2-10 Monitoring Information

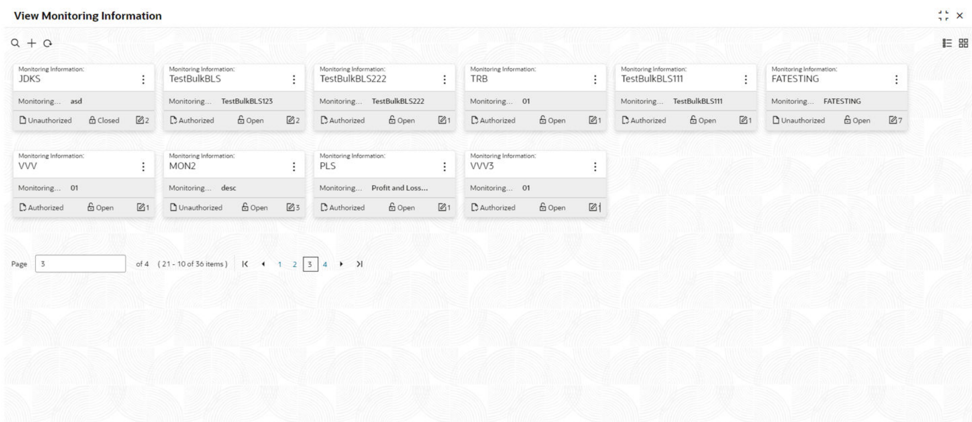


4. To **Edit** or **Delete** the element details, click the corresponding icon.
5. To save the monitoring information, click **Save** in the **Monitoring Information** screen.

6. To view the monitoring information summary, navigate to **Credit Facilities** > **Maintenance** > **Monitoring Information** > **View Monitoring Information** from the left menu.

   The **View Monitoring Information** screen is displayed.

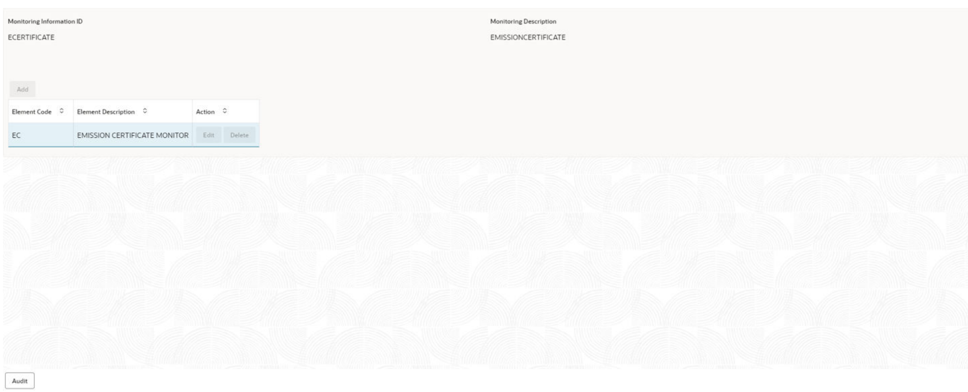
Figure 2-11 View Monitoring Information



7. Click on the required tile to view the particular monitoring information.

   The **Monitoring Information** screen is displayed.

Figure 2-12 Monitoring Information



3 Covenant Tracking

3.1 Covenant Tracking Overview

Covenant tracking plays a major role in mitigating the risks associated with corporate lending. 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.

4
RM Response

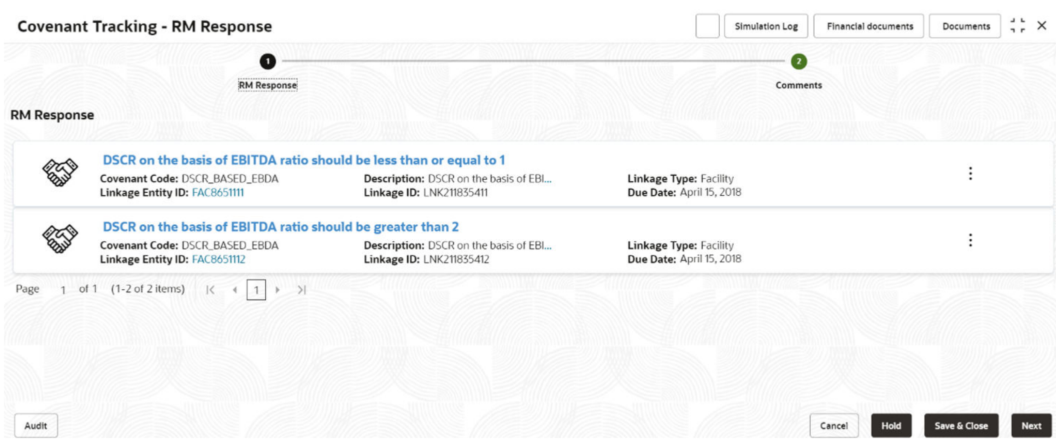
Covenant tracking task is automatically created with the covenant details and moved to the RM Response stage through covenant batch before the start of covenant tracking period.

In this stage, the RM must 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.

- To **Acquire & Edit** the RM Response task, navigate to **Tasks** > **Free Tasks** from the left menu and select the required task.

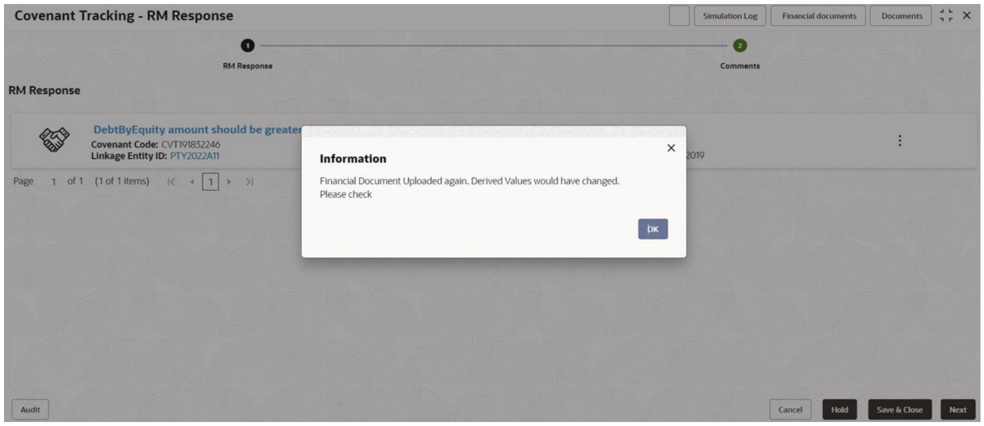
  The **RM Response** screen is displayed.

Figure 4-1   RM Response



User will be notified if new financial document is uploaded when the covenant tracking application is in progress.

Figure 4-2 RM Response



In **RM Response** screen, 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

4.1 Updating Covenant Details

1. To update the covenant details, click **Action** icon in the covenant record and select **Update Covenant**.

   The **Covenant Details - RM Response** window is displayed.

Figure 4-3 Covenant Details - RM Response

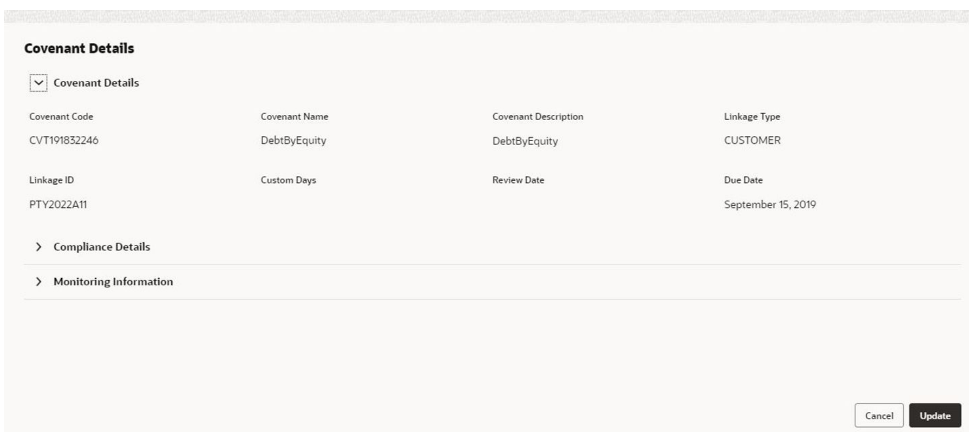
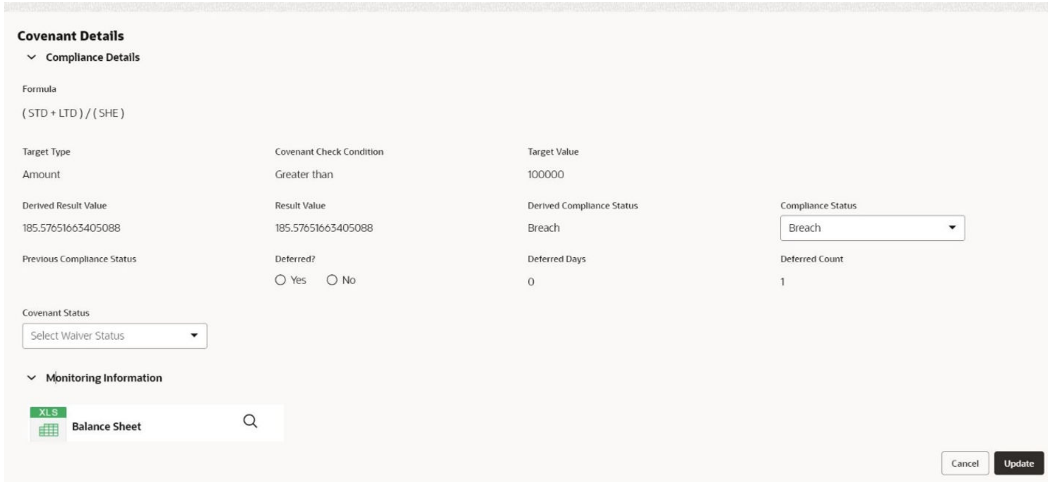


Figure 4-4 Covenant Details - RM Response



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.

> **Note:**
>
> 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 **Covenant Details** section.

2. Select **Covenant Compliance Status** from the drop-down list.

In the Covenant Tracking - RM Response 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.

3. To defer a covenant, select **Yes** under **Deferred?** field and specify **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 **Deferred Count** field.

4. Select **Waiver Status**, if the covenant is breached.

   The options available are :

   - **Waive** - Waive is used when the user wants to waive the covenant compliance check for this particular instance.
   - **Waive All** - Waive All is used when the user wants to waive the covenant compliance check forever.

5. In the **Comments** text box, capture remarks for the covenant if any.
6. Click **Update**.

   The **Compliance Status** is updated in the **RM Response** screen.

4.2 Viewing Covenant Details

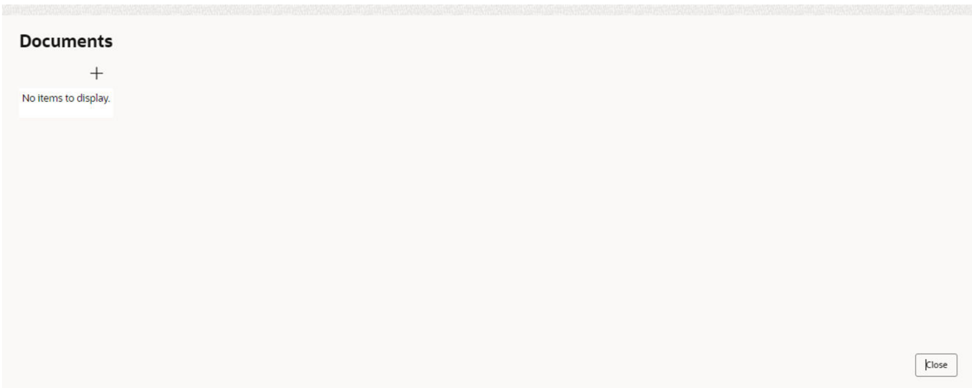
- To view the covenant details, click **Action** icon in the covenant record and select **View Covenant**.

4.3 Uploading Documents

1. To upload documents related to specific covenant, click **Action** icon in the covenant record and select **Documents**.

   The **Documents** window is displayed.

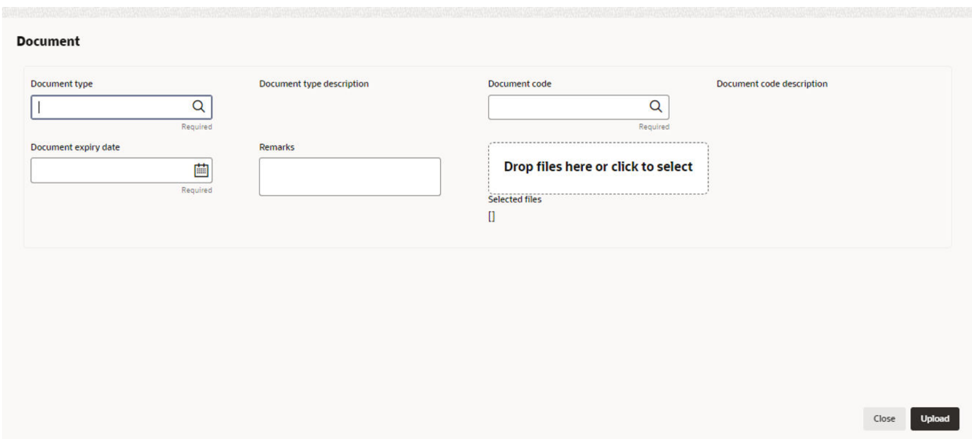
   Figure 4-5 Documents

2. Click **Add New Documents**.

   The **Document Details** window is displayed.

   Figure 4-6 Document Details

For information on fields in the **Document Details** window, refer the below table.

Table 4-1 Document Details - Field Description

Field	Description
Document Type	Search and select **Document Type**. Document types maintained in the Maintenance module are displayed in the option list.
Document Code	Search and select **Document Code**. Document codes maintained in the Maintenance module are displayed in the option list.
Document Type Description	**Document Type Description** maintained for the selected **Document Type** is defaulted.
Document Code Description	**Document Code Description** maintained for the selected **Document Code** is defaulted.
Document Expiry Date	Click **Calendar** icon and select the expiry date of document to be uploaded.
Remarks	Specify **Remarks** for the document, if any.
Drop files here or click to select	In this section, click and upload or drag and drop the required document. Total selected count is updated to display the number of documents added.

3. After specifying document details and uploading documents, click **Upload**.

   Document is uploaded and displayed in the **Documents** window.

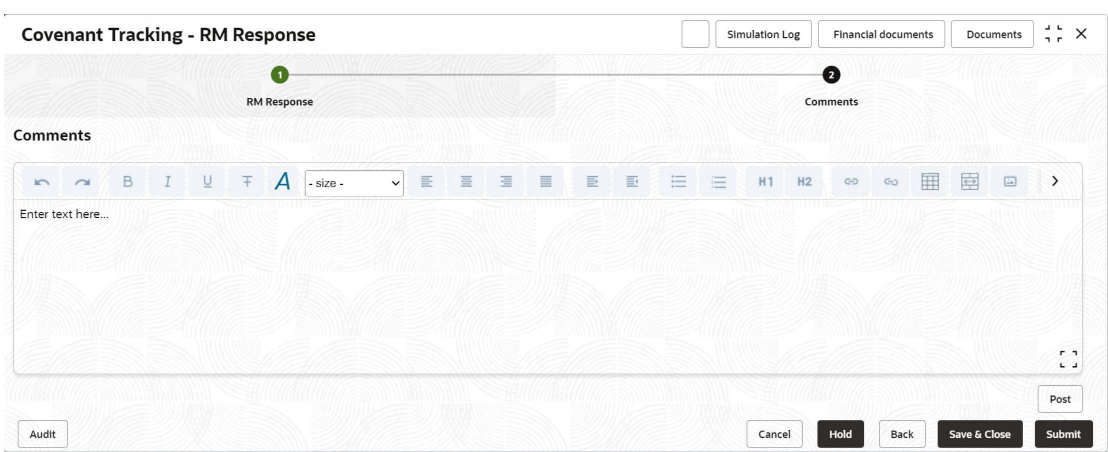
4.4 Viewing Covenant History

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

4.5 Comments

On clicking **Next** in the **RM Response** screen, the **RM Response - Comments** screen is displayed.

Figure 4-7 RM Response - Comments



1. **Post** comments for the RM Response stage.

   Posted comments are displayed at the bottom of **Comments** box.

2. Click **Submit**.

   Checklists maintained for the stage are displayed.

3. Verify all the checklist and select **Outcome**.

4. Click **Submit**.

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

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

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

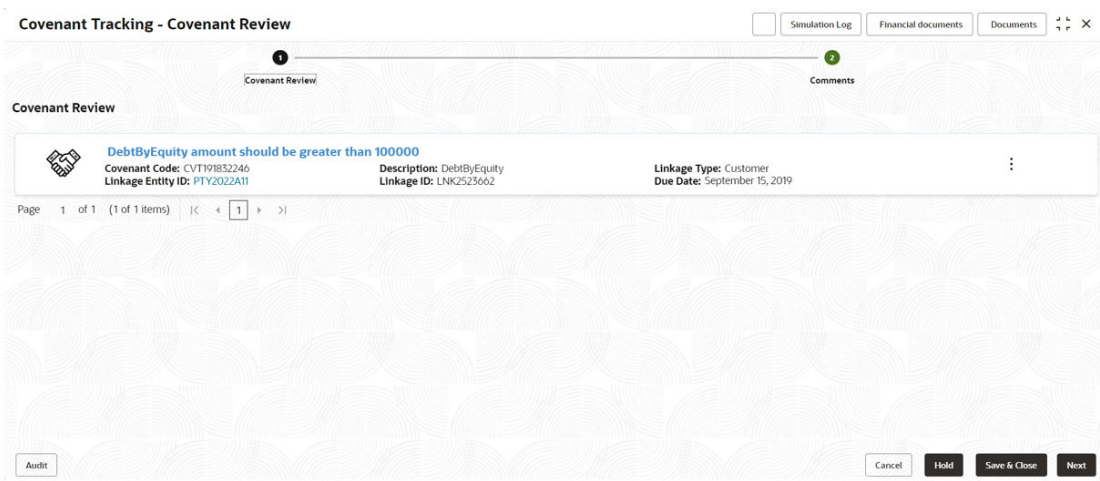
   If **Outcome** is selected as **CLOSED**, the task is moved to closed covenant parking lot and the application is closed.

5 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 for Financial Covenants and displays the compliance status automatically for all the covenants for which monitoring information is available in Balance Sheet, Profit and Loss, or Cash Flow Statement.

To **Acquire & Edit** the Covenant Review task, navigate to **Tasks** > **Free Tasks** from the left menu and select the required task.
The **Covenant Review** screen is displayed.

Figure 5-1 Covenant Review



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

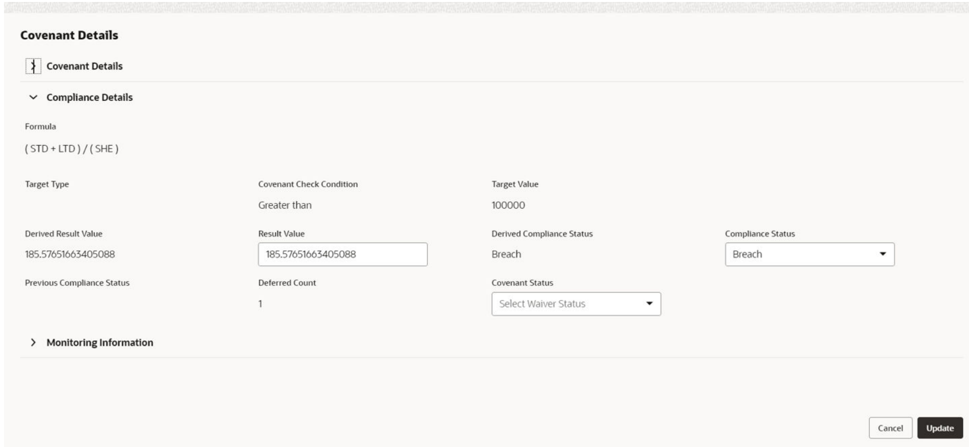
- Update Covenant details
- View Covenant details
- Upload / download Documents
- View Covenant History

5.1 Updating Covenant Details

1. To update the covenant details, click **Action** icon in the covenant record and select **Update Covenant**.

   The **Covenant Details - Covenant Review** window is displayed.

Figure 5-2 Covenant Details - Covenant Review



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.

> **Note:**
>
> Refer **Uploading Financial Document** chapter and upload the financial documents to view the system derived value and status.
>
> In the **Covenant Details - Covenant Review** 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 **Covenant Details** section.

2. Specify **Result Value** which is manually derived from the financial documents using covenant formula.
3. Select the covenant **Compliance Status** from the drop-down list.

   The options available are **Met** and **Breached**.
   If **Compliance Status** is selected as **Met**, the Waiver Status must not be selected.

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

   The options available are **Waive** and **WaiveAll**.
5. In the comments text box, capture remarks for the covenant if any.
6. Click **Update**.

   The **Compliance Status** is updated in the **Covenant Review** screen.

5.2 View Covenant

Refer Viewing Covenant Details for information on viewing covenant.

5.3 Uploading Documents

Refer Uploading Documents for information on uploading covenant related documents.

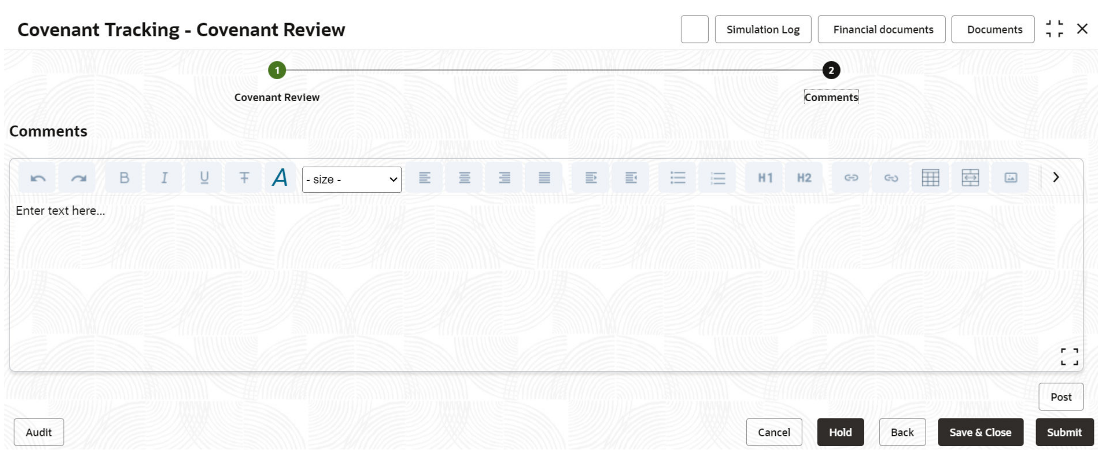
5.4 Covenant History

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

5.5 Comments

On clicking **Next** in **Covenant Review** screen. the **Covenant Review - Comments** screen is displayed.

Figure 5-3 Covenant Review - Comments



1. **Post** comments for the Covenant Review stage.

   Posted comments are displayed at the bottom of **Comments** box.
2. Click **Submit**.

   Checklists maintained for the stage are displayed.
3. Verify all the checklist and select **Outcome**.
4. Click **Submit**.

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

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

If **Outcome** is selected as **CLOSED**, the covenant tracking application is closed on clicking **Submit**.

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

6

Breach - Credit Officer

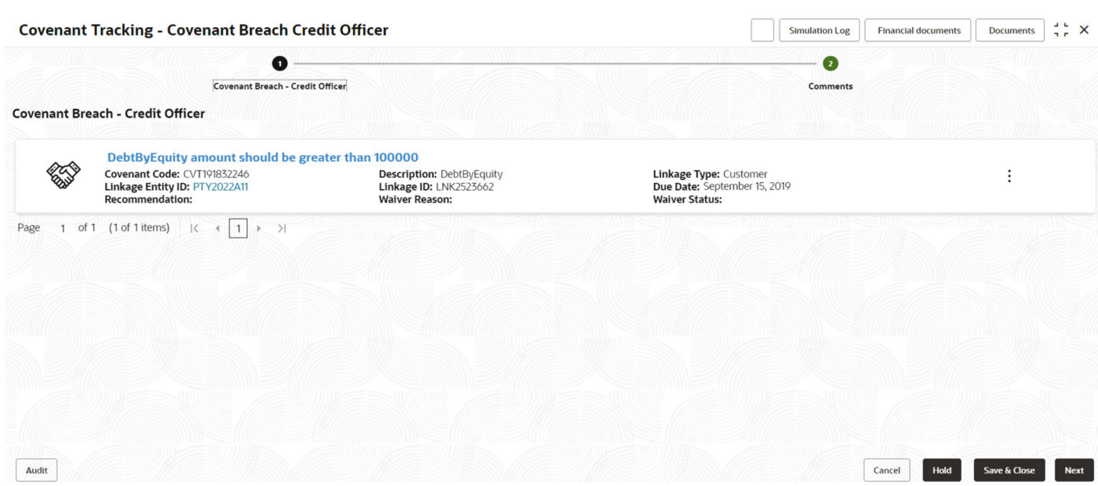
6.1 Covenant Breach - Credit Officer

In this stage, the Credit Officer must 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 instance 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.

To **Acquire & Edit** the Covenant Breach - Credit Officer task, navigate to **Tasks** > **Free Tasks** from the left menu and select the required task.
The **Covenant Breach - Credit Officer** screen is displayed.

Figure 6-1 Covenant Breach - Credit Officer



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

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

6.2 Updating Covenant Details

1. To update the covenant details, click the **Action** icon in the covenant record and select **Update Covenant**.

   The **Covenant Details - Covenant Breach Credit Officer** window is displayed.

   Figure 6-2 Covenant Details - Covenant Breach Credit Officer

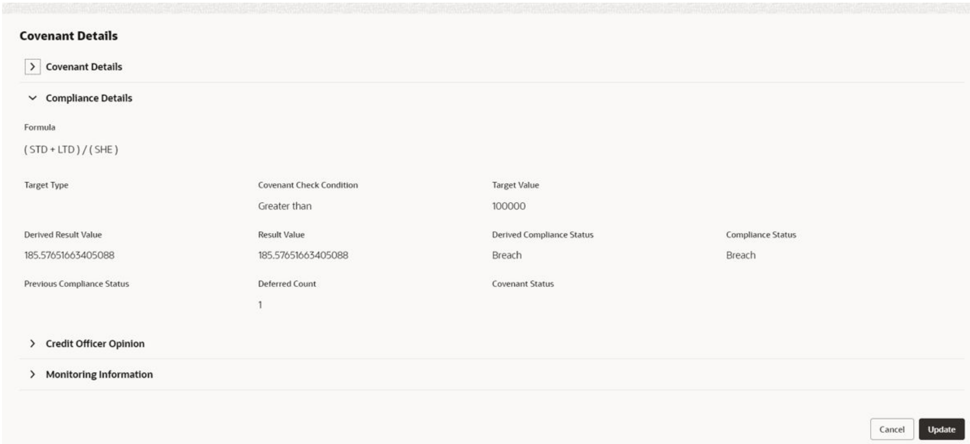
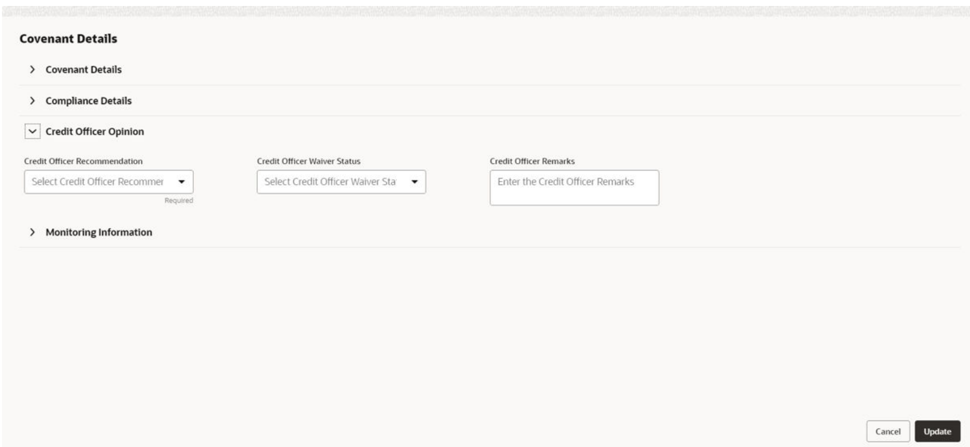
   

   Figure 6-3 Covenant Details - Covenant Breach Credit Officer

   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.

> **Note:**
>
> To upload financial documents in this stage, refer **Uploading Financial Document** chapter.
>
> To view covenant linkage details, click and expand **Covenant Details** section.

2. In the **Credit Officer Opinion** section, capture comments for the covenant if any.
3. Click **Post**.

   Comments are posted below the comments text box.
4. Click **Update**.

6.3 Viewing Covenant Details

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

6.4 Uploading Documents

Refer Uploading Documents for information on uploading covenant related documents.

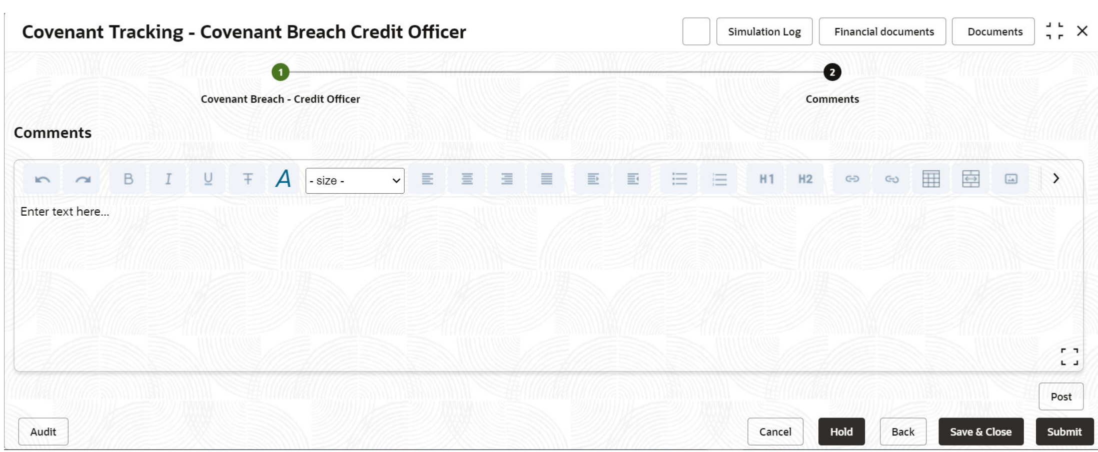
6.5 Viewing Covenant History

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

6.6 Comments

On clicking **Next** in **Covenant Breach - Credit Officer** screen, the **Covenant Breach Credit Officer - Comments** screen is displayed.

Figure 6-4 Covenant Breach Credit Officer - Comments



1. **Post** comments for the **Covenant Breach - Credit Officer** stage.

   Posted comments are displayed at the bottom of **Comments** box.

2. Click **Submit**.

   Checklists maintained for the stage are displayed.

3. Verify all the checklist and select **Outcome**.

4. Click **Submit**.

   If **Outcome** is selected as **PROCEED**, the covenant tracking task is moved to **Covenant Approval** stage on clicking **Submit**.

   If **Outcome** is selected as **ADDITIONAL_INFO**, the task is moved to **Covenant Review** stage on clicking **Submit**.

   If **Outcome** is selected as **REFER_TO_RM**, the task is moved to **Covenant Breach – RM** stage on clicking **Submit**.

   If **Outcome** is selected as **CLOSED**, the covenant tracking application is closed on clicking **Submit**.

7

Breach - RM

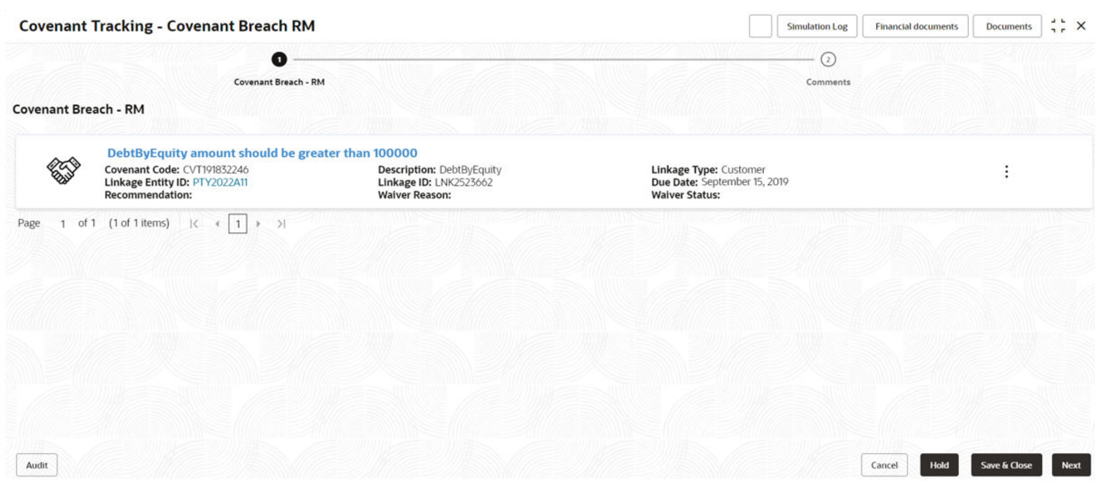
7.1 Covenant Breach - RM

In this stage, the RM must 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.

To **Acquire & Edit** the Covenant Breach - RM task, navigate to **Tasks** > **Free Tasks** from the left menu and select the required task.
The **Covenant Breach - RM** screen is displayed.

Figure 7-1   Covenant Breach - RM



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

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

7.2 Updating Covenant Details

1. To update the covenant details, click **Action** icon in the covenant record and select **Update Covenant**.

   The **Covenant Details - Covenant Breach RM** window is displayed.

Figure 7-2 Covenant Details - Covenant Breach RM

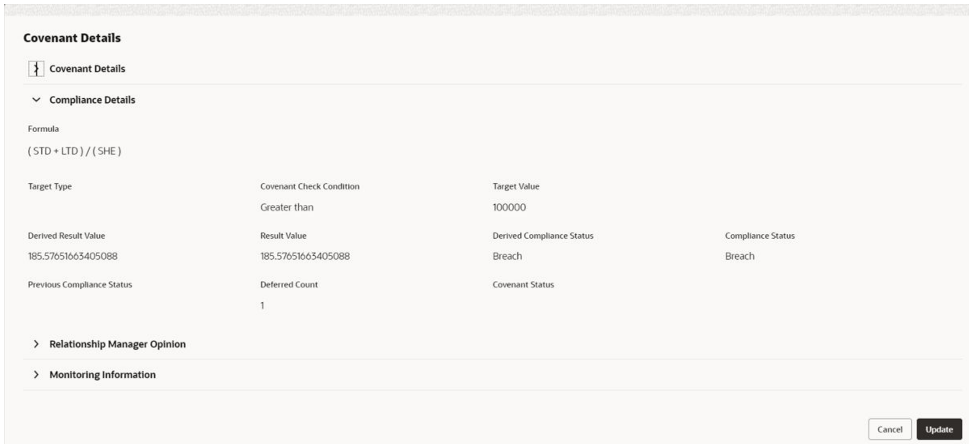
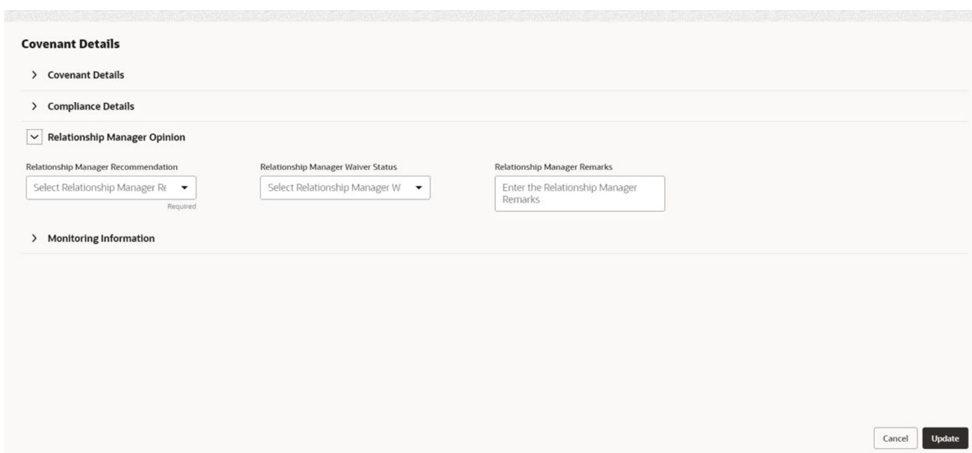


Figure 7-3 Covenant Details - Covenant Breach RM



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.

Note:

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

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

2. In the **Relationship Manager Opinion** section, capture comments for the covenant if any.
3. Click **Post**.

   Comments are posted below the comments text box.
4. Click **Update**.

7.3 View Covenant Details

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

7.4 Uploading Documents

Refer Uploading Documents for information on uploading covenant related documents.

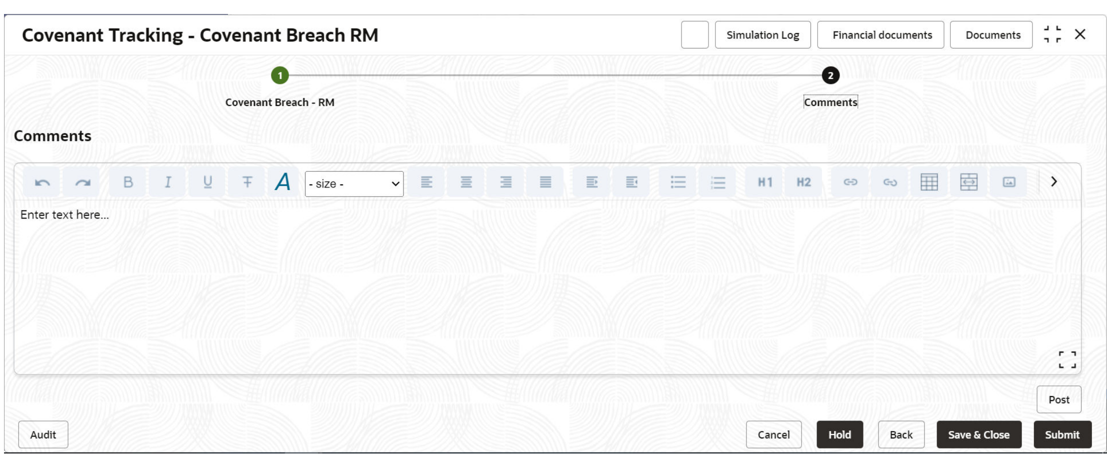
7.5 Viewing Covenant History

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

7.6 Comments

On clicking **Next** in **Covenant Breach - RM** screen, the **Covenant Breach RM - Comments** screen is displayed.

Figure 7-4 Covenant Breach RM - Comments



1. **Post** comments for **Covenant Breach RM** stage.

   Posted comments are displayed at the bottom of **Comments** box.

2. Click **Submit**.

   Checklists maintained for the stage are displayed.

3. Verify all the checklist and select **Outcome**.

4. Click **Submit**.

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

   If **Outcome** is selected as **CLOSED**, the covenant tracking application is closed on clicking **Submit**.

8
Covenant Approval

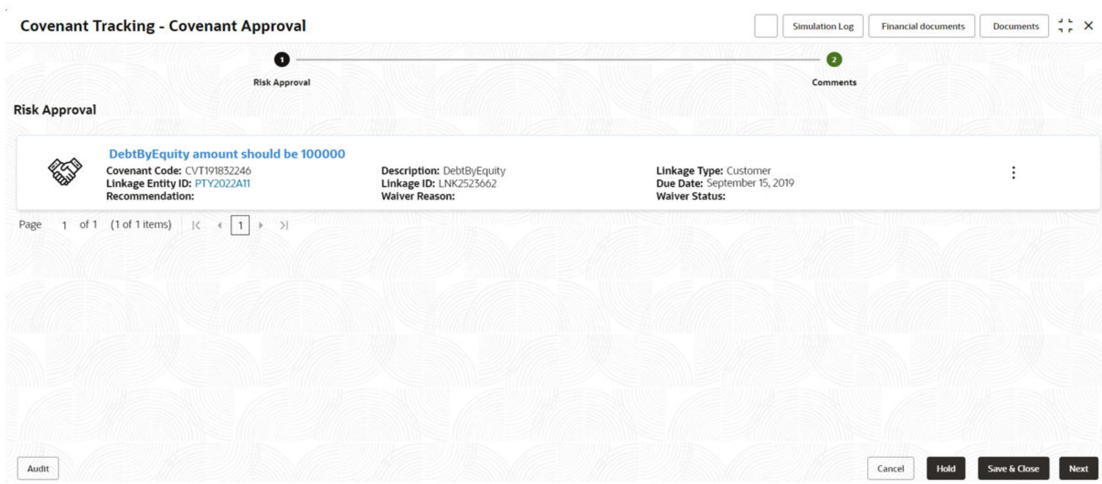
8.1 Risk Approval

In this stage, the Risk Approver must 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.

To **Acquire & Edit** the Risk Approval task, navigate to **Tasks** > **Free Tasks** from the left menu and select the required task.
The **Risk Approval** screen is displayed.

Figure 8-1 Risk Approval



In the **Risk Approval** screen, the following actions can be performed for each covenant individually:

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

8.2 Updating Covenant Details

1. To update the covenant details, click **Action** icon in the covenant record and select **Update Covenant**.

The **Covenant Details - Covenant Approval** window is displayed.

Figure 8-2 Covenant Details - Covenant Approval

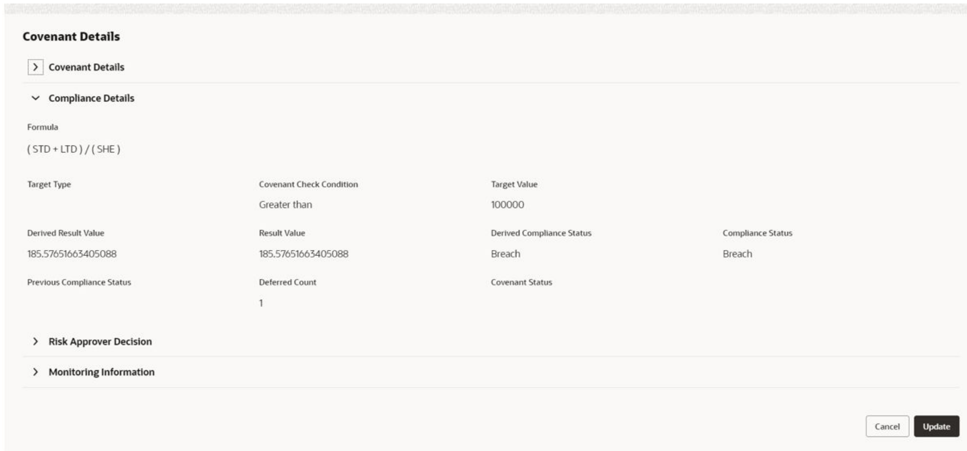
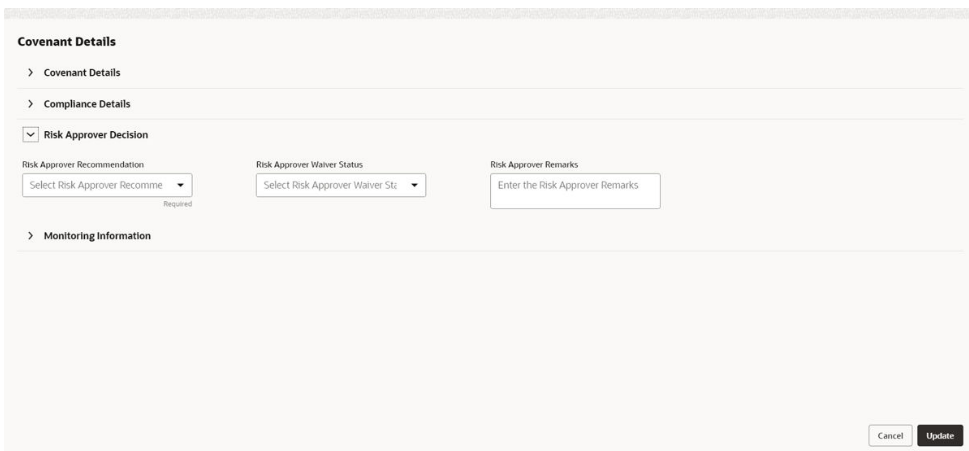


Figure 8-3 Covenant Details - Covenant Approval



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.

> **Note:**
>
> To upload financial documents in this stage, refer **Uploading Financial Document** chapter.
>
> To view covenant linkage details, click and expand the **Covenant Details** section.

2. In the **Risk Approver Decision** section, capture comments for the covenant if any.

3. Click **Post**.

   Comments are posted below the comments text box.

4. Click **Update**.

8.3 Viewing Covenant Details

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

8.4 Uploading Documents

Refer Uploading Documents for information on uploading covenant related documents.

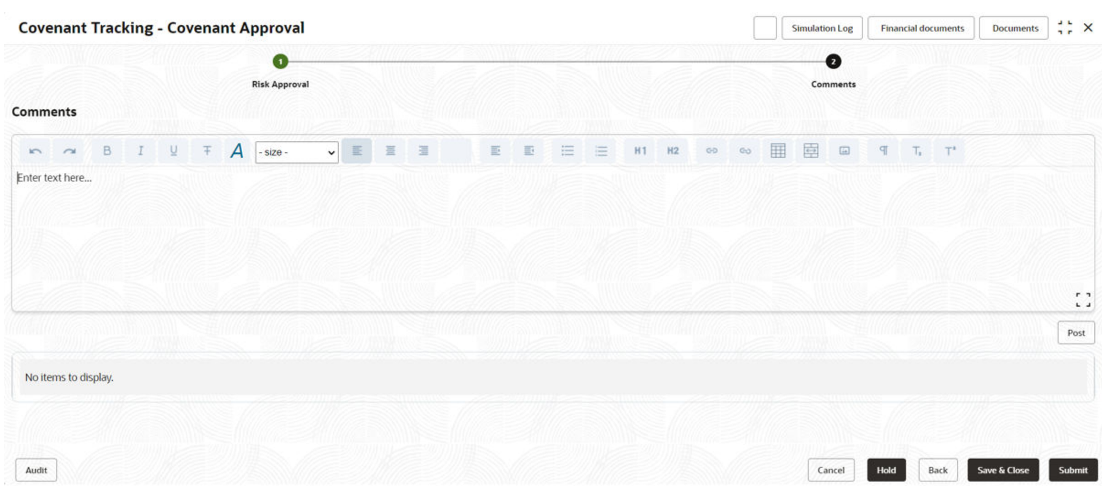
8.5 Viewing Covenant History

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

8.6 Comments

On clicking **Next** in the **Risk Approval** screen, the **Risk Approval - Comments** screen is displayed.

Figure 8-4 Risk Approval - Comments



1. **Post** comments for the **Covenant Tracking - Covenant Approval** stage.

   Posted comments are displayed at the bottom of **Comments** box.

2. Click **Submit**.

   Checklists maintained for the stage are displayed based on the application category.

3. Verify all the checklist and select **Outcome**.

   The options available for Outcome are:

- PROCEED
- ADDITIONAL_INFO

4. Click **Submit**.

   If **Outcome** is selected as **PROCEED**, the covenant tracking task is moved to **Handoff** stage on clicking **Submit**.

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

9

Handoff

9.1 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.

10 Handoff - 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.

11
Supporting Documents

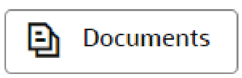
11.1 Uploading Supporting Documents

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

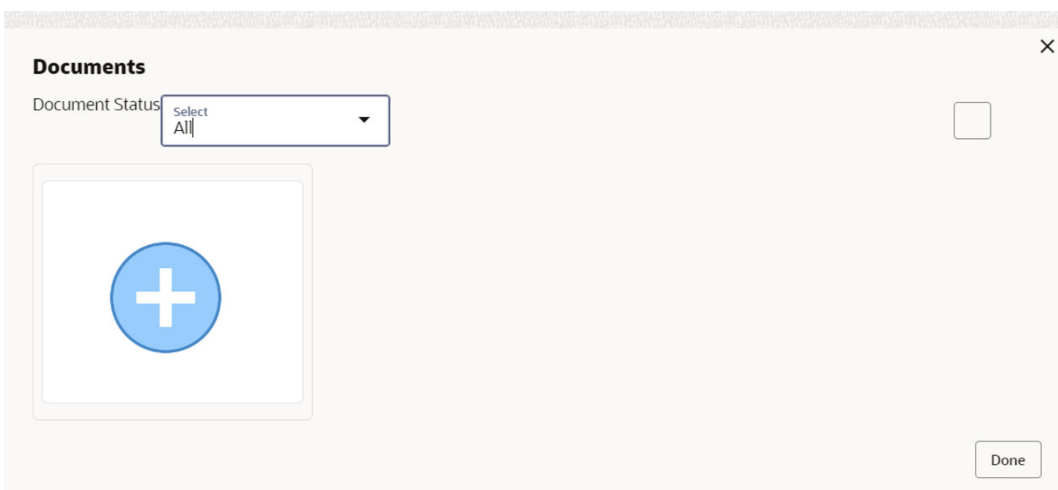
1. Click

   Figure 11-1 Documents

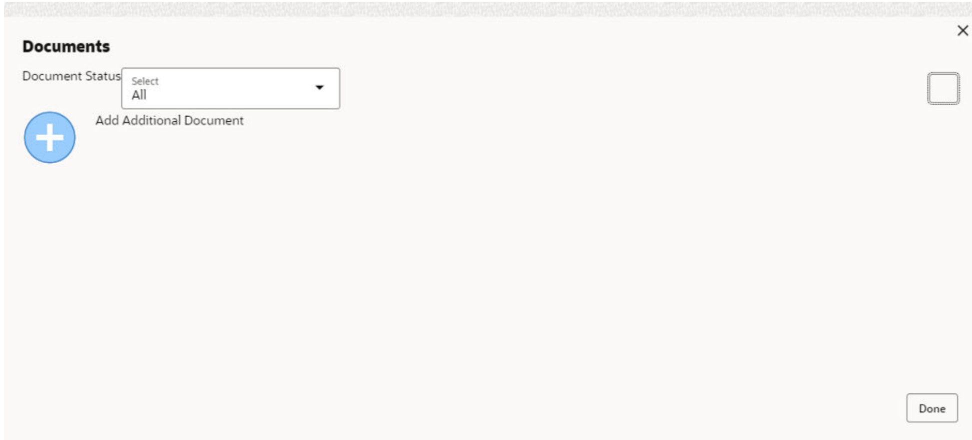
   at the top right corner of any page. Documents window appear:

   Figure 11-2 Documents

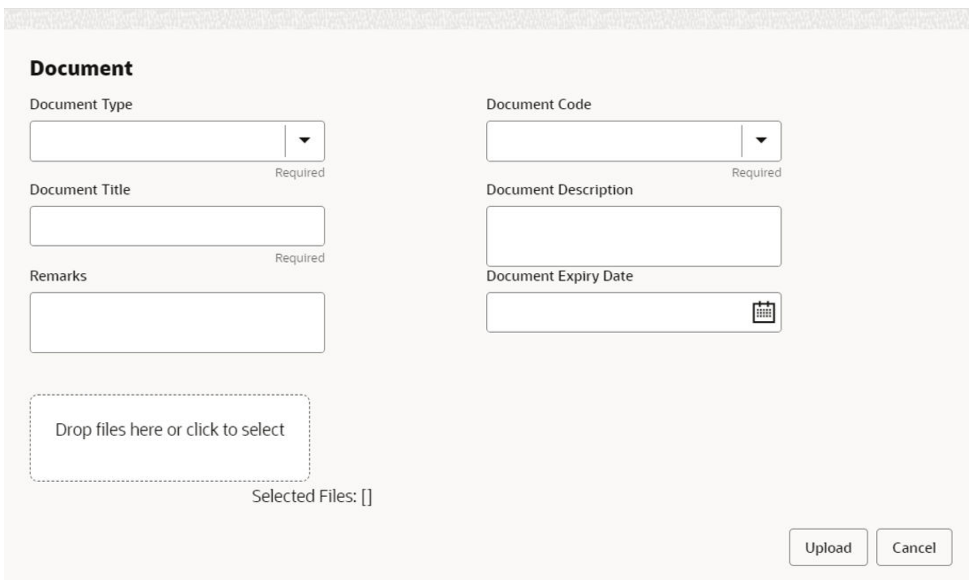
2. To change the table view to the list view, click the list icon at the top right corner. **Documents** window appears as shown below:

Figure 11-3 Documents



3. Click **Add** icon. **Document Details** window appears:

Figure 11-4 Document Details

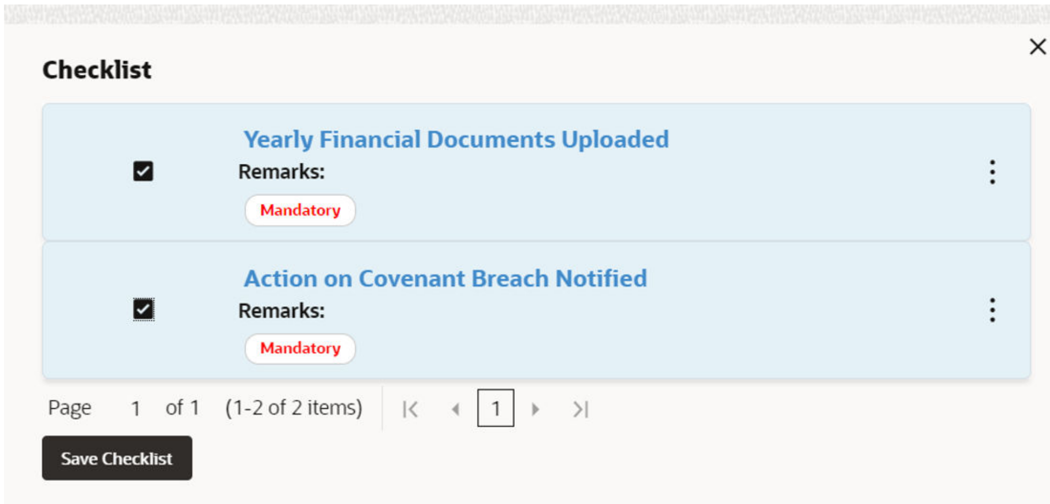


4. Select **Document Type** and **Document Code** from the drop-down list. The options available are: **Amendment Documents**, **Proposal Documents** and **Closure Documents**.
5. Enter **Document Title**.
6. Enter **Document Description** that best describes the document.
7. Enter **Remarks** based on your need.
8. Click **Calendar** icon and select **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.

> **Note:**
>
> 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.

Figure 11-5 Checklist



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 **Edit** or **Delete** icons.

12
Financial Documents

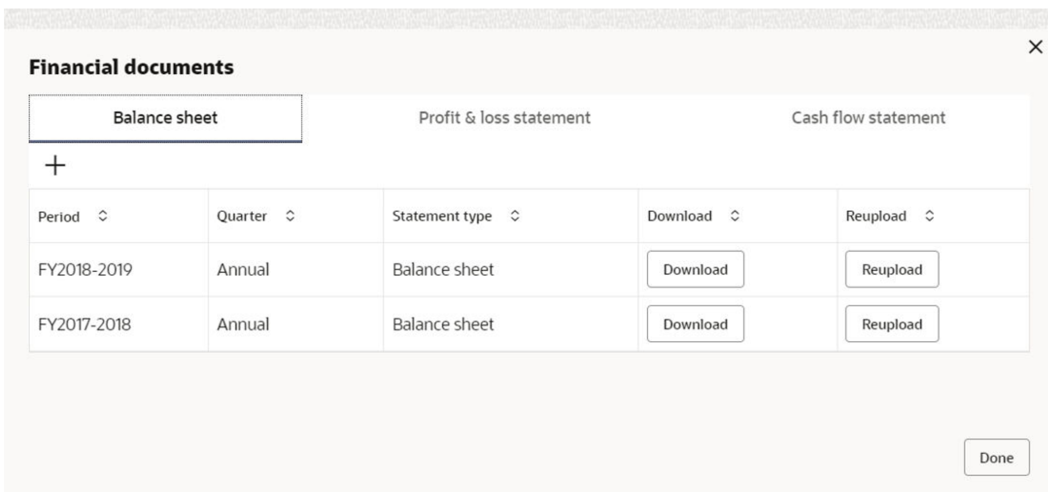
12.1 Uploading Financial Documents

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

   Figure 12-1 Financial Documents

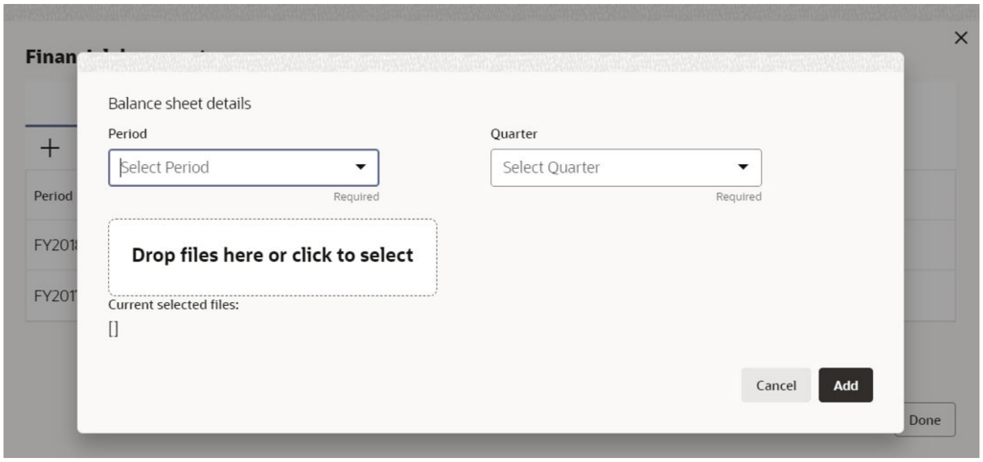
   

   In the above window, you can upload the following documents for financial covenant verification:

   - 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:

Figure 12-2 Document Upload



3. Select **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 **Financial Documents** window, click **Done**.

13 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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