

RISKNUCLEUS®

# CORPORATE LOAN ORIGINATION

Release Date : Jan 2021

## **CORPORATE LOAN ORIGINATION** FUNCTIONALITY DOCUMENT

RiskNucleus® Corporate Loan Origination automates the process of loan initiation, credit approval management, credit policy, limit monitoring, financial documentation management, risk rating, collateral management and post approval activities



# INTRODUCTION

## RISKNUCLEUS® CORPORATE LOS

In the absence of a system that can effectively manage credit risk, banks and other financial institutions are exposed to risk.

Regulatory bodies have issued guidelines that have set rules for credit exposure, concentration limits, monitoring, margining, reporting, and analytics, especially with regards to counterparty exposures, concentration risk and implementation of the Basel standards has become a priority for most banks and other financial institutions.

### Key Features

- Configure logics to set credit decision methodology as per credit approval matrix
- Allocate per party limits to individual and group customers
- Monitor customer and group, allocated and utilized limits
- Cap customer/group withdrawals
- Monitor exposures on per-party and group basis
- Simplify Collateral Assessment
- Enhance Credit Monitoring, including review of incomplete documentation, deferrals and insurance, under-insurance, valuation, overdue stock reports, expired limits, exceptions, etc.
- Auto-generate electronic request review notifications to relevant parties (initiators/ supporters/ recommenders/approvers)
- Monitor status of pending items using 'My Bucket list' on each login, with TAT monitoring feature.

### Why RiskNucleus® Corporate LOS?

- End-to-end credit request review cycle with capability to approve credit with conditions
- Approval/ Facility/ Collateral conditions/ covenants monitoring
- Obligor's qualitative and quantitative assessment
- Facilitates review of credit dynamics at remote locations electronically
- Approve / reject credit requests automatically as per logics defined at credit decision management
- Effective data management and dynamic reporting with a simple & user-friendly interface
- Developed to meet local and international regulatory requirements of financial institutions

# FUNCTIONALITY OVERVIEW

## RISKNUCLEUS® CORPORATE LOS

### Credit Policy Management

- Regulatory limit policy
- Banks' internal limit policy
- Customer Categorization
- Collateral Policy
- Facility / Limit Policy
- External Entities (Custodian, Valuator, Insurance Companies, Clearing and forwarding agents, Legal Firms etc.)

### Limit Management

- Per Party limit
- With-in-which limit
- Aggregate limit
- Group limit

### Financial & Risk Rating

- Balance sheet
- Income statement
- Automated cash flow generation
- Key financial ratios and ratio analysis
- Additional statements can also be configured as per bank's requirement
- One Dimensional Rating – ORR
- Two Dimensional Rating – FRR

### Credit Approval Workflow

- User Profile and segment-based workflow configuration
- Logic builder sets supporter, recommender, approval level based on various credit attributes including obligor risk rating, proposed funded, non-funded, and overall limit, type of facility/collateral, facility purpose, facility tenor, classified customer/ facility, etc.

### Exception Management

- Expired CA(s)
- Expired Limits
- Expired Deferrals
- Expired extensions
- Excess over Limit
- Missing documentation

A complete end-to-end solution to configure, implement, monitor and review regulatory & credit risk management policies

# CREDIT POLICY MANAGEMENT

## RISKNUCLEUS® CORPORATE LOS

Policies developed by senior management in accordance with credit risk management guidelines issued by the regulatory bodies serve as the foundation of this application; Management can define these policies in relation to customers, facilities, collaterals, documentation requirements, obligor / facility risk ratings and limit structures

### **Customer Configuration**

Configuration of customers' various credit related categories as per the bank's policy and regulatory requirements allowing financial institutions to define eligibility parameters for customer classification / category which are used in obligor profiling at credit initiation, appraisal and approval levels.

### **Business And Regulatory Segmentation**

- Banks' Internal and Regulatory Industry Segmentation
- Legal Status

- Basel Categorization
- Regulatory Classification

### **Collateral Configuration**

Define comprehensive list of acceptable collaterals with all relevant parameters. The options are well articulated and cover each aspect in accordance with industry requirements and practices.

### **Ratings Configuration**

The solution assists in risk assessment and prediction of expected losses by using obligor and facility risk rating models. Financial Institutions can define multiple rating models for internal assessment using this comprehensive tool and can also map external ratings.

### **Limit Configuration**

Limits (per party, group, sector-wise etc.) in line with the risk appetite of the Bank can be defined here to enhance the limit monitoring function and avoid undue concentrations.

### **Facility Configuration**

The system allows the definition of facilities offered by financial institutions with complete parameterization of each facility type.

# RISK RATING ENGINE

## RISKNUCLEUS® CORPORATE LOS

Risk ratings are used by banks, asset management firms and other financial institutions who undertake credit exposures. RiskNucleus® Corporate LOS provides a powerful tool to configure and measure obligor & facility risk ratings in line with organizational needs and policies to reflect obligors' credit worthiness.

Additionally, the model facilitates the definition of

- Design matrices for financial and non-financial data transformation
- PD estimation
- Main rating algorithm transcription
- Industry calibration offsets
- Out of model factors transcription
- Rating scale mapping and transcription

The Risk Ratings feature can be integrated with other bank functions like portfolio monitoring, loan pricing, capital planning, loan loss reserves analysis and ROC analysis, thereby creating real value for the bank.

**Our Risk Rating Engine enables financial institutions to configure key quantitative and qualitative risk drivers in accordance with the organization's**

### credit policy

#### **Customer's Financial Health**

- Electronic Capturing of Annual Financial Statements
- Customized Definitions of B/S & I/S
- Definition of Key Ratios and Macroeconomic Factors
- Comparison of Obligor Financial Strength with Industry
- Assessment of B/S and I/S Credibility
- Cash Flow Automation

#### **Obligor Rating & Assessment**

- Quantitative Analysis Based on Defined Weighted Factors
- Qualitative Analysis of Non-Financial Factors, Subjective Criteria, and Ability to Add Specific Factors for Particular Obligor
- Translation of Scores to Internal Rating System
- Periodic Review of Obligor Ratings

#### **Facility Risk Rating**

- Customized Facility Assessment
- Determination of Key Factors' Intensity
- Collateral Weightage
- Subjective Assessments
- Additional Specific Factors
- Translation of Scores to Internal Rating System

# CREDIT APPROVAL WORKFLOW

## RISKNUCLEUS® CORPORATE LOS

Configure your organization's credit approval matrix based upon various attributes. This module will help maintain a record of all approvals and ensure that all loan origination and approval activities are carried out within an effectively controlled framework.

The following attributes can be utilized when determining credit proposal workflows:

- Obligor's business segment
- Obligor's requested overall, funded, non-funded limit, derived ORR based on obligor's qualitative and quantitative assessment
- Type of facility
- Facility tenor
- Types of collateral

A comprehensive workflow builder extracts various attributes of each financing request, and automatically sets the final approval level, based on these attributes.

The solution is equipped to identify each individual supporter/recommender of a credit request, and restricts activity of any supporter beyond rules and parameters defined.

### **Key features of the credit approval workflow**

- Customer profile details and group information
- Financial statement comparisons and analysis
- Current and projected cash flows
- Key ratios & comparison with industry & sector statistics
- Credit Memorandum and Basic Information Report
- Internal ratings and scores
- Credit Bureau Report
- Customer background checks
- Credit Policy compliance of the Approval Package
- Documentation requirements
- Documents upload/attachment with credit package
- Comments/reviews by authorized reviewers and approvers
- Specify credit package approval workflows as per Credit Authorization/Approval Matrix
- Approval TAT recording and monitoring
- Electronic Approval System with a complete track of activities performed by each user on a credit package

# LIMIT MANAGEMENT

## RISKNUCLEUS® CORPORATE LOS

Monitoring and managing customer's capability to withdraw is a core requirement of credit risk management. RiskNucleus® allows users to capture and manage limits against all the customer's requested facilities with collateralization details.

The solution provides an interface to record requested limit details and automatically monitor individual and group obligor overall, funded and non-funded proposed limits.

The solution automatically sets requested credit approval levels based upon the obligors' / groups' proposed limits. Additional details like financing purpose, pricing details, validity period of facility and other static details are also being electronically captured and managed.

From capturing the current exposure levels to closely monitoring the details and facility actions, the module generates in-depth reports, and users can effectively and easily keep track of changes using built-in dashboards.

### **Limit Management Features**

- Geographic limits based upon regions, countries, bank regions and branches
- Group limit management for individual countries and on an

aggregated basis

- Policy to cap group and individual obligor total, funded and non-funded exposures
- Obligor profile management
- Obligor business segmentation
- Group/individual obligor-level With-In-which limits
- Group/individual obligor level main limits
- Individual Limits
- Aggregate Limit Management: Set bank's aggregate limit policy for overall exposure capping
- Once limit policy is configured and electronically captured for each individual entity that comes under the limit policy umbrella, the application can
  - a) extract, monitor and report allocation of limits to groups and individual obligors;
  - b) electronically report breaches of limit policy;
  - c) automatically assign/re-assign approver levels to any credit request based on breach of credit policy and rule assigned to this breach

# COLLATERAL ASSESSMENT

## RISKNUCLEUS® CORPORATE LOS

The collateral assessment process is integral to the credit risk management function. Wary of high profile business failures, banks have realized the need for collateralization to mitigate potential losses arising from a default.

Once collateral details are entered in the system, RiskNucleus® can be integrated with data feeds from any third party system to allow mark-to-market valuation. Banks can also choose to update collateral values based on a defined frequency.

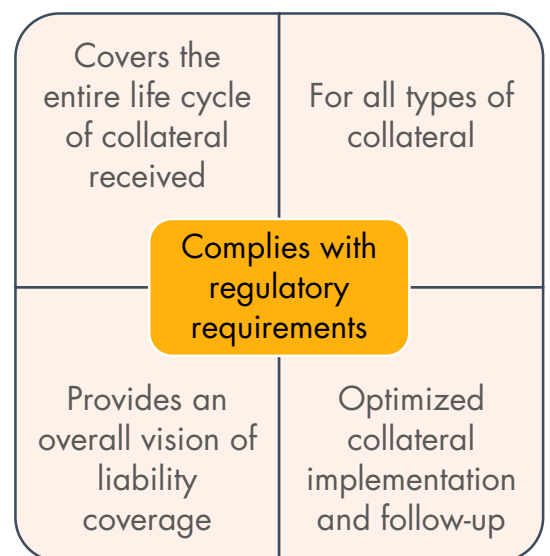
RiskNucleus® enables organizations to assess obligor's collateral and related documentation through its collateral assessment module; users can configure collateral requirements according to obligor type, ratings, value to be collateralized, and industry/sector

RiskNucleus® allows banks to deal with numerous collateral types – including but not limited to Cash Collaterals, Pledge of goods, Stocks, Currency / Scripts, Instruments, Credit Derivatives etc.

### Collateral Assessment

A brief description of features built in to manage some of the collateral types is presented here:

- Collateral Document deferral / waiver
- Monitor exceptions related to collateral documentation
- Monitor exposures with collateral expired documentation or related exceptions





# DASHBOARDS & REPORTING

## RISKNUCLEUS® CORPORATE LOS

RiskNucleus® reporting and dashboard modules make the risk management process truly effective. At the most basic level, users can conduct facility and collateral monitoring on a simple interface that details all breaches and exceptions, and analyzes clients' ability to repay using cash flow analysis. Reports are configurable to allow analysis over varying time periods and based on defined criteria.

Aside from individual client monitoring, the system also allows users to monitor the entire credit portfolio. Monitoring can be conducted on several levels according to limits defined as part of credit policy configuration. Reports stratified on the basis of industry, sector, collateral, country, and currency enable users to get a complete view of the bank's credit risk and take timely action to address these risks.

### **Credit Policy Compliance**

- Breaches
- Reviews
- Exceptions

### **Credit Portfolio Monitoring**

- Exposure monitoring (funded / non-funded) across a variety of dimensions, including region, sector, industry, etc.
- Limit-to-collateral analysis by

- customer
- Limit-to-collateral analysis by facility
- Funded / non-funded exposures by collateral
- Portfolio composition by currency, sector, industry, branch, etc
- Availability of exposure limits, rated-to-unrated exposure ratios
- Portfolio by customer type

### **Approval TAT Monitoring And Analysis**

- TAT by profile and segment
- Detailed TAT monitoring

### **Credit Monitoring & Review**

- Risk administration & monitoring
- List of approved customers with limits
- Customer's credit approval history
- List of approved customers & approval conditions
- Collateral maturity monitoring
- Stock hypothecation monitoring
- Approval expiry monitoring
- Facility clean up and expiry monitoring
- Customer and facility classification details
- Group utilization and limit availability
- Complete documentation monitoring

### RISKNUCLEUS® PRODUCT SUITE

RiskNucleus® is a web-based, modular fully configurable and integrated application that streamlines the process of:

- **Consumer Loan Origination & Risk Rating** – Loan origination, credit approval management, credit policy, limit monitoring, financial documentation management, risk rating models, notifications, and integration with core systems.
- **Corporate/Commercial/SME Loan Origination, Risk Rating & Credit Administration** – Credit policy management, credit approval management, collateral management, ORR & FRR models, financial spreadsheets, facility and limit management, post granting functions, pricing models and exception monitoring.
- **Regulatory Compliance** – Regulatory compliance analysis, rulebook libraries, audit observations, self assessments, correspondences, action tracking and reports.
- **Anti-Money Laundering** – Watch list screening, transaction monitoring, customer due diligence and risk assessment, scenario management and reporting.
- **Corporate Governance** – Streamlines the entire process of shareholder, board and management meetings to save time, effort & cost whilst ensuring accountability and good corporate governance.
- **Enterprise Risk Management** – Pre-configured reports, capital adequacy ratio, liquidity ratios, data capture & integration, and data management.
- **Operational Risk Management** – Loss data & analytics, risk assessment, control testing, key indicators, and reports.
- **Market & Liquidity Risk** – Structural liquidity analysis, liquidity stress testing, exposure monitoring, funding analysis, flexible ratio analysis, and limit monitoring
- **Business Continuity Management** – Business impact analysis, business continuity strategy, crisis management, disaster recovery, plan monitoring, review and testing
- **Learning Management** – Customizable courses, question bank, exam management, certificates, dashboards, reports, delegated user management, and profile based workflow

With high-standard and easy-to-integrate technology, a simple and user-friendly interface, and comprehensive functionalities, RiskNucleus® will simplify the process of risk & compliance management at your organization and enable you to focus on your strategic business objectives.

# ABOUT US

## CONTACT US

### HEAD OFFICE, BAHRAIN

Syed Muhammad Waqas Alam  
M: +973 3513 9689  
Office 63, Building 2317,  
Road 2830, Block 428, Al Seef,  
Manama, Kingdom of Bahrain  
waqas.alam@benchmatrix.com

### UAE & KUWAIT

Sanju Francis  
M: +965 555 09074  
M: +971 50 1292279  
Business Centre, Building C,  
3rd Floor, Dubai Logistics City,  
United Arab Emirates  
sanju.francis@benchmatrix.com

### KINGDOM OF SAUDI ARABIA

Sultan Malki  
M: + 966 55 031 3461  
3373, Abdulaziz Alkhurairy,  
Alzahra District, Jeddah  
Kingdom of Saudi Arabia  
sultan.malki@benchmatrix.ca

### PAKISTAN

Taimur Kaleem  
M: +92 332 5432689  
3<sup>rd</sup> Floor, Lakson Square Building  
No.3, Sarwar Shaheed Road,  
Karachi, Pakistan.  
taimur.kaleem@benchmatrix.com

### CANADA

Noman Zahid  
D: +1 (647) 546-1985  
Unit 6B, 108 Ahrens St W,  
Kitchener, ON, N2H 4C3  
noman.zahid@benchmatrix.com

# BenchMatrix>

BenchMatrix is a leading advisory services and automated GRC solutions provider with a focus on developing practical and customized approaches to risk management for organizations.

# BenchMatrix>