

## EVALUATION AND SECURITY DOCUMENTATION PROCESS

### **General Procedure for Loan Documentation**

- A. Helpdesk receives documents from originating branch, registers the receipt in the documentation register and passes to the Head, Legal for assignment to responsible Legal Officer
- B. Legal Officer examines the approved terms and conditions in the credit proposal and Offer Letter to ascertain that the terms and conditions are duly communicated to the customer (The terms and conditions of the approved credit proposal supersedes the Offer Letter)
- C. If the facility is to a company, Legal Officer reviews the company's memorandum and articles or search report on the company to confirm if it has borrowing powers that authorizes the facility and security.
- D. Legal Officer sights duly executed Board Resolution of the company authorizing and / or accepting the credit facility, executed by a Director and Secretary (or two Directors) under seal.
- E. Ascertains the directors and secretary of the company. In case of small companies, two directors indicated in the CAC Form 07 filed should execute documents on behalf of the company. The Secretary is to sign only if statutory returns / CAC Form 2.1 noting the name of the Secretary is duly filed at the Corporate Affairs Commission. (For blue chip companies a Director and the Secretary may sign.)
- F. Conduct fresh search at the Corporate Affairs Commission (CAC), on the current status of the company: i.e. it's members, assets & liabilities and the existence of charges on its assets. (If necessary)
- G. Examine the security documents/position and ascertain its adequacy. If considered inadequate, advise the originating department, branch or the approving authority depending on the existing security approval processes in the bank.
- H. Upon conclusion of documentation review, advise Credit Administration of the status of the Security documentation.
- I. Where tangible assets are offered as part of the security, the legal officer reviews and advises originating unit to debit customer for perfection fees and warehouse same in Legal Escrow account.
- J. Advise the originating unit or branch of any outstanding documentation where such is noted to enable regularization before conclusion of the legal evaluation.

K. Upon conclusion of the legal evaluation and Credit Administration Department advise, the originals of the documents are forwarded to the security cabinet.

**Note:** Where Legal Mortgage or Debenture or other such tangible collateral is offered as collateral, the Team would review and advise adequacy of the mortgage/debenture documents.

### ***Warehouse Financing***

A. The Legal Officer (with the supervision of Team Lead / senior officer in Contracts and Transactions Team) shall be responsible for review / drafting / preparation of the Warehousing Agreement

B. Documentation required during evaluation include:

- Executed warehousing agreement between the customer, the bank and the warehousing agent.
- Schedule of goods to be warehoused stated.
- Insurance policy on the goods to be taken by the customer and the interest of the bank noted, or by the bank (the customer will bear the charges);
- Executed indemnity by an approved clearing agent of the bank, with 2 passport pictures of the clearing agent obtained; and
- Letter of application from the customer for the facility is required

C. The terms of release of the goods will be determined and agreed before the warehousing agreement is executed.

D. The Legal Officer shall be responsible for vetting / preparation of the Letter of Release addressed to the warehouse agents.

E. The Letter of Release will then be forwarded for execution by the authorized signatories of the Bank for specific goods paid for to be released or the entire consignment if the outstanding facility is fully liquidated.

### ***Hypothecation / Pledge***

A. The following documents are required for the legal evaluation:

- Executed Deed of Hypothecation / Pledge (4 copies).
- Satisfactory company search report indicating that there are no previous charges in the company's books on the same goods / stock;
- Certified True Copy of the Memorandum and Articles of Association of the Company indicating the borrowing powers of the company and a copy to be attached.
- Insurance policy on the goods pledged noting the bank as a loss payee.
- Copy of the Certificate of Incorporation; and
- Letter of Application from the Customer for the facility.

B. Legal Officer will ensure that the documents are properly executed.

### **Personal and Corporate Guarantees**

A. The following documents are required for the legal evaluation:

- Executed Bank's template deed of Guarantee for individuals / firms or Corporate Guarantee for Limited Liability Company where applicable (2 copies for each guarantor).
- The deed of guarantee shall be accompanied by the Guarantor's sworn statement of net-worth (1 copy each).
- If the Guarantor is a Limited Liability Company, a Board resolution authorizing it and signed by a Director and Secretary or two (2) Directors under seal; and
- Letter of application from the customer for the facility

B. The Memorandum & Articles authorizing to ascertain the borrowing powers of the company seeking to act as a Guarantor and to confirm the authorization required for so doing.

C. Legal Officer will ensure that the documents are properly executed.

### **Shares**

A. The following documents are required for the legal evaluation:

- Current Statement of stock position of the customer from the stockbrokers.
- Duly executed CSCS Joint Memorandum, sworn to at the court registry.
- Undated letter of consent to sell shares.
- Letter of no objection from stockbrokers addressed to the Managing Director, CSCS Ltd; and
- Cheque drawn in favour of CSCS Ltd to cover the charges for placing the lien (varies per amount of facility)

B. Legal Officer collates documents and process lien placement at CSCS Ltd. Lien is placed and shares moved to bank's account with CSCS Ltd

C. Upon customer satisfying its obligation to the Bank, Legal Officer writes a letter of lien release to CSCS Ltd for release of lien to customer through its stockbrokers

### **NIB Loans Evaluation**

A. Examine credit approval to ascertain the terms and conditions, especially the security, approved.

B. Examine the offer letter to ascertain that the security, terms and conditions are aligned with the approval.

C. Obtain duly executed Board Resolution of the company authorizing and / accepting the credit facility, executed by a Director and Secretary (or two Directors) under seal

D. Ensure that all Guarantors Net-worth Form are filled and notarized or affirmed before the court and the guarantor's cheques provided are suitable

E. Ensure that where applicable, ancillary letters / documents are provided such as undertaking to permit unhindered access to asset, Hamish Jiddiyah, Agency Agreement, authority to debit, request to purchase, invoice and confirmation of invoice by RM

- F. Examine all credit documents and NIB contract documents to ascertain that they are in the bank's acceptable format, duly executed and interest of the bank is protected
- G. Upon completion of the evaluation and concurrence, forward to Credit Administration and Documentation (CAD)

### ***Issuance of Contingent Liability Instruments***

- A. Legal Helpdesk receives and reviews request to ensure checklist items (customer's letter of request, contract award letters and approval for issuance of the instrument) are in place.
- B. Helpdesk assigns to Maker & Checker in the same email with which request was sent by the requesting unit or branch (Para Legal Officer/Help Desk assigner is to follow up with Maker or reassign to another if Maker does not respond)
- C. The responsible Legal Officer (the Maker) acknowledges receipt within an hour of receipt to the requesting unit or branch and Legal Helpdesk
- D. The Maker prepares draft and sends to the assigned Legal Officer (the Checker) for second level review (the Maker should ensure they utilize the templates provided on Legal Teams Platform when issuing instruments to ensure uniformity and minimize errors). Where non templated instruments are used, maker and checker review and negotiate terms suitable.
- E. The Maker numbers instrument and prints (the Maker is to obtain updates from Legal Helpdesk on status of the issuance and provide same to the requesting unit or branch)
- F. Para Legal Officer circulates the instrument for execution and sealing giving updates to the Maker on the status of the issuance (After issuance, copy of the instrument is retained and filed while the original is sent to CAD for release to be requesting unit or branch)

### ***Confirmation Of Instruments***

Makers are also responsible for confirmation or verification of authenticity of instrument when requested. Procedure for confirmation or verification is as follows:

- A. Legal Helpdesk receives and assigns the request for confirmation of instrument to Maker of the instrument.
- B. The Maker reviews the instrument presented for confirmation that was issued to verify / confirm its authenticity.
- C. The Maker prepares written confirmation of the instrument issued by the Bank on behalf of its customers and sends same for dispatch to the address of beneficiary of the instrument (email confirmations are in order where the email of the beneficiary is provided)

D. Where the instrument is not issued by the bank, the Maker prepares a response and sends same for dispatch to the issuer (this can also be achieved by electronic mail)

E. Legal Officer ensures correspondences are filed.