

Case Study

LegacyTexas Bank

Financial Services

CASH OnTrack Provides Visibility into Effective Covenant Compliance

Snapshot

**Asset Size:** \$8 billion**State:** Texas**Top Reason for Implementing CASH:**

“To gain greater visibility into borrower financial performance by integrating core system data, financial statement analysis, and tickler tracking into a single platform.”

Advice for Other Financial Institutions:

“Think holistically when contemplating improving credit risk management – it’s not just a matter of the spreading or tickler tracking system. An effective solution will encompass those tools, plus people, training, processes, and other systems, all of which have to work together to achieve the overall objective.”

LegacyTexas Bank is a commercially oriented, North Texas community bank serving local entrepreneurs, businesses and families for more than 60 years. With over \$8 billion in assets they are one of the largest locally based banks in the area. LegacyTexas is a powerful combination of two Plano-based banks: ViewPoint Bank and LegacyTexas Bank, each company was founded more than 50 years ago and merged in 2015.

As anyone who has gone through a merger knows, there are layers of complexity involved with system integrations and combining cultures and processes, which can elevate credit risk red flags get lost in the shuffle. Samuel Duff, SVP & Credit Officer, had a particular focus on getting his arms around financial covenant compliance. “I wanted a siren to sound and a red police beacon to start spinning over my desk when a covenant was busted.”

That is when CASH Suite caught Duff’s attention and became a serious candidate not only for exception management, but also for underwriting and access to portfolio data. CASH Suite brought the foundational expertise of deep and flexible credit analysis tools in CASH Insight along with integrated tickler tracking and covenant compliance oversight in CASH OnTrack. In addition to essential functionality, nightly imports from their core system via CASH Bridge brings in relevant data such as early loan payoffs to dismiss irrelevant ticklers and current loan balances for meaningful reports. This trio of integrated functionality enables Duff to

sort exception reports by credit exposure in order to prioritize action plans accordingly. From a logistics standpoint, the CASH Suite Professional Services Team was able to import the existing tickler data from both banks so that LegacyTexas didn't have to manually re-enter thousands of ticklers.

With CASH OnTrack, there may not be sirens and police beacons, but now Duff has complete visibility into the health of borrowers in the portfolio. According to Duff, "CASH OnTrack has revolutionized our ability to monitor credit risk and stay ahead of potential problems." Using CASH Insight to calculate and monitor financial covenants and CASH OnTrack to identify non-financial covenants for the life of the loan, the bank now has comprehensive covenant compliance in a single database. Exception management is no longer a mystery. Visibility is key to effective and pro-active action plans.

With the foundational needs covered, Duff looked beyond the basics and decided to adopt the full CASH Suite with an eye on integration of even more commercial loan functionality. Tasks in separate silos such as

sales pipeline, loan pricing, credit memo pre-fill and risk rating could all be integrated into the same system and common database. The single Sequel database is an important key for Duff in order to prepare reports which are used throughout the Bank for daily oversight and supervision. "Exception monitoring and covenant compliance is all about reporting. You can have the greatest analytical tools in the world, but if you can't extract, organize, and summarize the information it doesn't provide much value. CASH has great inherent reporting functionality, and what doesn't come straight out of the system can be prepared by exporting the data to Excel. We've been able to create literally everything we've been able to dream up by some combination of native reports and Excel output manipulated with macros." For a financial institution that wants to make use of their underwriting data, CASH Suite is rich with options.

For more information on Wolters Kluwer's CASH Insight solution, please visit WoltersKluwerFS.com/CASH.

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