System Manual

FIN365

COREFIN

Contents

I. Introduction

COREFIN FIN365 is a modular cloud solution based on Microsoft Dynamics 365 CE that enables clients to manage their lending business – relevant both for the banking and non-banking industries. The full solution captures the entire process from the initial request through the prequalification process, application management, KYC through to contract servicing, arrears management, journal entries, client portal and reporting. The module listed here is focused solely on the contract servicing functionality at a very generic level. For additional information and further client use cases, kindly contact us directly at contact@core-fin.com

II. Master Data

Master data is information in the system that is usually configured once and further maintained and is used in related processes. Only certain users are allowed to maintain that information.
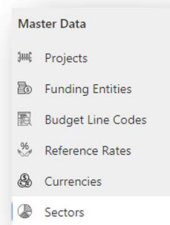
2.1 Companies

For companies the following information is tracked in the system in order to give a 360 degree view of clients:

- ✓ Main company information, address, contact details
- ✓ Company Rating
- ✓ Company ownership structure and related companies
- ✓ Existing portfolio with that client – contracts and payments
- ✓ Associated bank accounts
- ✓ Ability to upload documents
- ✓ Timeline with related collaboration with the company

2.2 Contacts

Contacts are physical people data records.

For each contact in the system, the following information can be captures:

- ✓ General information about the contact: Name, contact details, address
- ✓ Contact Rating
- ✓ View of all associated contracts and payments
- ✓ Summary of the existing portfolio associated with this contact
- ✓ Information about bank accounts linked to that contact
- ✓ Ability to upload and store documents

2.3 Currencies

Under Master data information about currencies and their exchange rate related to the base currency can be found. Only specific roles are allowed to create or edit currency information. and users.
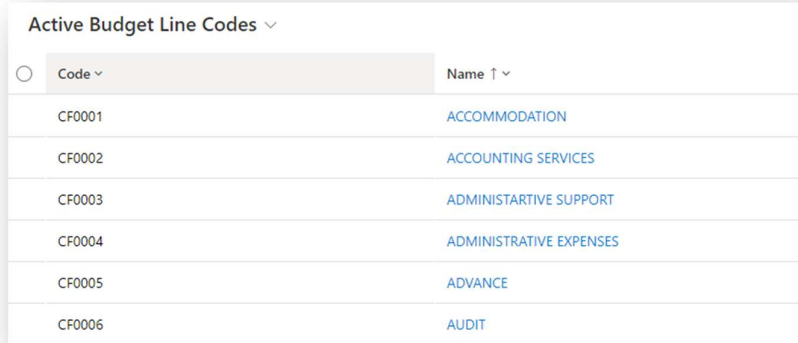

2.4 Sectors

Under Master Data information about Sectors and their ID can be found. Only specific roles are allowed to create or edit this information. This object is mainly used as a parameter in reporting.

2.5 Budget line Codes

Under Master Data information about Budget Codes, aka Expenses can be found. Only specific roles are allowed to create or edit country information. This object is used optionally in the contract servicing process in order to track in a more detailed level the usage of funds being disbursed.
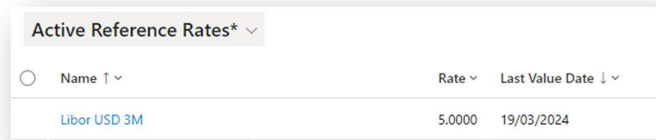
Code ∨	Name ↑ ∨
CF0001	ACCOMMODATION
CF0002	ACCOUNTING SERVICES
CF0003	ADMINISTARTIVE SUPPORT
CF0004	ADMINISTRATIVE EXPENSES
CF0005	ADVANCE
CF0006	AUDIT

2.6 Reference Rates
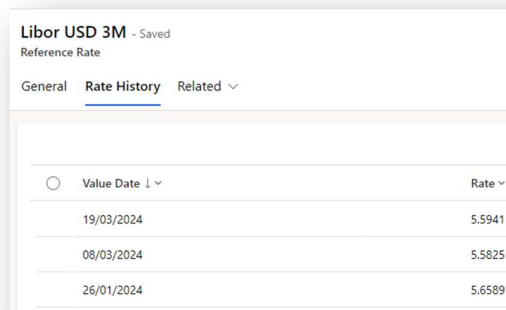
Under Master Data information about Reference rates can be found. Reference rates are used for variable interest rates contracts to define the variable component. Only specific roles are allowed to create or edit this information.

Active Reference Rates* ∨

Name ↑ ∨	Rate ∨	Last Value Date ↓ ∨
Libor USD 3M	5.0000	19/03/2024

For each reference rate, historical information can be kept as well by manually entering the information or via a matter of integration.

Libor USD 3M - Saved
Reference Rate

General · **Rate History** · Related ∨

Value Date ↓ ∨	Rate ∨
19/03/2024	5.5941
08/03/2024	5.5825
26/01/2024	5.6589

Interest rate can be amendment in the contract itself, but if there is a mass update for all contracts associated with a certain reference rate, this can be done automatically from here as well.
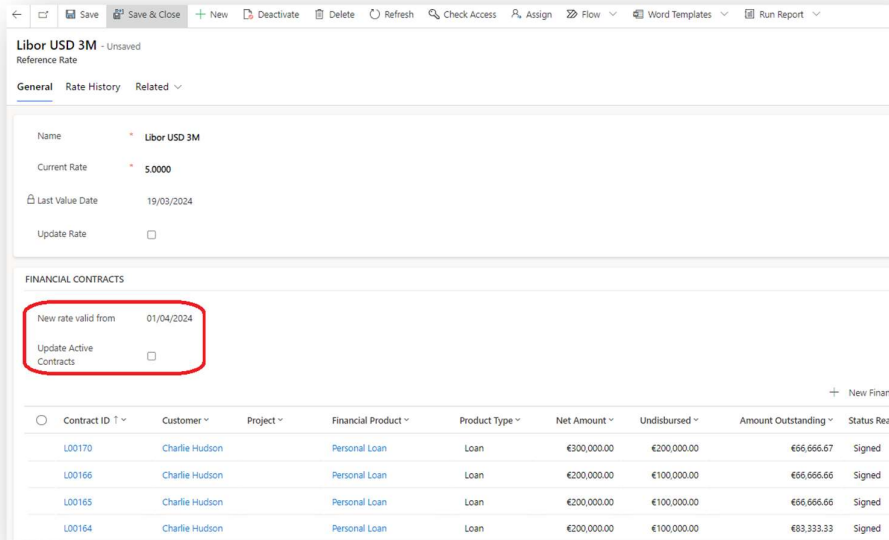
2.7 Funding Entities

Funding Entities are used to track the origin of the funds that are disbursed. Those could be internal or external sources of funds:

For each funding entity, some KPIs are tracked, e.g. the Fund Value, how much of that is received/available, how much is disbursed etc. The fund can be set as eligible only for certain sectors.

All cash inflow and outflow is also summarized under the tab Transactions.

2.8 Projects

Under Master Data information about Projects can be found. Only specific roles are allowed to create or edit this information. Projects are used to link together multiple contracts, which can be related also to diff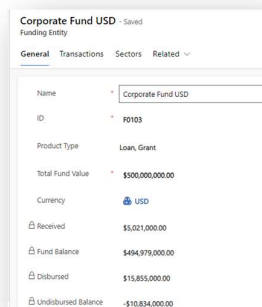erent products – like a portfolio etc. The dimension is mainly used for reporting purposes and is not obligatory to use it if it does not apply.

	Code ⌄	Name ⌄
○	BL3454	Regional Development Program 2024 Belize Region
	IST2426	Business Expansion 2024-2026

Active Projects ⌄

III.   Contact Settings

Under the area Settings, the following data to manage contract related information is available for a general maintenance:

Data
- Contract Applicable ...
- Fee Amortisation Set...
- Numberings

3.1 Fee Amortisation Settings

The purpose of this setting is to define which fees in the system are to be amortized and how:

- Based on the contact balance or the contract amount
- Daily or monthly

Active Fee Amortisation Settings ⌄   Edit columns   Edit filters   Filter by keyword

Name ↑ ⌄	Calculations ⌄	Fee Type ⌄	Postings Frequency ⌄
Commitment Fee	Based on loan balance	Commitment Fee	Daily
Negotiation fee	Based on fee amount	Negotiation Fee	Monthly

3.2 Contract Applicable Fees

With these settings, authorized used can manage which fees are applicable for which product types. Only the selected fee will be visible for the respective products and contracts:

IV.   Approval Settings

Amendments to contacts in the system need first to be approved in order to be effective, observing the 4 – eye (or more) principle. In this configuration, authorized user can manage which users are authorized to approve which amendments for which product types (loans, grants, borrowings)

This means that every time there is an amendment request for e.g. an interest change for a loan, until the above two approvals are collected, the amendment will not be effective.

Additional, as people might be on holiday or on a sick leave, authorized users can also define the substation rules: which user will be approving the amendments instead of another used and for which timeframe. Once the defined period is over, the rule will automatically expire.
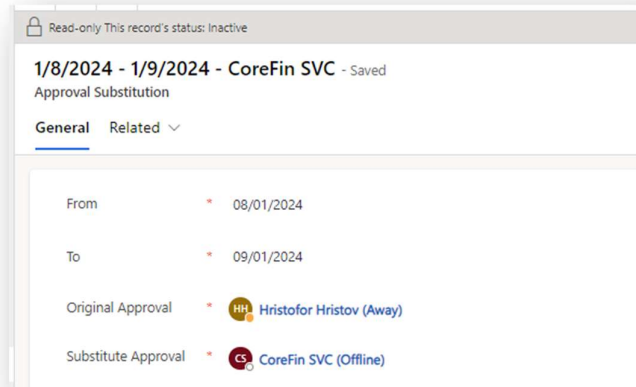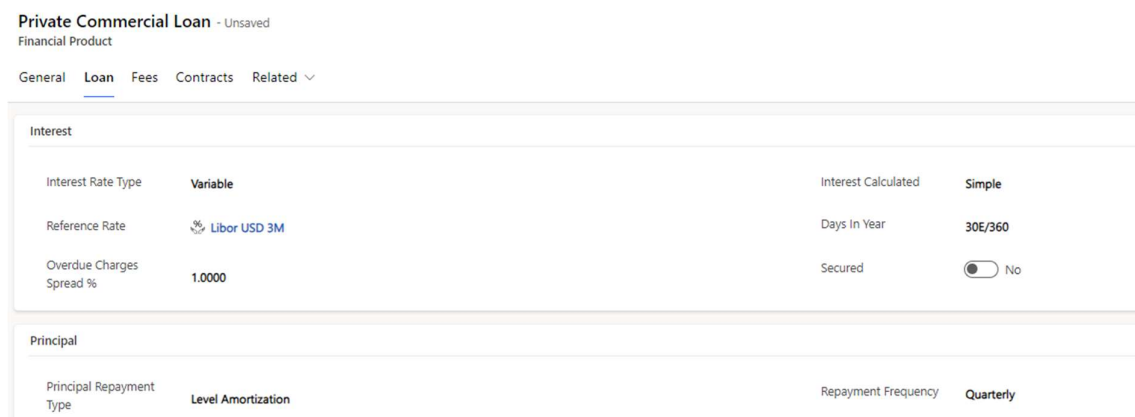
V. Financial Products

All products offered can be managed in a centralized place together with their specific attributes. Whether it is a loan, grant or borrowing product, the system allows to capture the common product structure as well as product specifics. Apart from the product related attributes, a user can predefine on product level various attributes that can streamline the origination and contract servicing process, such as related fees, required documents, collateral requirements etc.

The general product information is captured here:
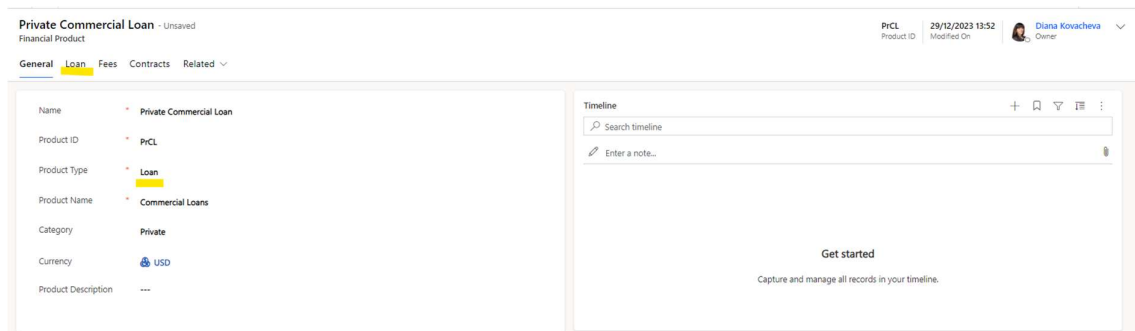
Based on the selected product type, the user is able to enter product type specific information on the respective tab:

The user is also able to select standard product fees of various type to a product as well as to add them on ad hoc basis on contract level:

Fees can be defined as:

- Fixed amount
- Percentage from the contract
- Ranges (dependent on the contract value, different fee amount applies)

Fees can be paid:

- 1-time
- Monthly/quarterly/ bi-annually
- With each disbursement (e.g. a transfer fee)

VI.   Financial Accounts

When a payment is to be disbursed, it is important to state to which bank account should the funds be sent to. Financial account information can be linked directly to a certain borrower (company or contact) or it can be defined separately for each payment. On a contract level it is also possible to set a repayment account – to which bank account repayments should be made – for a more streamlined process.

VII. Contract Management

7.1 Contract Set Up

A new contract can be created from the menu, from a product or from a client directly (or via a client portal). The required fields are:

- Customer
- Product
- Funding Entity
- Original Amount
- Value Date
- Maturity Date (not for grants)
- Interest rate (not for grants)

From the product additional information gets populated on contract level. If this information is not available from the product, the user needs to fill that in manually:

INTEREST INFORMATION

Days in Year	30E/360		Interest Rate p.a.	* 4.0000
Interest Calculated	Simple		🔒 Total Interest Rate	4.0000
Fixed Periods	Yes			
Interest Rate Type	Fixed			
🔒 Overdue Charges %	6.0000			

PRINCIPAL INFORMATION

Principal Repayment Type	Level Amortization		Repayment Frequency	Monthly
Repayment Account	---			

The Information under tab Expenses is optional: the user can decide if it is required to track the spending of funds in a more precise manner, e.g. for specific expenses type – where of course a certain proof of funds usage will need to be presented how money has been utilized. If this data is filled in, the system will prompt the use to enter the funds usage split for each disbursement being requested.

Under the Tab Fees, the system inherits all standard fees, predefined on product level. The user is also able to wave out standard fees that are not applicable or to enter fees specific for this contract.

Once all the contract data has been filled in and review, the user shall move the status through the following stages: Draft – In Progress – Pending Approval (all data becomes read only) – Signed.

Once the contract is signed, disbursements can be requested, and payments can be settled. Two additional areas appear at this stage (Amortization Tab, excluding for Grants) and Amendments. The payment plan for all predefined fees as per their payment plan is also being generated, once the contract is activated, i.e. the status is set to signed:

7.2 Contract Disbursements

Disbursements can be entered directly in the system or be requested via a client portal:

If the user is tracking the usage fund in a more detailed manner, this information needs to be entered also for each disbursement:

Each disbursement can be in different currencies. The system automatically calculated the amount into the contract currency based on the latest available exchange rate, so that the amortization plan can be correctly updated:

Once all information is updated, the status of the disbursement needs to be updated from Planned to Executed. Now the system creates a payment transaction for the disbursements. The physical transfer of funds can happen outside the system or it can be integrated with a payment system to process the money transfer. Manually or in an automated manner, the status of the disbursement transaction needs to be set to reconciled:

This event triggers some important calculations in the system:

- The creation/update of the amortization
- The creation/update of the payment plan, based on the contract repayment plan (not valid for grants)

Based on the disbursed amount, interest rate and the interest accrual settings, the system keeps at all times the actual contract amortization plan:

The same applies for the contract repayment plan, based on the selected repayment settings:

In the contract main tab, the system calculated automatically some important KPIs regarding the contract balance:

7.3 Payment Plan

The loan payment plan is automatically created and/or updated with each disbursement and amendment that might have an impact on it: e.g. loan extension, early repayment, change in interest or days count, loan amount increase/decrease etc. Once a payment is set to reconciled, if can no longer be edited or canceled. Only planned and late repayments can be cancelled. Once a repayment is set to reconciled, it is also reflected in the amortization table, where it reduced the due balance.

In the contract main tab, the system calculated automatically some important KPIs regarding the contract balance:
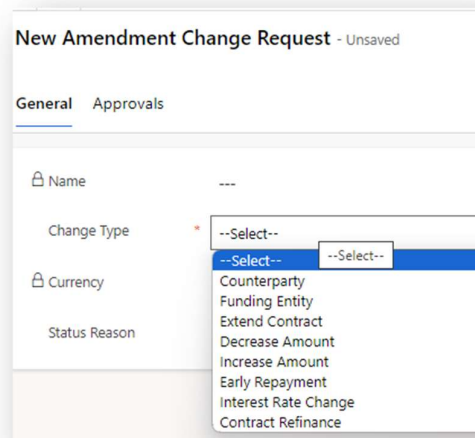
7.4 Amendments

A user in the system can request various amendments to a contract. Each amendment request submitted via a change request needs to be approved by another team member based on the Approval settings, set in IV. If there are no approval settings being set up, the user creating the change request, can approve it himself.

Once approved, the change becomes effective either immediately or from the selected effective date. It is important to first create the amendment on status draft (default status), make sure all entered information is complete and then change the status to pending approval.

The following amendments can be done in the system:

- Increase/Decrease contract amount
- Change the borrower/grantee
- Change the funding entity
- Extend the maturity date
- Request early partial or full repayments
- Change the interest rate
- Refinance the contact

Once the status is moved from Draft to Pending Approval, the required approval will be autogenerated:

When all approvals are collected (the respective user of the approval, has set the status from Pending Approval to Approved), the amendmet is automatically approved and reflected on the contract.

For all approved amendments, the system automatically creates an amendment history record:

7.5 Contract Liquidation

A contract will be set automatically to liquidated once the following conditions are met:

- All related transactions are reconciled and/or cancelled
- Undisbursed amount is 0
- Outstanding balance is 0 (not valid for grants)

Each user can also manually set a contract to liquidated or cancelled by using the deactivation button.

VIII. Reporting

## 8.1 Dashboards and Power BI Reports

In the system users can find standard system dashboards as well as application specific dashboards. In addition to that, various Power BI dashboards can be embedded directly in the system for a better system usability. Each dashboard can be made visible only for specific system roles, this making sure no sensitive data is shown to the wrong people.
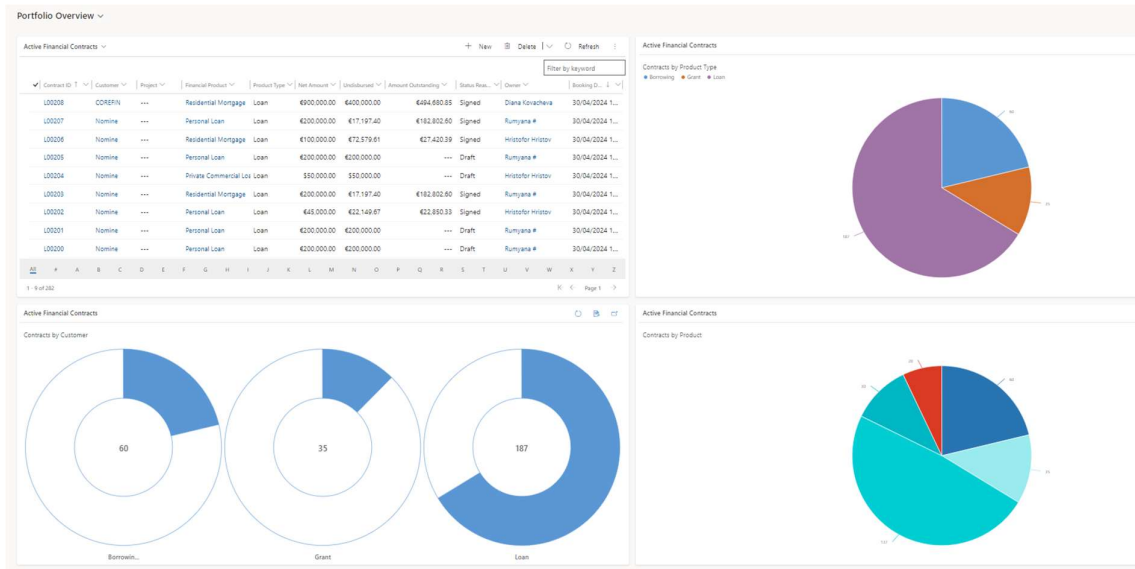
Power BI Reports
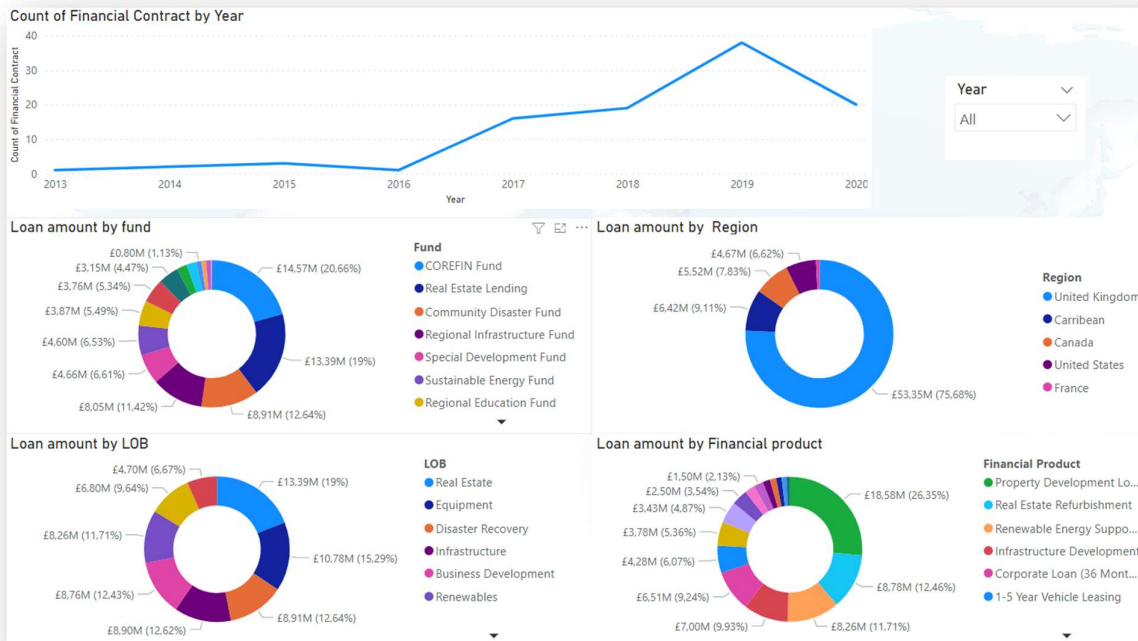
Amendment Approvals

This dashboard shows the pending approvals of the current user as well as all pending approvals and summary by status and user who approves:
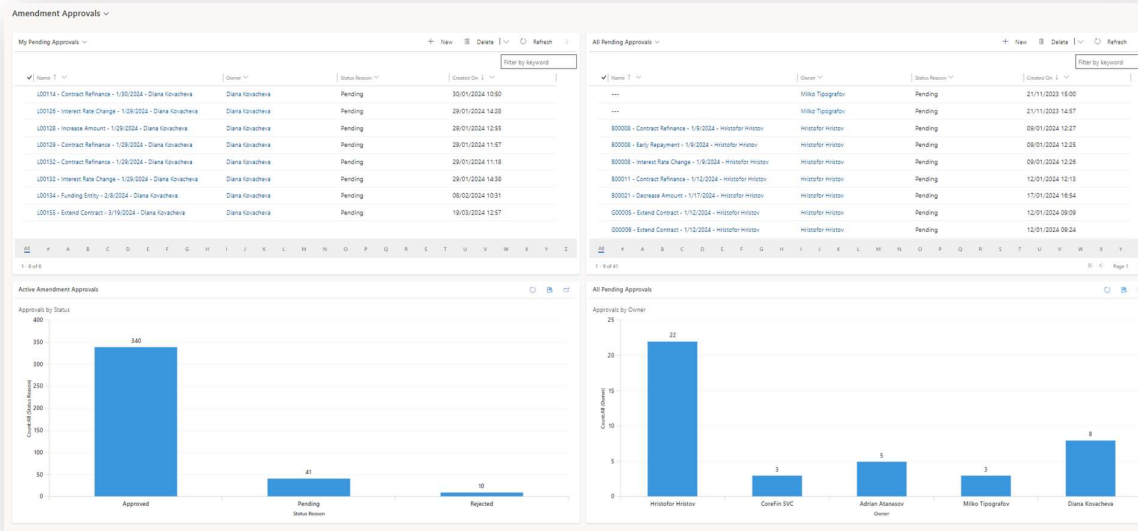
Portfolio Overview

This dashboard gives a summary of the existing contract portfolio.

Payments Overview

This dashboard shows a summary of loan related late payments as a list view and visualized per transaction type and by original due date:

Liquidated Contracts

This dashboard shows an overview of liquidated contracts as well as a split between product type and liquidation year.