1. **Client's Relationship**

Users create client's relationship which include data* like:
Client
Supplier
Buyer
Funder
Facility/ Product
Contract details
Facility Limit
Reserve Rate
Origination Fee Rate
Approved Tenure
Interest Rate
Late Payment Charge Rate
Passthrough Fee Rate
Number of Day per Year

These are just part of the sample data in the client's relationship.

2. (a) <u>Disbursement</u>

Invoice Creation
Users/ clients create invoice(s) which is tied to the client's relationship [Invoice bulk upload function is required].

Financing Request
Clients select the uploaded invoices to request for financing. Before submitting the request, clients select the expected disbursement date and agree to the terms and conditions.

Pre-Disbursement Checking
Users perform pre-disbursement checking based on a checklist pre-set at product level. System calculates and shows the important financing details.

<u>Example of financing details for Invoice Financing:</u>
Invoice Amount: *Being the invoice amount pulled from the data keyed in upon invoice creation.*
Reserve: *Invoice Amount x Reserve Rate [Reserve Rate is pulled from the client's relationship]*
Financing Amount: *Invoice Amount - Reserve*
Origination Fee: *Invoice Amount x Origination Fee Rate OR Financing Amount x Origination Fee Rate [Origination Fee Rate is pulled from the client's relationship, the multiplication on Invoice Amount or Financing Amount is set at the client's relationship]*
Gross Disbursement Amount: *Financing Amount - Origination Fee*

System shows the outstanding financing and outstanding fees for the relevant client. Users select multiple outstanding financing and/or outstanding fees to set off upon disbursement.
Net Disbursement Amount: *Gross Disbursement Amount - Total Set Off Amount*

Users change the status to "Pending Disbursement".

Disbursement Payment Update
After remittance of net disbursement amount to clients, users update the actual disbursement date for the disbursed financing in the system [Payment bulk upload function is required].

System automatically changes the status of the updated financing from "Pending Disbursement" to "Disbursed".

3. (a) <u>Repayment</u>

Closing

Upon receipt of repayment for the financed invoice(s), users update the repayment details (e.g., Repayment Date, Repayment Amount, etc.) for the paid financing [Payment bulk upload function is required].

System calculates Interest, Late Interest, Late Payment Charge and Gross Closing Amount. [Shall be able to cater for multiple partial repayments under one financing]

<u>Example of calculation logic for Invoice Financing:</u>
Interest: *Financing Amount x Interest Rate/ Number of days per year x Tenure*
Late Interest: Outstanding Financing Amount x Interest Rate/ Number of days per year x Tenure
Late Payment Charge: *Outstanding Financing Amount x Late Payment Charge Rate/ Number of days per year x Tenure*
[Interest Rate, Late Payment Charge Rate and Number of days per year are pulled from client's relationship]

System automatically changes the status according to different scenarios:
Partially Settled: *Only partial repayment(s) is received and the total amount received is insufficient to cover the total outstanding (being outstanding financing amount, outstanding interest, outstanding late interest and outstanding late payment charge).*
Pending Close: *Total repayment received is larger than total outstanding, pending remittance of the closing amount (i.e., the balance amount) to clients.*
Closed: *Total repayment amount is equal to total outstanding.*

System shows the outstanding financing and outstanding fees for the relevant client. Users select multiple outstanding financing and/or outstanding fees to set off upon closing (i.e., if there is any balance amount when total repayment received is larger than total outstanding).
Net Closing Amount: *Gross Closing Amount - Total Set Off Amount*

Closing Payment Update

After remittance of net closing amount to clients, users update the closing date for the processed financing in the system [Payment bulk upload function is required].

System automatically changes the status of the financing from "Pending Close" to "Closed".

Passthrough

Upon receipt of repayment for the unfinanced invoice(s),users create invoice(s) tied to client's relationship and update the repayment details (e.g., Repayment Date, Repayment Amount, etc.) for the unfinanced invoice(s) [Payment bulk upload function is required].

System calculates Passthrough Fee and Gross Passthrough Amount.
Passthrough Fee: *Invoice Amount x Passthrough Fee Rate*

The status shown is "Pending Passthrough"

System shows the outstanding financing and outstanding fees for the relevant client. Users select multiple outstanding financing and/or outstanding fees to set off upon passthrough.
Net Passthrough Amount: *Gross Passthrough Amount - Total Set Off Amount*

Passthrough Payment Update

After remittance of net passthrough amount to clients, users update the passthrough date for the processed transaction in the system [Payment bulk upload function is required].

System automatically changes the status from "Pending Passthrough" to "Closed".

2. (b) <u>Disbursement</u>

Financing Request
Clients request for term financing and agree to the terms and conditions.

Term Loan Creation
Users create term loan(s) which is tied to the client's relationship.
- Tranching feature is needed.
- Different interest calculation methods are required (e.g., Straight Line, Rule of 78, Bespoke)
- Lock-in period setting is needed.

System generates the term loan repayment schedule based on the information keyed in by the users upon term loan creation.

Pre-Disbursement Checking
Users perform pre-disbursement checking based on a checklist pre-set at product level.

Origination Fee: *Financing Amount x Origination Fee Rate [Origination Fee Rate is pulled from the client's relationship]*
Gross Disbursement Amount: *Financing Amount - Origination Fee*

System shows the outstanding financing and outstanding fees for the relevant client. Users select multiple outstanding financing and/or outstanding fees to set off upon disbursement.
Net Disbursement Amount: *Gross Disbursement Amount - Total Set Off Amount*

Users change the status to "Pending Disbursement".

Disbursement Payment Update
After remittance of net disbursement amount to clients, users update the actual disbursement date for the disbursed financing in the system [Payment bulk upload function is required].

System automatically changes the status of the updated financing from "Pending Disbursement" to "Disbursed".

3. (b) <u>Repayment</u>

Upon receipt of repayment for the financed term loan(s), users update the repayment details (e.g., Repayment Date, Repayment Amount, etc.) for the paid term loans[Payment bulk upload function is required].

System calculates Late Interest *(if late repayment)* and Late Payment Charge *(if late repayment).*
[Shall be able to cater for multiple partial repayments under one installment]
[Users shall be allowed to set the repayment sequence, e.g., to settle interest, late interest, late payment charge or principal first]

<u>Example of calculation logic for Term Financing:</u>
Late Interest: Outstanding Installment Amount x Interest Rate/ Number of days per year x Late Tenure
Late Payment Charge: *Outstanding Installment Amount x Late Payment Charge Rate/ Number of days per year x Late Tenure*
[Interest Rate, Late Payment Charge Rate and Number of days per year are pulled from client's relationship]

System automatically changes the status of each installment according to different scenarios:
"-": *No repayment, on time.*
Overdue: *No repayment, installment due date has been passed.*
Settled, Prompt: *Installment is fully settled on time.*
Settled, Late: *Installment is fully settled late.*
Partially Settled:*Installment is partially settled.*

System shall be able to cater for early settlement logic.