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APACK 14.4.0.2.0 Commitment

Part Number: F36581-01



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Introduction

- The facility to create a loan commitment contract is available. Banks can make funds available for customers who might need money in the future.
- On each disbursal of a commitment, the bank simultaneously creates a contingent asset and a contingent liability in its book of accounts.
- Interest can be earned from both utilized and unutilized amount of commitment, which contribute to the income of the bank.
- Charges can also be imposed on the Commitment contracts.
- The commitments are linked to loan accounts. When the loan is disbursed, the commitment gets utilized just like a line of credit.
- Multiple loans can be drawn against a commitment and vice-versa.

Products Features



Product Features

- Commitment can be booked as revolving or non-revolving.
- Commitment can be booked with different charges/fees/penalty component.
- Various amendments are allowed in commitment .
- Different levels of status change.
- Different types of UDEs within Minimum and Maximum UDE values.
- Range of values can be given as a variance for exchange rate.
- System builds the schedules based on the holiday check option.
- Verify funds option to check the balance in the settlement account.

Product Parameters



Product Parameters

- Disbursement Mode : The following modes of disbursement are supported:
 - Auto
 - Manual
- Liquidation Mode: The following modes of Liquidation are supported:
 - Auto
 - Manual

Product Parameters

Tenor/Frequency for Disbursement/Liquidation

The following types of settlement frequency are supported:

- Daily
- Weekly
- Monthly
- Quarterly
- Half-yearly
- Yearly
- Bullet



Product Parameters

Value Dating

The following types of value dating is supported for various activities on loan accounts like disbursement, payment etc.,:

- Current Date
- Back Date
- Future Date

Excess Payment

The following types of excess payment are supported:

- Advance payment: Future schedules settled through a current dated payment
- Pre-payment: If the amount paid by customer is more than what's due in the current schedule, the
 excess amount is considered as a prepayment towards the principal. The future schedules are
 recomputed accordingly.

Product Parameters

Preferences for settlement of components:

- Each component across schedules
- All components for each schedule



Product Parameters

Component Types

Various types of components are supported in Loan products apart from the Principal and Interest. The typical component types are:

- Charge component
- Utilization Fees component
- Charge components
- Ad hoc Charge component
- Penalty component

Grace Days

User can define grace days for the repayment Principal and Interest components. No penalty will be charged during this period.

Product Parameters

- Interest Rate: The interest rate can be of two types:
 - Fixed Rate
 - Floating Rate
- The revision of interest rate in case of a floating rate can be done through the following methods:
 - Automatic Rate Revision
 - Periodic Rate Revision (user defined schedules)

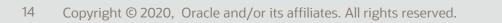


Product Parameters

Amendment Options

The following operations are supported for loan account amendment:

- Interest Rate amendment
- Changing maturity date
- Schedule amendment
- Non-financial details
- Principal Increase
- Repayment amount
- Loan settlement Notice
- Automatic Creation of Commitment contract



Product Parameters

Reassignment Options

The following types of reassignment are supported:

- Changing Currency
- Changing Customer
- Changing the loan type
- Changing the Linkage details



Product Parameters

Renegotiation Options

The following operations are supported for loan account renegotiation:

- Liquidation/Waiver/Capitalization of overdue components
- Product Change
- Interest Rate amendment
- Changing maturity date
- Schedule amendment
- Principal Increase
- Repayment amount



Branch Transfer for Commitment Accounts



Branch Transfer for CL Accounts

Transfer Categories Following are the transfer categories:

- **Single Transfer:** A Commitment account could be transferred from source branch to any target branch. If a commitment is not linked to any loan contract, the loan alone can be transferred. Else, both the loan and the commitment must be transferred together.
- **Product Transfer:** All the Commitment accounts belonging to a particular product are transferred from source branch to any target branch.
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Customer Portfolio Transfer : All the Commitment accounts belonging to a particular customer are moved from source branch to target branch.

• Branch Merger: The source branch will get merged to the target branch by moving all its accounts (CASA and TD) and contracts belonging to CI,CL,MO.

Events Covered



| Events | Description |
|--------|----------------------------------|
| BOOK | Booking of Contract |
| INIT | Contract Initiation |
| DSBR | Disbursement |
| ACCR | Accrual |
| MLIQ | Manual Liquidation |
| ALIQ | Automatic Liquidation |
| LINK | Linkage of Commitment |
| DLNK | De-Linkage of Commitment |
| VAMB | Value Dated Amendment Booking |
| VAMI | Value Dated Amendment Initiation |

| Events | Description |
|--------|-----------------------|
| RACR | Reversal Accrual |
| CLOC | Closure of Commitment |
| TRFR | Branch Transfer |





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