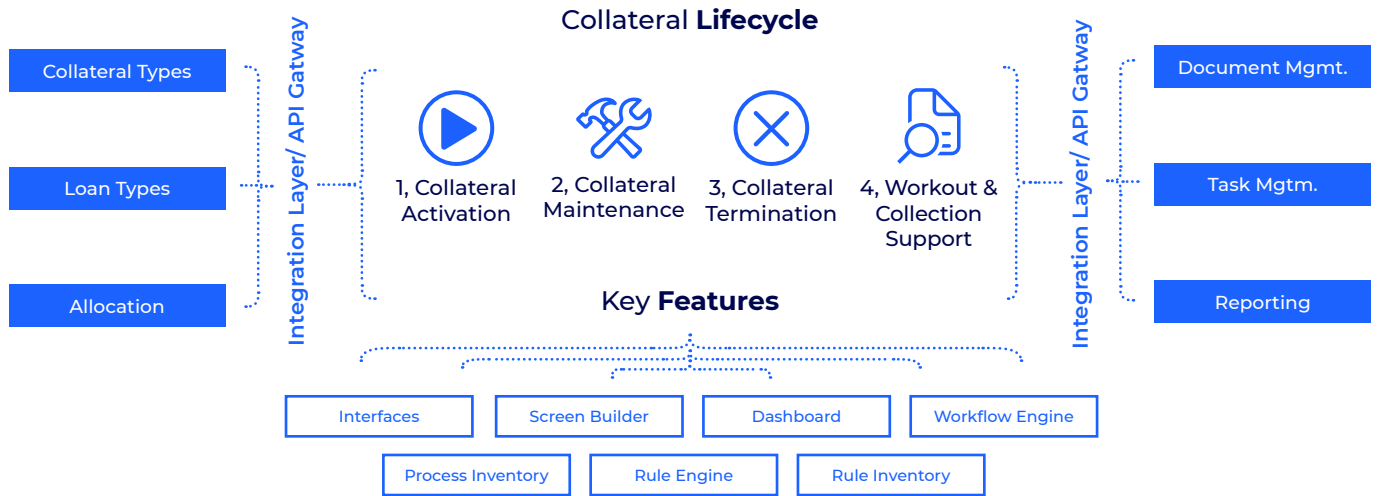# COLLATERAL
MANAGEMENT
—

The ApPello Collateral Management tool provides transparency of collaterals and coverage on client, segment or portfolio level. The solution supports all loan collateral related activities: activation, processing, optimal allocation to exposure.

LOAN COLLATERAL
MANAGMENT

ApPello Collateral Management System is used by numerous banks across **Retail**, **SME** and **Corporate** segments. Through adopting this flexible and functionally rich platform, our clients have experienced often significant reductions in **capital requirements (RWA)** and **loan risk provisions**, streamlined collateral processing, and reduced total cost of ownership.

The solution is fully configurable by the users and supports all loan collateral-related activities across collateral maintenance and processing. This includes incorporated loan origination support, complex eligibility calculations, set-up for segmented collateral activation criteria, heuristic allocation algorithm, and maker-checker process support.

appello | Collateral **Lifecycle**

Collateral **Lifecycle**

Integration Layer/ API Gatway

| Collateral Types |
| Loan Types |
| Allocation |

1, Collateral Activation

2, Collateral Maintenance

3, Collateral Termination

4, Workout & Collection Support

Integration Layer/ API Gatway

| Document Mgmt. |
| Task Mgtm. |
| Reporting |

Key **Features**

| Interfaces | Screen Builder | Dashboard | Workflow Engine |

| Process Inventory | Rule Engine | Rule Inventory |

ACTIVATION

In activation the **collateral** gets unambiguously defined and placed into its environment. Users of the system (account managers, backoffice, risk, administration) can **model the new business deals** (applications) either in CMS or integrated external loan origination systems.

TERMINATION

Termination process supports the ending of the collateral contract, closing it and releasing the collateral assets. The necessary documentation can be also **generated out of the system.**

MAINTENANCE

Maintenance is an **ongoing monitoring activity** shared by system and backoffice users. Various **notifications** make sure that the **collateral will stay legally valid** over time, will have an actual value and will provide the necessary coverage for the secured loans.

WORKOUT SUPPORT

Workout is rather a side area which is **covered by CMS** in a way that every cost and revenue is registered in the system, **can be reported, analyzed.**

CAPABILITIES

E2E
End-to-End
collateral lifecycle process support

Visualized
collateral structures

Easy to extend
collateral catalogue

Highly optimized
allocation algorithms

Provides relevant input data
for provision and RWA calculation

Eligibility & enforceability
engine

Public APIs
for reduced integration effort

BENEFITS

Reduction in capital
(RWA Optimization)

Improve collateral coverage
(LTV)

Optimizes provisioning

Data consolidation and
improvement of data quality

Loan origination process
and post calculations support

Cater for
collateral eligibility

Increased
operational efficiency

**Easy understanding**
of complex business cases

Compliance with Basel,
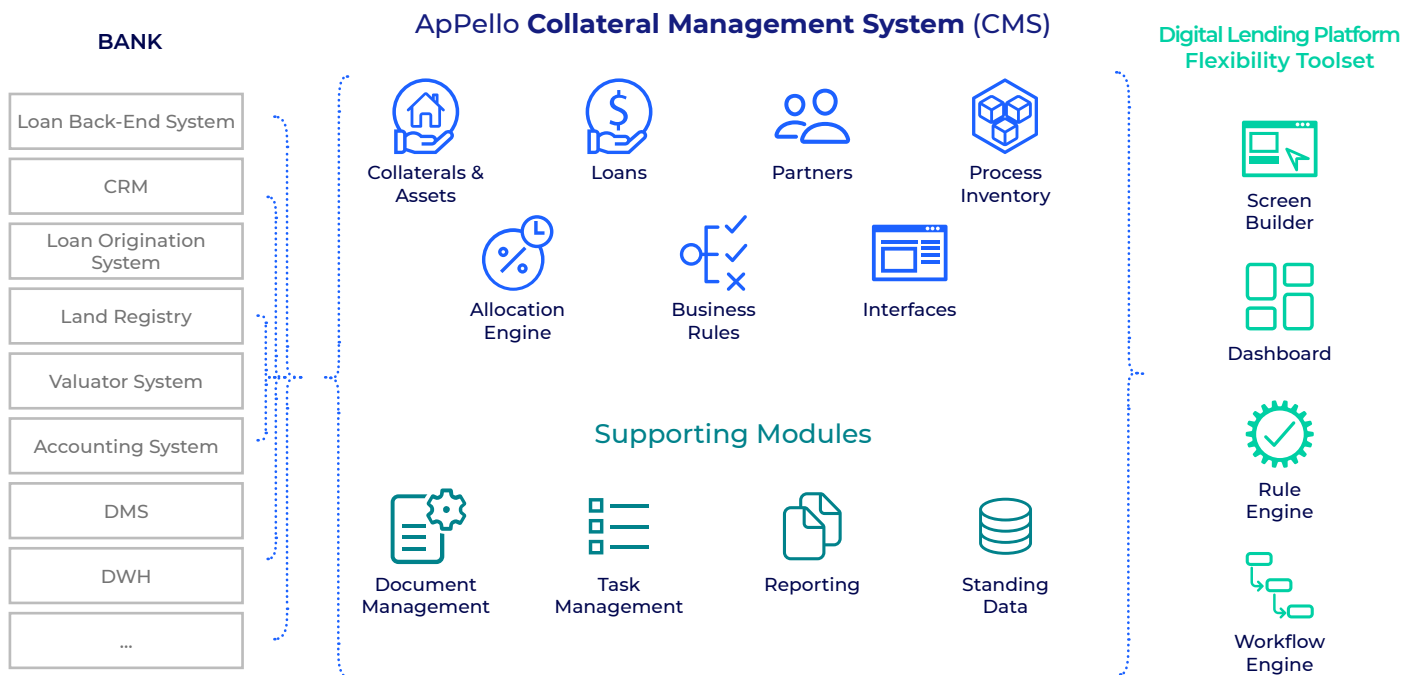Anacredit Regulations

INTELLIGENT
ALLOCATION

The key to truly efficient **collateral management** lies in how to **determine the optimal way** to allocate your collaterals to exposures. **The allocation optimization** (with multiple built-in methodologies) is possible for provision and/or capital as well. The allocation runs with **refreshed exposure risk values** and **revaluated collateral asset values** at the end of every day for the whole portfolio. **The algorithm** can be started for a particular customer group on-the-fly during the daily operation. The users receive an **immediate feedback** about the required coverage and available collateral values in each allocation method on the visual GUI.
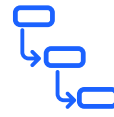
WORKFLOW BASED
COLLATERAL MANAGEMENT

ApPello Collateral Management solution guides the user through the **whole lifecycle** of the collateral from the initial origination through (whichever is applicable) the valuation, activation, monitoring, maintenance, indexation / depreciation calculation, revaluation, termination and workout processes. **It also covers the handling** of related insurances. Solution opens **customized screens** based on user profile, controls data quality and consistency, sends notifications or pop-up warnings. This gives you a **comprehensive overview** and **saves you valuable time**.

appello | CMS Logical **Architecture**

ApPello **Collateral Management System** (CMS)

BANK

Loan Back-End System

CRM

Loan Origination System

Land Registry

Valuator System

Accounting System

DMS

DWH

...

Collaterals & Assets

Loans

Partners

Process Inventory

Allocation Engine

Business Rules

Interfaces

Supporting Modules

Document Management

Task Management

Reporting

Standing Data

Digital Lending Platform Flexibility Toolset

Screen Builder

Dashboard

Rule Engine

Workflow Engine

EASY-TO-EXTEND
COLLATERAL CATALOGUE

ApPello currently supports 10 main types of collaterals such as Real estates, movables, guarantees, etc. Under each **collateral class** there are possible categories and sub-categories. This **sub-categorization** provides the possibility to specifically name what collateral we are talking about, e.g. Real estate / Residential / Family house, and also to differentiate the main parameters for every sub-category. **ApPello can easily adapt to the Bank's collateral catalogue** with the so-called **Collateral steering table** which collects the collateral types. Later on, it is **extendable and editable** by the Bank. The business administrator is able to define the properties and parameters valid for a collateral type in the collateral steering table. Such properties are, for example maximum and minimum haircut, default eligibility, allowed evaluation types, evaluation and monitoring frequency.

Main Collateral Categories

🏠	Real Estate	♡	Life Insurance
🚗	Movable	🛡	Security
💵	Deposit	🧾	Bill of Exchange
💲	Reciveble	🤝	Guarantee
📋	Bank Guarantee	🔒	Other Collateral

COMPLY WITH
BASEL & ANACREDIT

The **fast-changing regulatory environment** makes it harder each year but also even more important to comply with existing standards of **Basel regulations** and the recently introduced ones such as **AnaCredit.** Apart from the full compliance, the solution provides a **comprehensive flexibility toolset** that can help our clients maintain full control over the application settings and **reducing IT maintenance cost**. E.g. dedicated business users may easily configure the **eligibility and enforceability rules,** set up and maintain the collateral catalogue and all the business parameters.

DISCOVER ADDITIONAL
SALES POTENTIAL

The **system visualizes facility-loan-collateral contract-collateral asset** (object) **structures** and allocation results. This graphic appearance also **helps executing new actions** (e.g. sandbox calculations for adding new collateral to the financing structure) and performing maintenance tasks (e.g. replacement of existing collateral to a new one). Based on our customers' feedback it also **helps identifying complex business cases and opportunities.** A few examples: handling cross-collaterals between different partners and facilities, portfolio guarantees, collateral replacements, etc. Acquire a significant competitive advantage by **recognise your customers' needs first-hand.**

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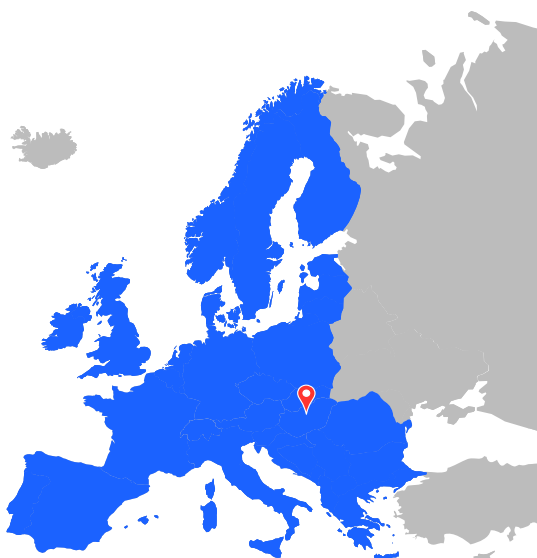
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CLIENTS

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CIB BANK   UniCredit   SBERBANK   PBZ

TB TATRA BANKA   Raiffeisen BANK   ČESKÁ SPOŘITELNA   Magnet BANK   K&H

TAKARÉKBANK   BRD GROUPE SOCIETE GENERALE   Fundamenta Lakáskassza   J&T BANKA