

COLLATERAL MANAGEMENT

ApPello Collateral Management System is used by numerous Tier 1 banks across their retail, SME and corporate segments. Our clients have experienced significant (minimum 1%) reduction in capital requirements & provisions, reduction of collateral processing and total cost of ownership.

The solution supports all collateral related activities with the fully configurable collateral maintenance and processing platform. Including e.g. incorporated loan origination support, complex eligibility calculations, setup for segmented collateral activation criteria, heuristic allocation algorithm, maker-checker process support.

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CAPABILITIES

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E2E

End-to-End Collateral Life Cycle Process Support



Visualized **Collateral Structures**



Easy to Extend **Collateral Catalogue**



Highly Optimized **Allocation Algorithms**



Provides Relevant Input Data for Provision and RWA Calculation



Eligibility and 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



Support Loan Origination Process and Post Calculations



Cater for Collateral Eligibility



Increased Operational Efficiency



Easy Understanding of Complex Business Cases



Ensured Compliance with Basel, Anacredit Regulations



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**.



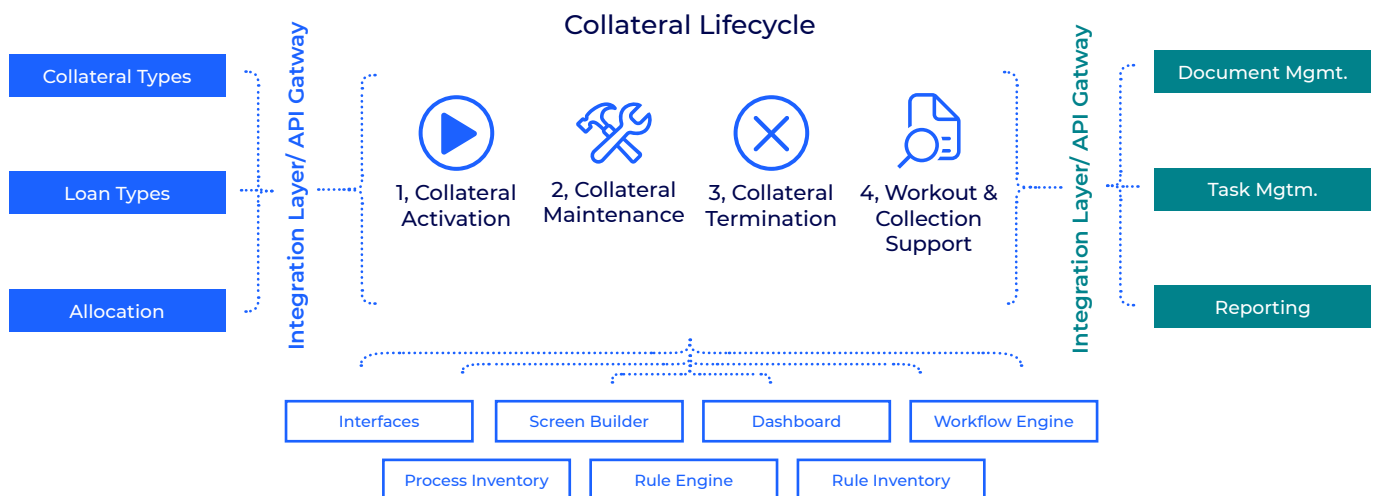
MAINTENANCE

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

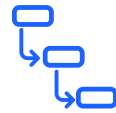
Workout is rather a side area which is **covered by CMS** in a way that every cost and revenue is registered in the system, **can be reported, analyzed**.





INTELLIGENT ALLOCATION

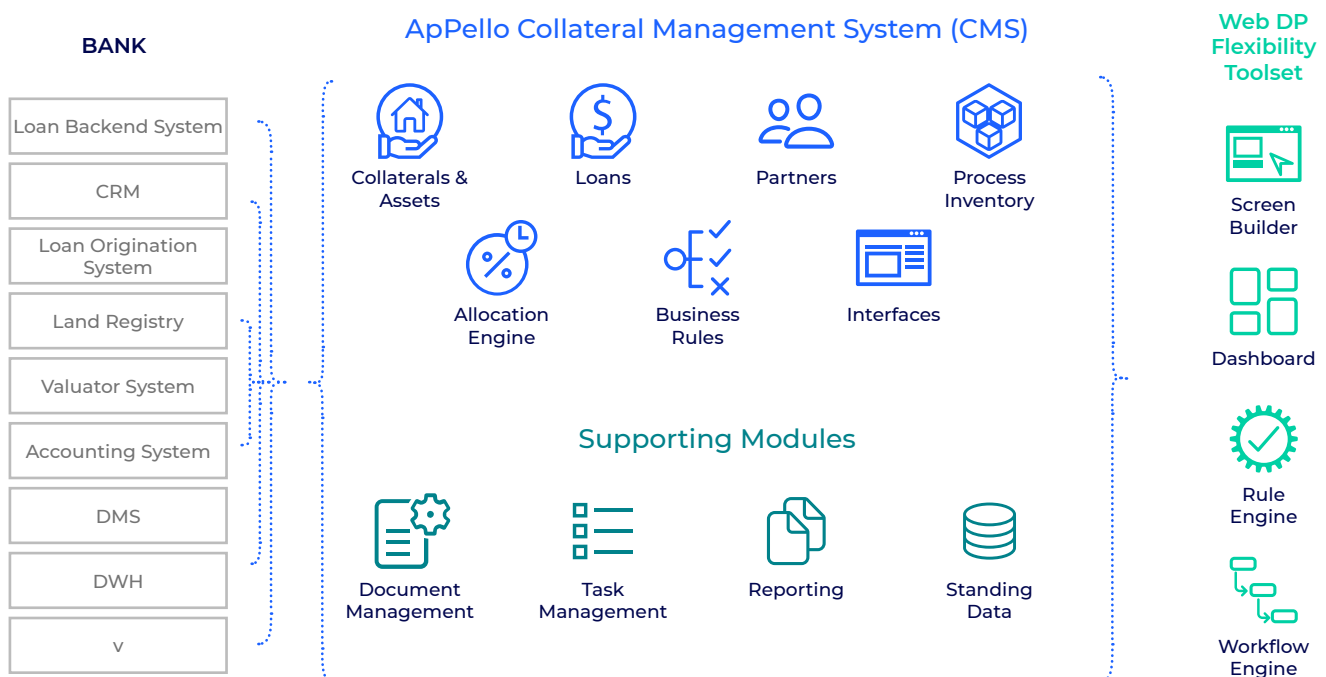
The key to truly efficient **collateral management** lies in how to **determine the optimal way** to allocate your collaterals to exposures. **The allocation optimization** (with multiple built-in methodologies) is possible for provision and/or capital as well. The allocation runs with **refreshed exposure 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 Logical Architecture















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
 Recivable	 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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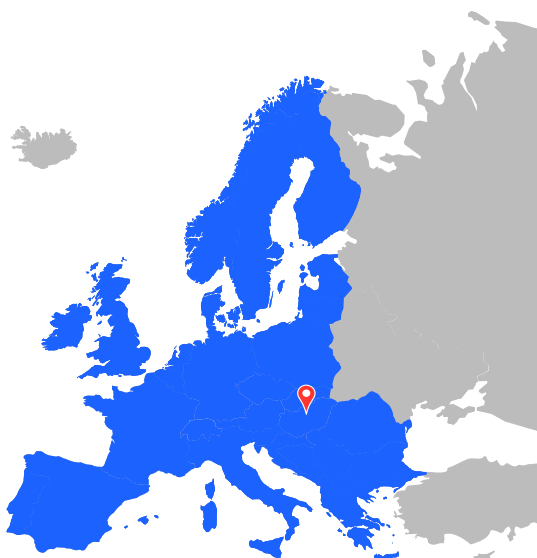
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