

Risk Reduction and Superior Flexibility in Collateral Management

Misys Loan IQ's collateral management module provides banks with an advanced sophisticated tool to easily view, track and manage their collateral. Its flexible design allows banks to treat collateral in the way which best meets their requirements. Banks are able to more accurately manage and reduce operational and credit collateral risks.

Solution Overview Collateral Set Up

The Collateral Management module allows banks advanced flexibility in how they want to manage their collateral. Collateral accounts can be recorded at the Deal, Facility and Outstanding level. Each account can have multiple holdings such as assets, bonds and cash collateral. Different discount factors can be applied at both the account level and the holding level. Multiple currencies can be viewed within the same collateral account. A unique collateral identification number tracks the collateral within Loan IQ and shows where it is tied to multiple deals / facilities / outstandings.

Updating and keeping collateral information current is also very easy to manage in Loan IQ. APIs enable the bank to set up accounts / holdings and perform collateral updates and repricings. Collateral information within Loan IQ is seamlessly interfaced with other internal bank systems or outside systems. APIs import new data or updated modifications to the accounts or holding as well as common and individual pricing changes. Pricing can be updated daily, weekly, monthly or at specific scheduled times set up by the bank. In addition, discount factors can be tiered into the pricing so that the banks does not have to manually enter the information.

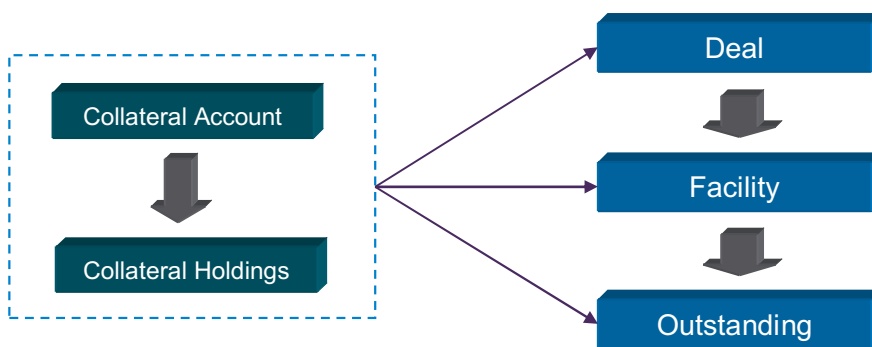
Advanced Flexibility For Banks

- + Collateral types and sub-types are defined in tables which are fully configurable
- + Collateral accounts can be set up at the borrower level with single or multiple accounts
- + Accounts can be single currency or multi-currency, and can hold single or multiple holdings
- + Collateral can be tied to a single or multiple deal / facility / outstandings or merely stored in the system for recordkeeping

Superior Risk Management

- + Additional fields can be customised to meet Basel II requirements
- + Automated warning alerts signal when collateral value against loans is violated

Full Monitoring of Collateral at the Deal, Facility and Outstanding Level



Accurate, Up-To-Date Information

A unique collateral identification number allows banks to easily monitor their collateral within Loan IQ by deal, facility and outstanding level. APIs seamlessly import any new data or changes into the system so that banks can accurately assess their collateral value against their loans.

Basel II screenshot

The screenshot displays a software window titled "Additional Fields for Holding for Account: HKABC COLLATERAL ACCOUNT". The window contains a table with columns for "Name" and "Value". The table lists various Basel II compliance fields, including "Collateral Valuation Amount", "Collateral Valuation CCY", "Currency Mismatch", "Lending Value", "Lending Value CCY", "Problem Engagement", "Before PE", "Last MV Before PE", "Date of Last Valuation Before PE", "Used Commitment", "Unused Commitment", "After PE", "MV", "Date of MV After PE", and "Liquidation Status". The values for these fields are mostly 0.00 or 0.00%.

A warning dialog box is overlaid on the screenshot, with the text: "Warning: Releasing this transaction will cause a collateral deficiency of JPY 26,830,000. Do you wish to continue?". The dialog box has "Yes" and "No" buttons.

Risk Compliance

Loan IQ's Collateral Management tool helps banks comply with industry and government regulations and manage risk exposure. Additional fields can be customised specifically for Basel II and used for compliance purposes. Loan IQ is also able to track the collateral value against the loans and warn against any violations.

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Loan IQ's Collateral Management tool delivers powerful functionality which allows banks to set up and monitor the specific collateral information that they require in order to accurately track their credit and operational risk.

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Browse data from Collateral Type

Search:

Show active only
 Show inactive only
 Show all

Drill down to view details

Code	Description	Advance Rate	Discount Rate
Y ACR	Accounts Receivable	100.00%	20.00%
Y AIR	Aircraft	100.00%	100.00%
Y ASS	All Assets	100.00%	75.00%
Y BTAG	BTAG Assets	100.00%	100.00%
Y BDP	Bond Power	100.00%	100.00%
Y BDS	Bonds	100.00%	100.00%
Y CAC	Cash Collateral	100.00%	100.00%
Y COD	Certificate of Deposit	100.00%	100.00%
Y COO	Certificate of Ownership	100.00%	100.00%
Y CON	Contract	100.00%	100.00%
Y CPR	Copyright	100.00%	100.00%
Y EQPM	Equipment	100.00%	100.00%
Y FMLD	Flex Market Link Deposit	100.00%	100.00%
Y HKA	Hong Kong Assets	100.00%	100.00%
Y INPE	Inventory & Receivables	100.00%	100.00%
Y LOC	Letter of Credit	100.00%	100.00%
Y LIP	Life Insurance Policy	100.00%	100.00%
Y LPI	Ltd. Partner Interest	100.00%	100.00%
Y MID	MID Assets	100.00%	100.00%

The bank can easily configure tables which contain the collateral type and sub-type information. Different discount rates can be applied to different collateral types.

Collateral Accounts for: RAND MERCHANT BANK

Drill down to view details

Name	CCY	Reference #	Market Value
COLLATERAL	EUR	129589	151,156,363.63
COLLATERAL ACCOUNT	USD	2704	700,000,000.00

Add Delete Edit

Within the collateral accounts, different currencies can be shown for various collateral holdings.

Holding for Account: COLLATERAL

Holding Desc: GOVT BONDS Active

Item: GOVT BONDS

Holding Number: 5547

Maturity Date: 26-Mar-2015 Advance Rate: 85.00% Units: 10.00

Price as of 9-Nov-2010 01:55 pm

Exchange Code:

Currency: USD Init Price 3,500,000.000000 User: USER 1, TRAINING

Price Source: Price Date: Price Time:

Location Information

Liened Held Elsewhere State:

Account: Location:

Type

Description: Bonds

Discount Rate: 100.000000%

Subtype

Description: Corporate Bond

Common Price Has Value Past Maturity Date

Current Holding Values in USD

Market Value:	35,000,000.00	Market Value:	35,000,000.00
Eligible Value:	29,750,000.00	Eligible Value:	29,750,000.00

Holding Values in USD as of 10-Nov-2010 10:56 am

A unique identification number for the collateral shows all deals / facilities / outstandings the collateral is tied to. Maturity dates are easily monitored so that the Bank can add to the collateral if needed, thereby minimising risk exposure. The discount factors can be applied automatically, and can be tiered into the pricing



To find out more about how
Misys Loan IQ can help you,
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