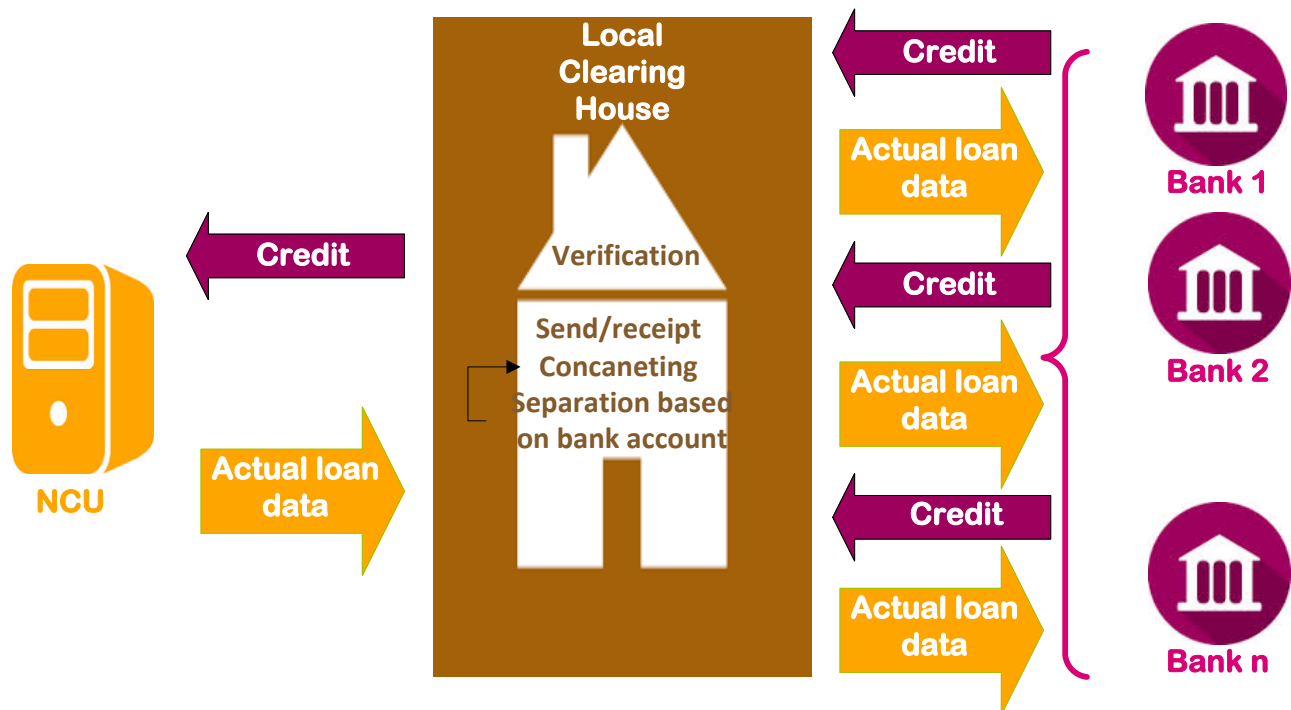


„Bad bank” system concept

The NCU (Non Core Unit) system’s goal is to allow commercial banks to handle their non-performing loan/mortgage portfolio in a separate legal entity. The system is ready to operate with daily transactions arriving to these non-performing loan accounts, as well as the actual loan details will be registered. All deposit transfers arriving to the commercial bank will be processed and the actual status of the loans / mortgages will be returned through local clearing system to the account holder bank in a predefined data structure.

The below illustration is depicting the basic workflow and roles:



Migration

During migration commercial banks should provide „bad bank” with data of the transferrable non-performing loans in a predefined structured file.

- ✓ Core data
- ✓ Loan/mortgage data
- ✓ Bad debts
- ✓ Collateral data
- ✓ Property data

NCU main functions



- ✓ Static data
- ✓ Loans / mortgages
- ✓ Past Due
- ✓ Collateral
- ✓ Property database
- ✓ Queue Management
- ✓ Handling FCY rates
- ✓ Handling interest rates
- ✓ Manual redemption
- ✓ Payment analytics
- ✓ Regulatory reporting
- ✓ Loan advices
- ✓ Reports, enquiries
- ✓ GL transfers
- ✓ Data warehouse

Daily operation

After migration data consolidation, according to daily operation of the bad bank, credits data and actual loan status data are transferred daily via the local clearing system between the commercial banks and the bad bank. The major steps of the process are as follows:

- ✓ Before close of business commercial banks prepare a file about the credits of NCU customers
- ✓ Local clearing system sums up the credits and transfers the amount to the „bad bank” in a file
- ✓ The NCU system processes the file from the local clearing system and after the close of business sends the actual loan data back to the local clearing authority summed up
- ✓ Local clearing authority sends the data of the clients to the commercial banks.