Executive summary

A common practice in warehouse funding is to pledge pools of assets to a facility as of a cutoff date. Over the course of time, all falling within a single determination period, multiple pools representing balances from different days all become part of this facility. These are then collectively reported on as part of the issuers fiduciary periodic reporting cycle.

Borrowers face several data and logistical challenges tracking the individual pledges made each day and then truing up and reporting on these collectively, as part of their periodic facility reporting.

These challenges include:

- Tracking individual pledged pools with balances frozen as of the cutoff date.
- Avoiding dual encumbrance or the cross selling of assets day over day.
- Identifying the correct pledged assets to report on the determination date.
- Reporting on the correct balances and movements in capital from the cutoff date to the determination date, as the number of days varies for each pledge.
- Its hard to determining eligibility and compliance numbers using characteristics of assets based on an as of date. This problem is compounded when pledging or repurchasing multiple times during a determination period.

Ki was designed from the ground up to eliminate these challenges using a technique called "Blending".

How is it done in the marketplace?

Common industry practice is to copy asset data into a spreadsheet for use in producing the borrowing base certificate. On an ongoing basis, data on newly pledged assets as of the cutoff date is added to the same sheet. On a monthly basis, assets pledged prior to the latest month end are refreshed as of that month end date as part of the reporting cycle. At any time, the borrowing base is evaluated based upon this blend of assets as of the later of these two dates.

This manual process is error prone. Failing to select the proper set of loans to update can lead to errors in determination of eligibility, over-concentration and pool compliance. This leads to additional errors in determination of the borrowing base. Consequently, the borrowing base may be over or understated, leading to reputational or credit risk for the issuer, as well as potential legal liability.

How does Ki solve the problem?

Ki automates the process of selecting asset data as of the appropriate date. Once a facilities periodic cycle is known, Ki can blend the data from various days to create a consolidated or blended view of all the pledged assets from various cutoff days. Users have the option of viewing blended asset data for

any date, in addition to the more traditional view showing daily balance movement of assets. Blended data is available to produce borrowing base certificates and other reports.

The Funding module can apply blended data in performing asset selection and compliance evaluation, seamlessly producing the same reports that would otherwise be created by hand. This saves time and eliminates risk.

Facilities being drawn from evaluate beginning and ending positions based upon blended data, ensuring that assets remain in compliance after the drawdown takes effect.

Facilities being funded to combine newly pledged assets as of the scenario date with previously pledged assets based upon the blending configuration, ensuring an accurate determination of compliance.

Ki solver takes this blended date information into account when evaluating compliance in selecting optimum solutions for your funding and drawdown scenarios.

The solution in depth

Each facility report using blended data must configure the following two dates:

- Funding Determination Date: The month end dates.
- Funding Distribution Date: Date that existing assets are refreshed to the designated Funding Determination Date.

Once these are defined, administrators can blend the dataset for each snapshot date.

The funding vehicle's snapshot date, pool cutoff date and funding determination date are compared, in order to determine the appropriate date for all assets within each pool.

2019-05-31
Status: Active
Blended File Last Generated by rosed2 | 5:35pm | 2019-06-24

RE-GENERATE BLENDED

Pool	Distribution	Determination	As of Date	Cut Off Date
0000			2019-05-31	
1000 2019-05-06	2019-06-05	2019-04-30	2019-05-06	2019-05-06
1000 2019-05-13	2019-06-05	2019-04-30	2019-05-13	2019-05-13
1000 2019-05-20	2019-06-05	2019-04-30	2019-05-20	2019-05-20
1000 2019-05-24	2019-06-05	2019-04-30	2019-05-24	2019-05-24
1000 2019-05-31	2019-06-05	2019-04-30	2019-05-31	2019-05-31
2000 2019-05-06	2019-06-05	2019-04-30	2019-05-06	2019-05-06
2000 2019-05-13	2019-06-05	2019-04-30	2019-05-13	2019-05-13
2000 2019-05-20	2019-06-05	2019-04-30	2019-05-20	2019-05-20
2000 2019-05-24	2019-06-05	2019-04-30	2019-05-24	2019-05-24
2000 2019-05-31	2019-06-05	2019-04-30	2019-05-31	2019-05-31

Once blended data is defined, the Insight module gives users the option to view information on either a blended or non-blended (e.g. snapshot date) basis.

Cohort	Group By	Snapshot		Scenario	Funding Vehicle	Pool
Funding Vehicle ...	Asset ID	2019-04-30	☑ Blended ⓘ	Asset Snapshot	All	All

Users can choose whether a funding scenario uses blended data or not when evaluating compliance in asset selection to satisfy the scenario goal.

	Pool Id	Post Name		Cutoff date	Group By				RESTORE DEFAULTS	EXPLORE DATA
☐ OL Warehouse B	A00050 (Hypo)	A00050	Discount Rate	2019-06-05	Asset ID					

Qualified Source Pools | Qualified Unencumbered Pools | Count | Balance | Funding Amount | Maximize:
A00049 (Hypo) | 0000 | 1 | 11,520.01 | 12,080 | principal_balan... | ☐ Blended ⓘ

CONSTRAINTS	POOLS	SOLUTION	OUTPUT

Solution Summary	Beginning	Funding	Ending
Count	185	1	186
Balance	1,896,573.41	11,520.01	1,908,093.42

Conclusion

Using Ki as your warehousing solution is the intelligent choice for institutions that want to make better business decisions. Specifically, Ki helps you:

- Reduce operational risk by eliminating manual processing.
- View and explore blended data before creating reports.
- Removes complexity and helps you focus on your business needs.
- Increases confidence that you can meet your reporting and compliance needs.