



## ProfitStars Financial Performance Suite<sup>SM</sup>



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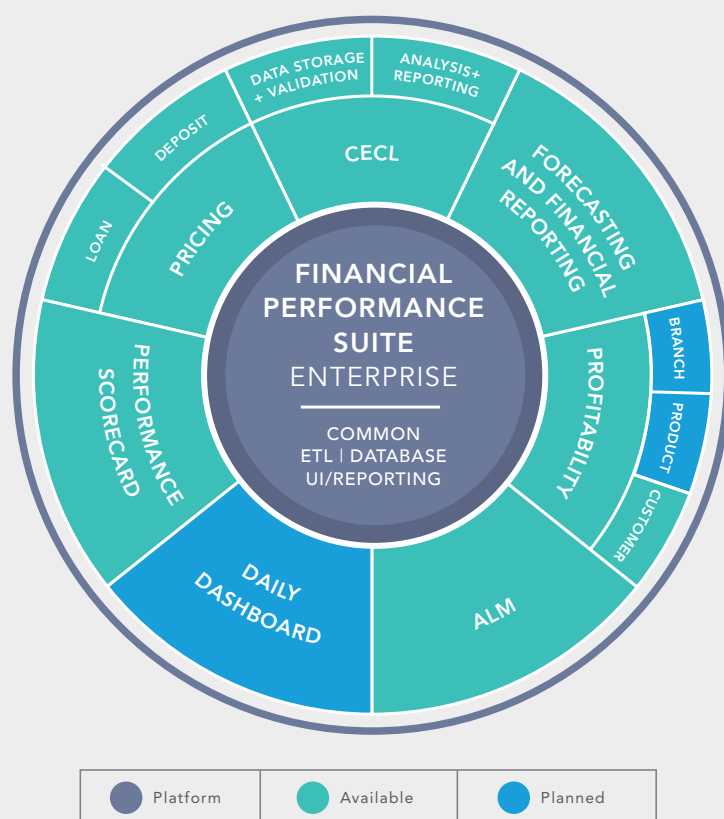
Traditionally, financial institutions (FIs) have operated with siloed information systems that are inefficient to maintain and difficult to use as a consistent reporting source for strategic decision-making. The financial industry is a highly competitive landscape. It's also moving toward agile information delivery systems that are paving the way for more collaboration between finance, lending, and risk. Significant gains in portfolio optimization, risk management, and profitability are available when you choose to adapt.

What if your team could access a powerful collection of integrated products in one hosted system to improve decision-making? With the ProfitStars Financial Performance Suite (FPS), key users in lending, finance, accounting, and marketing can now access valuable tools all in one place, including:

- Asset liability management
- Forecasting and financial reporting
- Client profitability
- Loan and deposit pricing
- CECL data collection and analysis
- Performance management

FPS is a highly secure web-based application that utilizes the Microsoft® Azure™ cloud platform and revolutionizes your financial management process. The architecture accepts data files from any core processing solution and third-party vendor service. It is a dynamic environment that can virtually scale processing performance as your data density grows. And because each FPS solution is hosted, you can expect:

- 24/7 anywhere access to your financial data on a secure, cloud-based platform.
- Freedom from the headaches, effort, and costs of maintaining a proprietary system.
- A decreased regulatory burden and reduced strain on your staff.



### ProfitStars Asset Liability Management<sup>SM</sup>

Asset Liability Management (ALM) remains the most important aspect of your risk management framework. But to maintain viability and a sustainable balance sheet, today's FIs need to move from a traditional reactive ALM approach to a more proactive, integrated management framework. Is there a simpler way to seamlessly integrate both sides of your balance sheet to more effectively manage your interest rate, market, and liquidity risk?

With ProfitStars ALM – the financial industry’s leading financial management tool in a newly hosted form – you’ll get a strategic approach to managing risk by closely integrating your institution’s initiatives with your ALM program. You can easily track “what-if” scenarios with strategic monitors that automatically create audit trails, analyze market risk in response to interest rate risk regulatory requirements, determine accurate values for FAS107 reporting, and create detailed, summary, and variance finance and budget reports.

### ALM Services

Your time is limited. But now you can select from proven outsourced ALM services – designed by experts who understand your business – and free up your organization’s time to focus on other priorities. Outsourced administrative service options from ProfitStars include:

- Outsourced reporting
- ALM model back-testing
- Technical model validation
- Deposit sensitivity study
- Monthly administrative service

### ProfitStars Forecasting and Financial Reporting<sup>SM</sup>

FIs historically operate from simplistic budget planning systems such as Excel® spreadsheets, but these require manually intensive effort to maintain and build forecasting projections. As your institution grows, your needs increase. This is especially true in the ever-changing regulatory environment where true financial management is evolving with the inclusion of risk management analytics.

What if you could simplify the strategic planning process and forecast the balance sheet more effectively? Forecasting and Financial Reporting (FFR) is an ideal solution for institutions in need of a comprehensive and flexible budgeting system. Working with FFR, you can:

- Utilize files transferred from any core operating system to do top-down, bottom-up, or combination budgeting.
- Build various what-if models to test and compare projections with various scenarios.
- Convert your forecasted model of choice to an operating budget.
- Gain a forward view of balance sheet risk management through future integration of CECL category loss rates into your projection module.

Financial reporting shouldn’t be a time-consuming, tedious chore. Using FFR, you gain the tools to create effective standard, custom, and color graph reports with less work. A report grouping tool then makes it easy to automatically update customized financial report packets for distribution.

### ProfitStars Customer Profitability and Pricing<sup>SM</sup>

Too often, FIs allow the competition to dictate pricing without an understanding of the entire relationship profitability value when competing for new loans. This can lead to a gradual weakening of net interest margin (NIM). Typically, 20% of the client base generates most of the profit, yet many FIs are not able to identify these relationships to protect and grow. Key questions you may consider:

- Do you know who your most profitable relationships are?
- Are your lenders able to offer multiple pricing options to clients that meet profit objectives?
- Do you have a way to measure officer contributions to profitability?

With Customer Profitability and Pricing (CPP), you'll be able to answer these questions with an enterprise-wide solution that empowers your frontline personnel to effectively manage relationships and strategically price new business. When you use CPP, you'll be able to:

- Calculate a risk-adjusted income statement (including future integrated CECL costs) for each relationship loan, deposit, and service account.
- Incorporate transaction level detail to differentiate profit by channel use.
- View summary profitability at the relationship, officer, product, and branch level.
- Segment and report on key clients and trends for a clear understanding of what drives profit.
- Run what-if projections for new business activity based on a combined view of historical and projected relationship value.

### ProfitStars CECL Solutions

Like other new regulatory requirements, a common approach to implementing the Current Expected Credit Loss (CECL) standard is to find the simplest and lowest-cost method to show compliance. This includes the use of Excel to collect and validate the data needed. This may be satisfactory for a small institution, but will this approach hold up as your loan portfolio becomes more complex and CECL guidelines change over time? Furthermore, have you considered the value of integrating CECL results into the finance and lending functions like budget planning, customer profitability and loan pricing to optimize your balance sheet?

When you choose ProfitStars CECL solutions, you gain a flexible and complete system that adapts to your business needs. The system consists of two modules, that can be installed separately, which means you can start capturing important data now but not pay for the complete CECL solution until the second analysis component is enabled.

### ProfitStars CECL DataStore and Validation<sup>SM</sup>

Many smaller institutions will attempt to build a proprietary database system using Excel to collect and validate their loan data. In doing so, this may present examiner questions such as:

- What system controls will be in place to validate all data fields?
- What system controls will be in place to prevent data corruption and deletion risk?
- What will be the costs and procedures to establish and execute internal controls and audits?
- How will you determine if the data set includes all fields needed for other methods?

With CECL DataStore and Validation, you can meet regulatory requirements by verifying that all required data elements to calculate CECL loss amounts are available and the critical information is accessible in a controlled environment. You gain access to historical loan data that's securely compiled, categorized, and exportable in a standardized format to use in an in-house proprietary CECL model or with the ProfitStars Analysis module. You can also see quality ranking scores that reflect any data quality improvements. Using this solution, you will completely address the inherent risks associated with in-house systems and satisfy examiner requirements. Through DataStore and Validation's detailed monthly reporting packets, you will receive further insights on where to make data quality improvements.

### ProfitStars CECL Analysis and Reporting<sup>SM</sup>

The new CECL standard for estimating loan loss reserves offers vague guidelines and a list of possibilities, but no specific recommendations for how to best implement the rules. Industry leaders have proposed many methods for CECL compliance, often with an emphasis on simplicity. This will be acceptable early in the effective period; however, regulatory guidelines will evolve, and best practices will emerge. Applying sound model risk management is crucial, including the assurance that the model is supportable and flexible to adapt to CECL evolution.

When you choose CECL Analysis and Reporting, you gain an all-inclusive solution with the flexibility to begin with a simple method and easily adapt to a more sophisticated method as your portfolio becomes more complex. This includes the future capability to feed CECL data into the FPS Forecasting, Customer Profitability, and Loan Pricing solutions to enhance portfolio and relationship management. Features include:

- Model validation & back testing
- Federal Reserve Bank forecast with base and severe economic scenarios
- Shared data repository that provides sensitivity adjustments for data gaps

A variety of methods are available:

- Advanced probability of default (also referred to as a discrete time survival method)
- Time series
- Vintage
- Roll rate
- Risk grade migration
- Security grade migration

### Performance Scorecard<sup>SM</sup>

Today, there are significant challenges in most incentive systems. At the same time, employees remain vital to any organization's success. With Performance Scorecard you can manage and reward for performance using a single integrated system and say goodbye to in-house spreadsheets. Your executives and users will be able to streamline and automate the tracking of results and get timely performance updates. You can also review enterprise-wide, department, and individual achievement all in one convenient system.

Working with Performance Scorecard, you can view and monitor crucial measurables like:

- Branch performance
- Department performance
- Individual performance
- NIM
- New loan activity
- Portfolio profit

Make more informed business decisions today with the ProfitStars Financial Performance Suite. Visit [profitstars.com/fps](https://profitstars.com/fps) for more information.