

Loan **PRICING ACCELERIS** FACT SHEET

BRINGING PRECISION AND CONTROL INTO YOUR LENDING PROCESS

Loan **PRICING ACCELERIS**

Our solution provides a fully controlled, high precision and efficient process for loan **rating** and **pricing**. It first calculates a accurate client *rating* grade and corresponding *PD*. Then, the loan pricing is calculated based on the *PD* and incorporating *LGD*, *EAD*, *financial* and *operational* costs and detailed *transaction characteristics*

Additionally, client and loan performance status is tracked to permit an effective management of assets and clients

CONFIGURATION TO BANK'S PORTFOLIO

Loan **PRICING ACCELERIS** can be configured to the bank's portfolio of lending assets, permitting the **rating** and **pricing** management of any type of credit exposure including retail, SME, project finance and corporate

Features that can be configured include:

- Credit rating factors and weights specific to the loan type and segment
- Risk parameters: Rating/scoring model, *PD*, *LGD*, *EAD* and capital calculations
- Cost structure: funding costs, operational costs, capital cost and more
- Income structure: loan balance projection and interests, fees and more
- Loan and client life cycle workflow

VALUABLE RISK MANAGEMENT OUTPUTS

Loan **PRICING ACCELERIS** provides multiple valuables risk management metrics:

- End-to-end web platform for loan origination, rating, *PD* calculation, pricing and post approval facility management
- Loan **rating** grade and *PD*
- Loan **pricing**: spread and reference rate
- Transaction profitability: *RAROC*, expected loss, interest rates paid, present value from economic and accounting views, transaction cost structure and more
- Audit trail of client and loan life cycle status evolution
- Model validation data for the backtesting of *PDs*, evaluation of loan pricing precision, rating/scoring models validation and recalibration and more
- Loan portfolio's ratings, *PDs*, *LGDs* and *EADs* for capital requirement calculations
- Strategic reports defined based on two sources:
 - Portfolio composition: reports on any information captured or calculated during the rating and pricing including ratings, statuses, expected loss, profitability metrics (*NPV*, average *RAROC* and other) and so on
 - Log of actions : reports on the activity and/or activity quality by user/group. For instance, the number of loans transacted by user/group, or the average *PD* assigned by user/group, or the number of rating iterations by user

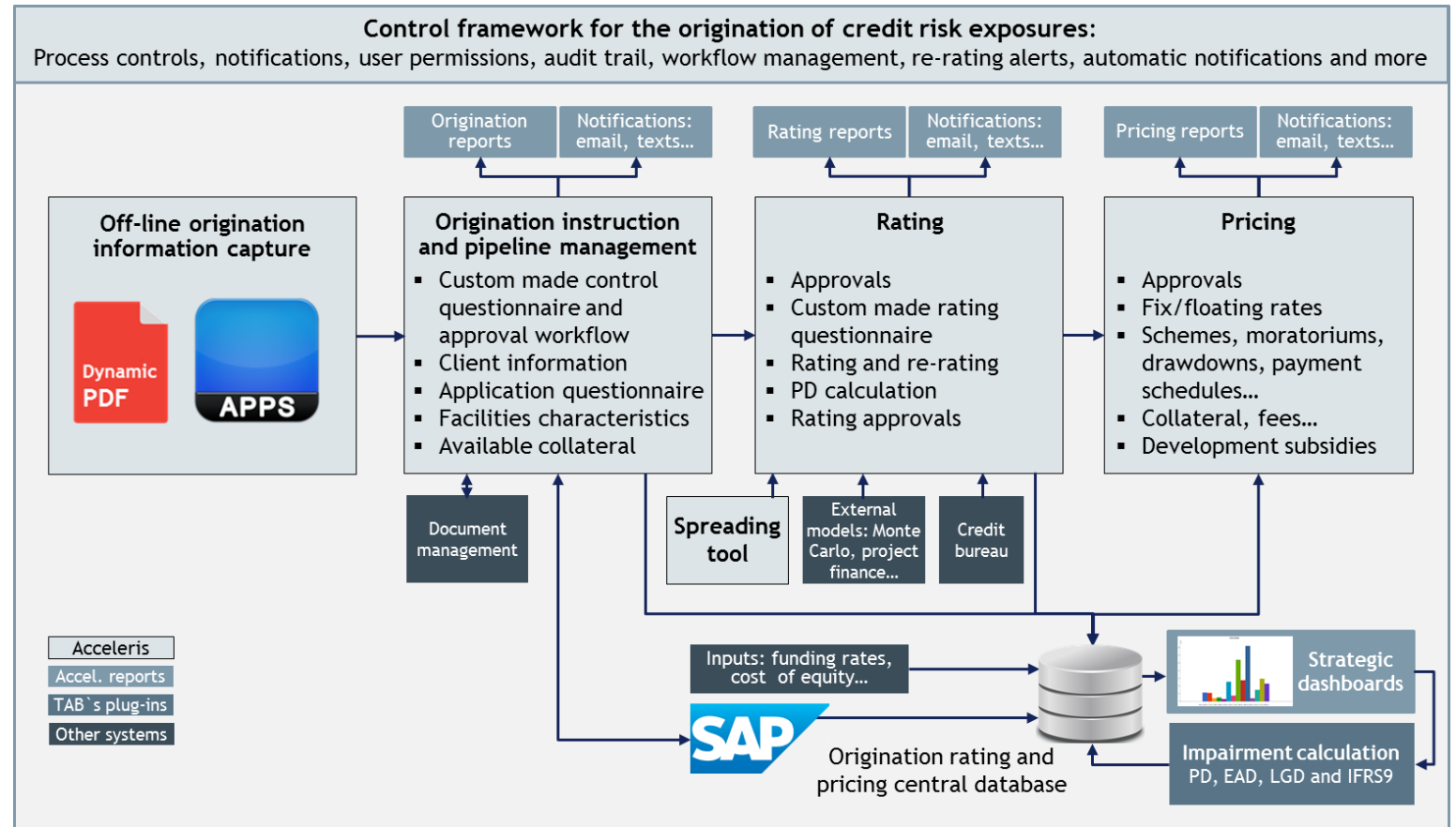
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End to end loan management system

Loan PRICING **ACCELERIS** provides a flexible framework to manage any type of loans in an organization:

- **Origination:** front-end permitting to capture all data to trigger the loan application, on-line and off-line, for submission
- **Credit rating:** fully flexible module to define rating, rerating and PD calculation processes for any type of loan
- **Loan pricing:** fully flexible module to risk based price any type of loan, including debt, guarantees, equity and so on
- **Strategic dashboards:** portfolio composition, credit analysts and risk department performance, credit risk parameters and other defined by user dashboards
- **Loan approval documentation:** generation of rating and pricing reports for loan submission
- **Origination to disbursement workflow:** definition of workflow, controls and approvals for the deal origination pipeline until the actual disbursement
- **Control framework:** notifications, user permissions, audit trail, automatic alerts and notifications, workflow permitting to manage facilities all along its life cycle: under review, life, default, quarantine, workout and so on



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A **TRUE NORTH PARTNERS** companyLoan **PRICING ACCELERIS**

Loan **PRICING ACCELERIS** provides a highly flexible environment to create credit rating and loan pricing questionnaires, adapting these to the internal control and management processes and culture. The rating results is translated into PD and fed into the pricing module with the rest of the transaction structure to determine a loan pricing that is consistent with the borrower risk and institution's cost structure and profitability targets

This permits to introduce control, efficiency and precision into the lending process of the institution.

Ecosystem

Loan **PRICING ACCELERIS** The Analytics Boutique provides an ecosystem of tools and services that complement the risk management process:

- Rating/Scoring building, validation and maintenance
- IRB parameters: PD, LGD and EAD
- Credit economic and regulatory capital calculation
- Integrated stress testing and macroeconomic model development tool
- Other: operational risk modelling and stress testing

Configurable rating questionnaire

The screenshot shows the 'RATING' interface for 'BP Agro Industries (1000044264)'. It includes a sidebar with navigation options like 'RATING', 'PRICING', 'VALIDATION', 'C/R BREAKDOWN', 'PD FACT', 'ECONOMIC CAPITAL', 'USER CONTROL', 'AUDIT TRAIL', and 'MASTERS'. The main area is divided into 'GENERAL DATA RATING' and 'QUALITATIVE' sections. The 'GENERAL DATA RATING' section contains fields for Application, Date Rating, Model, Date end of financial, GRADE, PD, OVERSIGHT GRADE, PD OVERSIGHT, and Override comments. The 'QUALITATIVE' section shows a list of risk factors with associated scores and comments.

Configurable pricing questionnaire

The screenshot shows the 'PRICING ENTRIES' interface for 'BP Agro Industries (1000044264)'. It includes a sidebar with navigation options like 'RATING', 'PRICING', 'VALIDATION', 'C/R BREAKDOWN', 'PD FACT', 'ECONOMIC CAPITAL', 'USER CONTROL', 'AUDIT TRAIL', and 'MASTERS'. The main area is divided into 'GENERAL DATA RATING' and 'CLIENT & LOAN CHARACTERISTICS' sections. The 'GENERAL DATA RATING' section contains fields for Application, Date Rating, Model, Date end of financial, GRADE, PD, OVERSIGHT GRADE, PD OVERSIGHT, and Override comments. The 'CLIENT & LOAN CHARACTERISTICS' section shows a table with various fields for client information and loan characteristics, including Application number, Business partner number, Business partner name, SBU, Segment, Type of investment, Type of product, Currency, Loan amount (P&R), Loan amount (p224R), Contractual term in months (from first drawdown, including moratorium), Type of funding, Fixed or floating rate loan?, Reference rate for floating rate loans, and General purpose - Loan term + Type funding cost rate.

Conceptual representation of the pricing analytics performed by Acceleris, in C#

- Loss given default of the type of deal and the collateral
- Exposure at default

- **Income and cash flows specific to the institution**

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Loan **PRICING ACCELERIS**

provides multiple benefits to your loan origination process

Fully governed end-to-end rating and pricing processes

- Audit trail and user control and highly specific user permissions
- Strong workflow management with multiple controls to manage the facility life end-to-end

Single centralized rating and pricing algorithms

- The same centralized algorithms are used by all users for all facility rating and pricing
- No model version issues. Being web based, there is only a single application (no local installation)

User friendliness

- The tool is easy to navigate with web pages designed for usability
- Tooltips and multiple controls for help and avoiding errors and inputs inconsistency

Flexibility and scalability

- Changing questionnaire and weights for rating can be easily done in the configuration module
- Flexible workflow and controls configuration

Unified rating/pricing platform for all products

- The tool accepts an unlimited number of different pricing and rating questionnaires and models
- Can handle the rating and pricing of any product and each product may have its own workflow

Direct single point and automatic feed for inputs and parameters

- Changing of parameters and inputs is done centrally rather than in each calculation model
- Products share inputs (ie, funding rates) which are fed automatically and once for all

Consolidation of rating and pricing data into a single repository

- All rating and pricing information is consolidated into a single data model. This information can be used to generate portfolio reports as well as to calculate risk parameters such as PD, LGD...

Robust technology supporting a critical process

- Underlying code is .Net which is highly robust, scalable, flexible and easy to integrate with other systems. Robust database that supports the model, SQL Server