Premium and Complete—Financial Statement Analysis Solutions to Manage Credit Risk More Efficiently and Effectively

"Total Lending™ offers powerful features enabling staff to quickly and accurately analyze financial statements."

Total Lending™ Powered by LaserPro® provides advanced financial statement management and analysis. It enables financial institutions to standardize their financial analysis process, while providing more accurate and consistent data.

The Total Lending financial analysis solution offers an advanced financial statement management and analysis system and that reduces the time spent by credit officers and credit analysts capturing, reviewing and analyzing their customers’ financial statements. In addition, it offers credit professionals a full range of analysis capabilities, including:

- Mainstream and customizable ratios
- Peer-group comparisons
- Financial projections
- Consolidations
- Covenant monitoring
- Custom reports and graphs
- Integrated use of Microsoft® Word and Excel®

This extensive tool enables the configuration of financial models to support a wide range of financial analyses, including commercial and individual analyses. In addition, users can enhance each model to include unique analytical tools. Furthermore, you can easily create and modify formulas to support key indicators. In-cell calculations for simple data entry, the ability to enter notes, easy navigation and detailed reporting capability provide efficient and organized evaluation of financial data.

Extensive Financial Analysis Capabilities
Available in both the Total Lending Premium and Complete bundle solutions, financial analysis capabilities offer many operational and analytical benefits to credit departments to help process customers’ financial statements. Powerful features enable staff to quickly and accurately analyze financial statements.

Financial Spreading
Financial statement totals and ratios are calculated automatically as users enter financial data, offering an instant view of period-to-period changes. Some of the standardized financial models available include:

- Business (C&I chart of accounts)
- Personal (personal financial statement and tax return)
Total Lending™ provides standardized direct and indirect cash flow calculations

Automatically calculate commonly used financial ratios that address liquidity, efficiency, profitability and capital structure.

• Nonprofit (fund accounting chart of accounts)
• Business Tax (business tax return)
• Income Property (CRE property cash flow)

as well as additional models. Enhanced spreading tools include worksheets to capture detailed data and the ability to link data between a worksheet cell and a financial model item. Financial spreading can also be done in multiple currencies while associated to a base currency for comparative analysis.

Total Lending™ provides the user with an easy way to navigate and organize the financial statements. In addition, it offers flexibility to configure how data is captured and displayed within the system. Future configuration enhancements to financial models are administered and maintained by your institution, thus providing your operation with the tools to adapt to changing analytical needs at no additional cost.

Cash Flow Calculations
Total Lending provides you with standardized direct and indirect cash flow calculations. Additionally, financial models can be configured to support various forms of cash flow analysis. This includes a true “global cash flow” perspective (combined personal cash flow, business income and debt service, etc.). Entities using any financial model can be “linked” in order to share specific financial data. This automated data transfer between models provides a powerful tool for cash flow analysis to include, for example, financial data generated from multiple businesses and individuals—thus giving a more complete picture of available cash flow.

Common and Proprietary Financial Ratio Calculations
Automatically calculate commonly used financial ratios that address liquidity, efficiency, profitability and capital structure. The Total Lending Business C&I financial model comes pre-configured with approximately 70 financial ratios and other key calculations. These standard ratios include:

• Current Ratio
• Quick Ratio
• Sales/Receivables
• Debt Coverage
• Asset Turnover
• Receivable Days
• Inventory Days
• Debt/Net Worth

and more. (Additional ratios are easily configured by your administrator.) When a financial institution requires proprietary, complex, or other non-standard financial ratios, the “Formula and Ratio Editor” provided as part of Total Lending enables the institution to define and calculate these ratios. Customized ratios may include information found in financial statements, operational information or other data about the customer.

The Total Lending™ Business C&I financial model comes pre-configured with approximately 70 financial ratios and other key calculations.
Peer Group Comparisons
One way to effectively analyze a customer is to compare that customer's financial performance against its industry peers. For example, a segment of your customer base (using common criteria like NAICS codes and/or sales revenue) can easily be defined for peer comparison. This functionality is dynamic in nature to ensure up-to-date comparison data. In addition, Total Lending supports analysis using the RMA® Annual Statement Studies® Financial Ratio Benchmarks data.

Financial Projections
Users can automatically calculate projections by applying various scenarios to your borrowers' historical financial statements. Some methods available to drive projections include percentage growth, percent of sales, inventory days, days receivable, account payable days, percent of net income, percent of PBT and simple linear regression. Projected statements can also be included in side-by-side comparison reporting and projected statements based on data provided by your borrower can be manually entered.

Consolidation of Financial Statements
Easily generate consolidated statements to allow for a more complete look at a customer's financial picture. Total Lending supports consolidation of multiple statements, while enabling the user to make appropriate elimination adjustments to the statements.

Ability to Define and Monitor Covenants
Enable entity-specific financial and non-financial covenants to be set up and racked over time. Covenants can be configured to support various forms of financial monitoring rules in accordance with your financial institution's credit policies. In addition, you're able to define standardized templates of covenants, providing consistency in how covenants are applied. Financial covenants are automatically validated.

Breached covenant alerts are provided to all users responsible for monitoring covenant violations. Once covenants are set and documents are in process, you can be assured of an efficient transfer of covenant data to your loan documentation.

Illustration 1: Produces several types of detailed graphs and reports, including a Current Ratio/Quick Ratio Comparison graph.
Total Lending™ can help manage financial statements for any type of industry

The Total Lending™ financial statement analysis tool is a browser-based system. Therefore, it enables easy sharing of financial-analysis results across the entire enterprise.

“Total Lending™ empowers financial institutions that operate globally to conduct financial analysis in virtually any country.”

Comments and Narrative Using Microsoft® Word
Use Microsoft Word to add comments at the financial statement level (e.g., balance sheet), the account/item level (e.g., cash, inventory, etc.) and at the entity level. This means that all of the tools available with Microsoft Word provide for powerful word processing and content editing to support extensive commentary and analysis regarding a customer’s financial performance.

• Detailed Graphs and Reports
  - Automatically produce Web and print-ready reports and graphs. Reports and graphs are always produced from the most up-to-date financial data. Total Lending™ financial analysis also supports several types of graphs, enabling credit professionals to effectively visualize quantitative data. Reports summarize the financial data and analysis of a company. Each report may contain financial statements or a summary of financial statements, ratios, peer group comparisons, narrative and graphs for effective data visualization and analysis.
  - The graph generator and the report generator are template driven. Therefore, administrators only need to define the characteristics of a graph or a report one time. Once defined, a report for a specific entity may be automatically produced using either single or multiple financial statements.

• Support Multiple Industry Statements and Accounting Standards
  - Manage financial statements for any type of industry, including commercial and industrial companies, banks, agricultural businesses and not-for-profit organizations. In addition, Total Lending’s financial analysis tools effectively analyze personal financial statements and tax return information and can be configured to support multiple types of accounting standards or reporting needs.

• Central Storage of Financial Statements and Financial Analysis
  - Store customers’ financial statements and the results of financial analysis in a central database. Central storage provides a number of key advantages:
  - Easier access to financial data for the purpose of risk modeling and portfolio analysis—Financial statements are a key component of any Basel II-compliant internal rating model and must be centrally analyzed for modeling purposes.
  - Improved security and access control—The deployment of a single database for storing financial statements and financial analysis enables the definition and implementation of security policies for accessing financial information.
  - Improved collaboration capabilities—Financial statements and financial analysis results that are stored within a central database can be easily shared for collaboration among credit professionals across your institution.

• Effective Sharing and Collaboration of Analytics Across the Entire Enterprise
  - The Total Lending financial statement analysis tool is a browser-based system. Therefore, it enables easy sharing of financial-analysis results across the entire enterprise. Subject
to access security policies, any authorized user in the financial institution may review financial statements and financial analysis results. The financial institution may leverage these sharing capabilities to increase the quality of analysis and to reduce operating costs. For example:

- Financial statements may be entered at one location and analyzed at another
- Financial statements may be analyzed by the most relevant credit analyst, regardless of the credit analyst's geographic location
- Summary reports may be generated and shared in real time across the entire institution

**Support for Financial Analysis in a Global Environment**

- Total Lending empowers financial institutions that operate globally to conduct financial analysis in virtually any country. For example:
  - Analyze financial statements in any currency
  - Supports international and country-specific accounting and financial reporting standards (e.g., U.S. GAAP, IFRS, IASB)
  - Supports financial models defined with multiple language descriptions (chart of account items). For example, a single financial model could have item descriptions in English, French, Spanish, etc.

**Multiple Interface Capabilities**

- Total Lending solutions can interface with various host systems in order to display entity CIF data. In addition, a pre-configured interface with Moody's KMV RiskCalc™ is included.

Illustration 2: Financial statements are easily managed and reviewed for any type of industry.
Total Lending™ provides a robust feature set and a secure and scalable architecture

All of the data entered in the financial analysis solution is stored in a single database, allowing for effective collaboration and management reporting.

“Empower select users of the system to configure and adapt Total Lending™ to the administrative, accounting and reporting requirements of the financial institution.”

• **Data Conversion Services**
  - Institutions can migrate financial data from legacy spreading systems, which ensures business continuity as you transition systems. This data is accurately mapped and migrated for maximum productivity. Data migration is now available for Total Lending™ customers moving from Baker Hill OnePoint®, Moody’s KMV FAMAS®, Moody’s KMV Financial Analyst™ (MFA), Moody’s KMV Risk Analyst™ and Wolters Kluwer CASH Suite™ (other data conversions are also available). In addition, other sources of data, such as existing loan covenants, can also be migrated (depending on data structure, access to the data, etc.).

• **Flexible Configuration**
  - When in administration mode, empower select users of the system to configure and adapt Total Lending to the administrative, accounting and reporting requirements of the financial institution. This table driven configuration addresses the vast majority of any financial institution’s current and future analysis and reporting requirements.

• **Robust, Secure and Scalable Architecture**
  - Total Lending provides a robust feature set and a secure and scalable architecture that can grow with the needs of your financial institution. All of the data entered in the financial analysis solution is stored in a single database, allowing for effective collaboration and management reporting. Finastra’s Network Services team works with the institution to determine the appropriate hardware and disk space requirements for the number of concurrent users and number of financial spreads that will be entered in the system.

**Commercial Real Estate Analysis**

Total Lending offers financial analysis tools to specifically facilitate commercial real estate (CRE) credit analysis. These tools generate detailed sensitivity analysis on both a single credit and portfolio basis allowing one to address these critical questions:

- How will the collateral’s cash flow vary under “stress” conditions?
- Will the property value continue to adequately collateralize the credit when under “stress”?  
- How much “stress” can occur before a credit is jeopardized?
- What are the risk factors that most affect the credit?
- How will the proposed credit impact the risk profile of the overall portfolio?

The flexibility inherent in Total Lending allows administrators to add and reconfigure different charts of accounts for multi-family, commercial and hospitality properties and more.
Automated links between collateral property, P&L and borrower financial statements eliminate rekeying of data and provide for a global cash flow view.

Sensitivity Analysis Scenarios provide side-by-side pro forma, best case, worst case scenarios for comparison. Users can create scenarios based on standard underwriting criteria and vary sensitivity factors to discover the strengths and weaknesses of individual transactions.

**Stress Testing**

Global sensitivity factors include vacancy rate, market rent, cap rate and interest rate and these inputs can be varied to identify those factors that have the greatest impact on the transaction. From there, stress scenario debt service coverage and loan to value ratios are automatically calculated to help determine the loan amount the collateral can support.

Total Lending automatically calculates the appropriate comparison measures for each property type and by using the peer group analysis feature, can automatically generate sales, rent, and expense comparable analyses of all properties in the database, broken down by property type, size, class, age and location. A break-even analysis is automatically calculated for each of the pro forma, best case and worst case scenarios.

**CRE Portfolio Evaluation**

Shock test the entire commercial real estate portfolio with user defined shock scenarios. Additionally, calculate shocked net operating incomes and collateral values for all CRE loans in the portfolio and then calculate potential exposure for each credit and the entire portfolio. Easily vary shock assumptions to recalculate the shock scenario for the entire portfolio. Portfolio evaluation allows you to incorporate proposed credits in the portfolio scenarios real time and also includes concentration analysis and historical trend analysis all of which allows the financial institution to identify areas for improved performance.

<table>
<thead>
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<th>Stress Test</th>
<th>10.00%</th>
<th>12.00%</th>
<th>10.00%</th>
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<td>Stressed Cap Rate</td>
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<tr>
<td>Stressed Prior Interest Rate</td>
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<td>0.000%</td>
<td>0.000%</td>
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<td>Stressed First Interest Rate</td>
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<td>7.500%</td>
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<td>Stressed Second Interest Rate</td>
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<tr>
<td>Stressed Rents</td>
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<td>Stressed Vacancy Rate</td>
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<td>Stressed Expense Ratio (EGR)</td>
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<td>Stressed NOI</td>
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<td>Stressed Debt Service</td>
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<td>Stressed Collateral Value</td>
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<td>P &amp; I Support Deficit</td>
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<td>Stressed DSC Ratio</td>
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<td>97.04%</td>
<td>75.20%</td>
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<tr>
<td>Stressed LTV Ratio</td>
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About Finastra

Finastra unlocks the potential of people and businesses in finance, creating a platform for open innovation. Formed in 2017 by the combination of Misys and D+H, we provide the broadest portfolio of financial services software in the world today – spanning retail banking, transaction banking, lending, and treasury and capital markets. Our solutions enable customers to deploy mission critical technology on premises or in the cloud. Our scale and geographical reach means that we can serve customers effectively, regardless of their size or geographic location – from global financial institutions, to community banks and credit unions. Through our open, secure and reliable solutions, customers are empowered to accelerate growth, optimize cost, mitigate risk and continually evolve to meet the changing needs of their customers. 48 of the world’s top 50 banks use Finastra technology. Please visit finastra.com

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