FINASTRA

TOTAL LENDING
FUSION CECL ANALYTICS

Comply with CECL Regulatory and Accounting Mandates and Optimize Your Capital

January 2020
Public FI's who file with the SEC

January 2023
Remaining public and private FI's

Calculate multiple, complex expected credit loss methodologies across varied loan pools and core systems with a simple, low-cost and quick-to-implement solution, Fusion CECL Analytics.

The Current Expected Credit Loss (CECL) accounting standard impacts anyone who lends money, changing how banks and non-banks must account for their capital. CECL will have a meaningful impact on the volume and volatility of capital required to support any loan portfolio. CECL is already impacting M&A analysis, business line profitability and board level discussions with regulators, accountants and shareholders.

Fusion CECL Analytics addresses the major impacts that lenders will face. Financial Institutions will be required to have more capital and that capital will be more volatile. Products terms will need to be revised or re-evaluated and appropriate loss methods must be evaluated for each loan type. It will be imperative for any CECL solution to be easy to install, have tested results and interface with existing core loan systems.

Fusion CECL Analytics Calculation Breakdown

Information from Past Events + **Current Condition** + **Reasonable and Supportable Forecast** = **Estimate of Expected Credit Loss**

An affordable, flexible and tested CECL solution that leverages a cloud-based engine

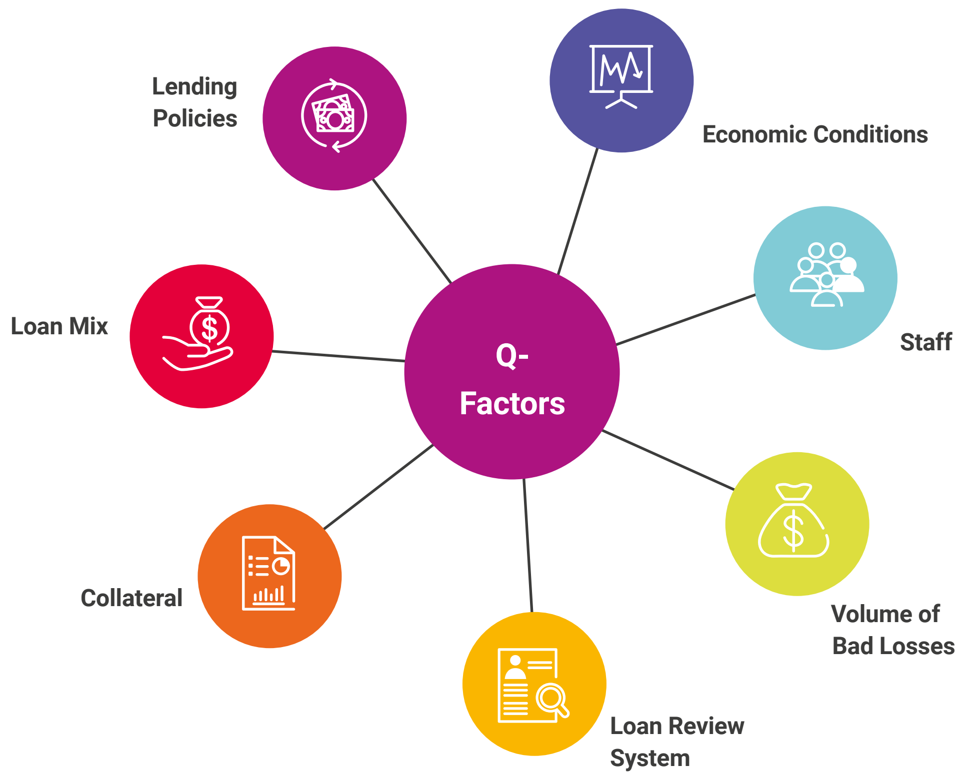
A standalone solution that requires no integration, Fusion CECL Analytics provides a low-cost and flexible cloud-based engine for calculating expected credit losses. Implemented in only two days, this solution provides access to all five recommended estimation methodologies while maintaining secure and private data feeds. Fusion CECL Analytics accepts loan information from any core loan system or systems that can export required data via a simple and secure file transfer mechanism.

Estimated Credit Loss (ECL) Methodologies
The Financial Accounting Standards Board (FASB), the FDIC and the Federal Reserve Board of Governors (FSB) have explicitly mentioned five loss estimation methodologies that are appropriate for community lenders. Fusion CECL Analytics covers all five methodologies:

- Vintage
- Loss Rate/Roll Rate
- Probability of Default x Loss Given Default (PD x LGD)
- Weighted Average Remaining Maturity (WARM)
- Discount Cash Flow (DCF)

Qualitative Factors (Q-Factors)
Q-Factors are manual adjustments to the results of any loss estimation designed to account for unmodeled factors. Q-Factors are developed by management based on experience and approved by the board, supervisors and accountants.

Under CECL, Q-Factors have a substantially greater impact since they effect the life of any loan or portfolio, not just a one-year horizon.



Differentiating Solution Benefits

Fusion CECL Analytics is a must have solution to comply with new CECL regulatory and accounting mandates and to optimize your capital across business lines.

Simple Implementation

- Input data accepted in pre-formatted MS Excel template
- Overnight batch run in the cloud
- One-day turnaround for results
- Output data produced in flexible, auditable and transparent set of dashboards

Comprehensive Loss Models

- Multiple Loss Models, including all five FASB methodologies
- Flexibility to select which models to apply to different lending scenarios

Low-Cost and Reliable

- Less expensive with more features than most competitors
- Saves cost of at least one Full Time Employee (FTE) in data mapping time due to using the existing core system output
- Fully managed CECL solution using a cloud-based engine

Security is a Priority

- ISO certified partner
- Finastra Secure File Transfer (SFT) protocol is standard
- Data is wiped clean once output file is created

User Friendly Interface

- Flat file to collect and manage data
- Dashboards providing drilldown and analysis
- Secure with no vendor data retained
- Scalable solution with audit ready workflow

Supported by GreenPoint Financial

- ISO-certified Finastra partner, founded in 2001, based in NY with 380+ FTE
- Direct access to former bank executives with decades of lending and regulatory experience
- Entree to proprietary education via white papers, academic papers and other ongoing education
- Advisors to C-Suite and boards regarding M&A evaluation and technology optimization

Beyond CECL Compliance

- Fusion Risk, Finastra's holistic risk management solution that powers Fusion CECL Analytics, cuts across silos to begin a transformational enterprise-wide journey
- Fusion Risk provides connectivity and the ability to manage the CECL impact on ALM modeling
- Reduce capital cost, achieve a superior ROI and optimize leverage ratios with Fusion Risk

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. 90 of the world's top 100 banks use Finastra technology. Please visit **finastra.com**

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