

Loan Advisory



Full Transparency. Forward looking. Loan-level analytics.

VALUE PROPOSITION

Changes in the calculation of ALLL by the Financial Accounting Standards Board (FASB) and the National Credit Union Administration (NCUA) will transform credit-risk management from a reactive, reduce-loan-loss impact approach to a more proactive, preventative approach. A dynamic ALLL model, properly calibrated, can provide a credit union with valuable data to focus its risk management resources on early identification and intervention activities.

HOW WE WORK

Accolade's Loan Advisory goes beyond reporting and takes loan-portfolio management to the next level. Our loan advisory service is designed to be prospective (rather than retrospective) to help credit unions plan for future success.

Our full loan-level analytics calculate the probability of default and loss severity for each loan based on the characteristics of the loan, borrower, and collateral.

We start with your detailed loan-level data. We will then build you a model from this data to capture the unique behavior of each loan on your balance sheet. On a monthly basis, our professional loan analysts will upload your data and run the analytics. We then provide an executive summary of your loan data and the details behind it. Additionally, we provide detailed risk-reporting Excel workbooks so you have full access to your results. Our loss models are forward looking, based on factors such as economic, institutional, geographic and borrower.

BENEFITS

Some of the benefits your credit union can get from partnering with Accolade on our loan advisory service include the following:

- ❖ **ALLL.** We provide forecasted, charge-off analytics to calculate ALLL on a loan level.
- ❖ **Analytics-based risk mitigation.** Manage your charge-offs better by understanding the loss severity and probability of default for each loan under multiple scenarios.
- ❖ **Targeted collateral valuation refreshes.** Instead of blanket valuation updates, we can prioritize what loans would benefit the most from updated collateral valuations.
- ❖ **Know your loan/loss reserve.** Translate updated loan values to adjust loan-loss reserve.
- ❖ **Risk-based loan servicing.** Focus your loan-servicing efforts where they provide the most benefit. Our models help you prioritize what loans to focus on first.
- ❖ **Risk-adjusted return.** Loan-level risk analytics show the true cost of credit and provide data driven, risk-based pricing.
- ❖ **Entire relationship view.** Quickly look at the entire borrower profile. Our model examines related loans to better depict default probability.

CONSIDER THIS

Member loans make up a significant portion of your assets. Make the switch from portfolio-based historical loss models to forward-looking, loan-level analytics and reporting. At Accolade, we believe loan portfolio management is critical regardless of your size. We are here to help provide the highest quality balance sheet management tools for credit unions of every size.

ABOUT ACCOLADE

Accolade, founded in 2007, is a wholly owned credit union service organization (CUSO) of Corporate One Federal Credit Union, offering guidance and support through our Asset Liability Management (ALM), Investment, Strategic and Loan Advisories to credit unions nationwide.

Leveraging our core competencies in these areas, Accolade helps credit unions with varying balance sheet complexities optimize their financial performance while mitigating and managing any associated risks. Our services are turnkey and competitive with our expert team serving as an extension of your credit union's staff.

GETTING STARTED

Getting started is easy. Contact us at 614-816-2688.