

Model Assumption Recap

| ASSUMPTION | Description | Impacts: | | | |
|---|--|---|---|--|--|
| | | Forecasting / Budgeting | GAP | IRR - Economic Value of Equity (EVE) | IRR - Net Interest Income (NII) |
| Pricing Models / Betas | Rates applied to New Balances, as well as all balances in Non-Maturity Deposits (NMDs) | Yes | No | Yes (Used as a discount rate in Present Value calculations, unless using an Alternate Discount Rate) | Yes |
| Driver Rates | Market Index Rates used as base rates in Pricing Models (e.g. Fed Funds or Prime) | Yes | No | Yes | Yes |
| Decay Rates | Simulated maturity schedule for NMDs | No | Yes (if selected within the Account Wizard) | Yes | No |
| Alternate Discount Rates | Alternate rate used to calculate the Present Value of an account (vs. rate in 1st Forecasted Month). Typically used for NMDs. | No | No | Yes | No |
| Prepayment Rates | Loans, CDs and Securities can prepay faster than contractually scheduled. | Yes | Yes (if report option "Include Prepayments" is chosen) | Yes | Yes |
| Growth | Balance Sheet assumption about % or \$ growth | Yes | No | Future Shock Only | Future Shock Only |
| Callable Securities | Certain securities may contain Call features, which would mean they could be prepaid if rates cross certain threshholds. | Yes | Yes | Yes | Yes |
| Market Value of Securities (input manually) | The calculated MV of the Investment Portfolio can be overwritten wth data provided from your Bond Accountant. | No | No | Yes | No |
| Loan Floors & Ceilings | Existing customer loan accounts may contain loans and/or ceilings | Yes | Yes (if report option "Show at limits as fixed" is chosen) | Yes | Yes |
| Off Balance Sheet (OBS) Items | Commitments, SLOCs, and adjustments to calculated RBC and Regulatory Capital numbers can be made through the OBS section of the model | For RBC Calculations and Capital Ratio reporting only | No | No | No |
| Pledged Securities (Memo Items) | Pledged Securities can be added the the Memo section and will be reflected in the Liquidity report. | For Liquidity Reporting only | No | No | No |
| Weighted Average Repricing Date (WARD) | For adjustable rate accounts, by choosing "Yes" for WARD (in the Account Wizard) the model will include repricing balances in the calculation of Economic Value in addition to the cash flows generated by maturity and interest payments. | No | No | Yes | No |