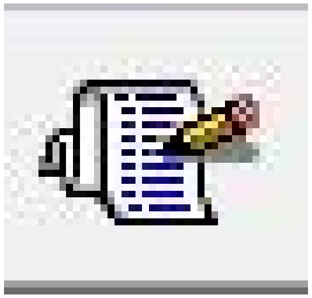
PLANSMITH

SIMPLIFYING COMPLEXITY

Financial Compass E-Learning Series

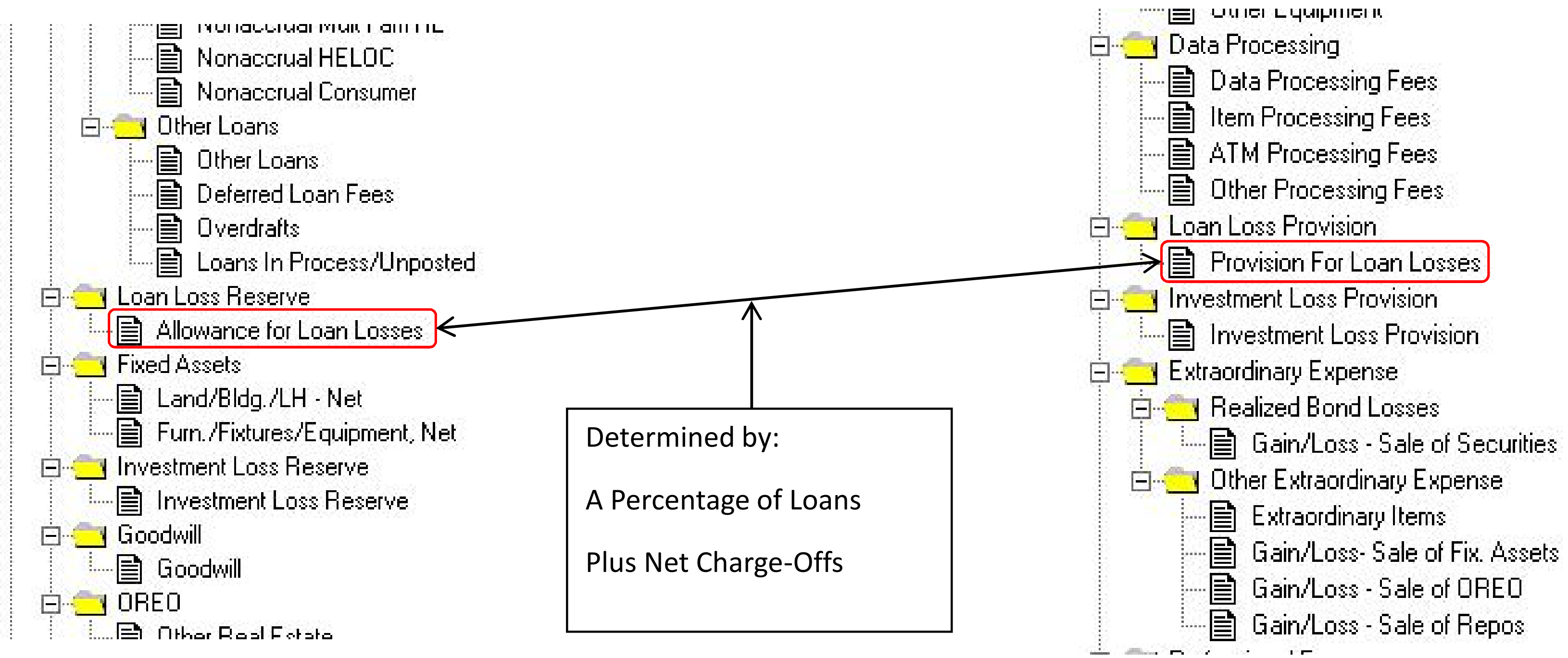
ALLOWANCE FOR LOAN LOSS MODELING IN FINANCIAL COMPASS



Benefits

- Allowance and Provision accounts can be linked:
  - A change in the allowance will impact the provision and vice–versa
  - Changes in forecasted loan balances will impact allowance and provision amounts
- Multiple Allowance scenarios can be saved:
  - Modeling can be used develop forecasts, then “shut off” until a reforecast or change in Allowance assumptions is needed
  - Facilitates credit quality and capital stress testing

Loan Loss Factors



Loan Loss modeling is designed for banks using a single Compass account for the Allowance and a single Compass account for the provision.

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Thank you

If you have questions, please call:

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