

**Allowance
For
Expected
Credit Loss
(CECL)**

VISIBLE EQUITY[®]

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Visible Equity provides comprehensive, intuitive ALLL / CECL software that allows you to easily:

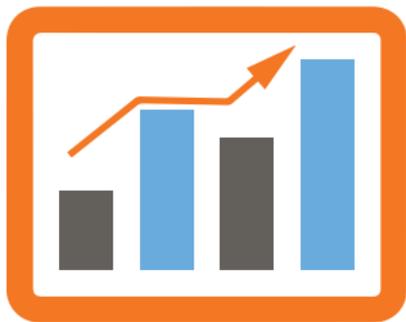
- Segment your portfolio
- Collectively review loans using CECL-compliant loss methods
- Individually review loans
- Incorporate qualitative and environmental factors, as well as reasonable and supportable forecasts
- Run stress test scenarios
- Instantly produce a comprehensive suite of reports and disclosures



VISIBLE EQUITY

Allowance for Expected Credit Loss (CECL)

CECL requires an institution to report on the credit risk inherent in the portfolio and how management monitors credit quality, management's expectation of credit losses, and changes that have occurred in the expected credit losses during the reporting period.



Custom Segmenting

Visible Equity software makes it easy to create custom segments and classes for use in your allowance analysis and reporting.

Individually and Collectively Review Loans

Individually Review

While the focus on CECL is clearly on collectively review methods, any asset that does not share similar risk characteristics with a suitable class should be reviewed on an individual basis using either discounted cash flow, fair value less cost to sell, or other appropriate loss estimation methods.

Collectively Review

Visible Equity provides several CECL compliant methods as shown in the table on the next page.

We also provide traditional charge-off ratios for easy comparison between current allowance methodologies and CECL compliant methodologies.

CECL Loss Methods

<p>Static Pool</p> <p>Static Pool loss rates are calculated by taking the losses from a pool, divided by the starting balance of the pool.</p>	<p>Vintage</p> <p>Vintage loss rates are calculated by segmenting the portfolio into vintages and dividing historical losses by the appropriate balance.</p>
<p>Probability of Default</p> <p>Life of loan losses are estimated by modeling the probability of default based on collateral, economic, loan and borrower attributes.</p>	<p>Discounted Cash Flow</p> <p>Estimates future cash flows based on probabilities of default and prepay.</p>
<p>Roll Rate</p> <p>Observes historical progression through various stages of delinquency and subsequent default.</p>	<p>Loss Migration</p> <p>Aggregates historical loss performance by grade and uses multiple snapshots to estimate expected losses.</p>

Qualitative and Environmental Factors (Q&E)

Visible Equity makes it easy to adjust base loss rates by standard or custom Q&E factors. A few of the factors you can use in your analysis include:

- Q Changes in Policies
- Q Economic Conditions
- Q Loan Mix
- Q Delinquency/Charge-off Trends
- Q Competitive Landscape

You can also use our statistical modeling to see how historical losses correlate with certain economic variables such as local unemployment rates and home prices.



Forecast Factors

One of the biggest changes CECL brings to the allowance calculation is the requirement to consider “reasonable and supportable” economic forecasts. With our PD model, forecasts are built in. With loss rate methods, you can use our statistical models to calculate the correlation between economic forecasts and historical losses.

Expected Loss Simulations & Stress Tests

Want to see the impact that changes in collateral values, credit scores, or economic factors will have on your expected loss? We make it easy to shock your portfolio and see the results in real time.



Other Products

Loan Analytics

Use our award-winning Loan Analytics to identify, measure, and monitor the performance of your loan portfolio.

Application Analytics

Easily analyze your loan applications for approval and other performance rates, key metrics, and 'what-if' scenarios.

Deposit Analytics

Gain important insights into the performance of your deposit portfolio.

Fair Lending

Analyze your loans and applications for potential discrimination.

Peer Analytics

See how you compare across your loan portfolio, applications, deposits, etc.

Customer / Marketing Analytics

Easily perform customer-centric analysis, link customer accounts and data, and have a solid analytics framework from which to conduct fair lending, marketing analysis, and other key analyses.

**For more information, visit
www.visibleequity.com**