

# Sageworks ALLL.

## For a more defensible ALLL

More banks and credit unions trust Sageworks ALLL for the allowance for loan and lease loss calculation than any other solution. Sageworks ALLL helps bankers streamline the reserve calculation process while providing a consistent analysis that is defensible to auditors, examiners and the board.

### CHALLENGES

#### INEFFICIENT PROCESSES

- Ongoing gathering of both external and internal data
- Numerous stalling points in the process
- Analyzing the data and reporting to various audiences
- Building disclosures by hand
- Difficulty improving loss rate calculations

#### POTENTIAL FOR MANUAL ERROR

- Protection, overwriting and version control issues with spreadsheets
- Cascading effects of manual changes
- Transferability of the process
- Staying up-to-date with regulations and guidance
- Inconsistent impairment calculations

#### EXAMINER AND AUDITOR CRITICISM

- Documentation, documentation, documentation
- Changing regulations and guidance
- Difficulty justifying assumptions and subjectivity in the calculation

### WHAT OUR CLIENTS SAY

**90% of clients reduced the time needed for the ALLL by 50%–80%.**

*“It would take me approximately a week to finalize [the ALLL], and now it’s taking approximately an afternoon.”*

**100% of clients reduced manual errors in their calculations.**

*“Before Sageworks, I would triple and quadruple check our spreadsheets to find errors and still wouldn’t find them all...now, we know that our calculation is error-free.”*

**100% of clients using Sageworks ALLL reduced examiner criticism.**

*“Sageworks ALLL has impressed our examiners and auditors by providing consistency to the ALLL methodology. It is a more consistent, efficient, error-free approach.”*

**ALLOWANCE FOR LOAN AND LEASE LOSSES SUMMARY**

Today's Balances

**ALLOWANCE FOR LOAN AND LEASE LOSSES BALANCES AND RESERVES**

	Balances	Reserves	Comments
FAS 114 (ASC 310-10-35) Loans:	\$ 53,814,446.00	\$ 53,814,446.00	
FAS 5 (ASC 450-20) Loans:	\$ 373,189,789.57	\$ 14,138,258.54	
SOP 03-3 (ASC 310-30) Loans:	\$ 26,983,200.00	\$ 540,558.00	
FAS 91 (ASC 310-20) Loans:	\$ 243,381,016.00	\$ 4,138,717.63	
<b>Total Loans:</b>	\$ 697,368,451.57		
Unallocated Reserves:		\$ 0.00	
<b>Total ALLL Reserve:</b>		\$ 72,631,980.17	

FAS 114 (ASC 310-10-35) Loans:

FAS 5 (ASC 450-20) Loans:

SOP 03-3 (ASC 310-30) Loans:

FAS 91 (ASC 310-20) Loans:

**Total Loans:**

**Unallocated Reserves:**

**Total ALLL Reserve:**

**KEY BENEFITS**

✓ **Prepare for CECL**

Automatically capture data necessary to comply with CECL guidance

- Capture, archive and incorporate loan-level detail
- Prepare for capital adjustment
- Reduce subjectivity and examiner criticism through data

✓ **Disclosure Reports**

Satisfy ASU 2010-20 requirements (impaired loan report, TDR re-default report, aging analysis, etc.) quickly with Management Reporting

✓ **Use Custom Methodology**

Our team works with you to ensure the calculation meets your institution's needs

✓ **Advanced Analysis**

Leverage a Loss Emergence Period or PD/LGD to bolster ALLL calculations

✓ **Advanced Reporting**

Quickly generate reports for the board, examiners

✓ **Migration Analysis**

Calculate loss rates using a more granular and accurate methodology—quickly compare to historical loss

✓ **Q Factor Support**

Import recent macroeconomic data to justify qualitative factors

- *FRED Data: information to defend economic assumptions*
- *Sageworks Industry Data: largest database of financial information for privately held companies in the U.S.*

✓ **Custom Integration**

Sageworks provides a dedicated integration project manager as a start-to-finish resource

✓ **SOP 03-3/Purchased Loans**

Consolidate your institution's reserve and any purchased portfolios onto one platform

✓ **Run Multiple Scenarios**

See how changes in Q Factors impact the ALLL, plan for capital adjustments and test how variations to the calculation impact the result

✓ **Backtesting**

Comply with regulatory pressure and ensure accuracy in your calculation with backtesting

✓ **Automate Complex Collateral**

Analyze complex collateral relationships

✓ **Institutionalize Calculation**

Make the ALLL process transferable to new employees