

Sageworks Risk Rating

Increase objectivity and provide detailed, standardized documentation

Sageworks Risk Rating allows banks and credit unions to choose a single or dual model to provide dynamic and comprehensive risk rating methodology for the entire loan portfolio, identify problem loans early and gain insight into portfolio credit quality.

CHALLENGES

LIMITED INSIGHT INTO LOAN PORTFOLIO RISK

- Difficulty identifying problem loans early
- Ambiguity around portfolio credit quality
- Reactive risk ratings

EXAMINER CRITICISM

- Lack of sufficient documentation
- Concerns about accuracy
- Inconsistency in risk ratings

SUBJECTIVITY

- Ratings that differ by analyst or lender
- Multiple interpretations of institution's rating methodology
- Confusion on how ratings are derived

BENEFITS

- ✓ Dynamic reporting to view loans by risk rating
- ✓ Historical record of changes to risk ratings
- ✓ Ability to easily identify portfolio segment needing risk rating adjustments
- ✓ Thorough documentation of calculations and each factor
- ✓ Reports showing all risk ratings and rating changes
- ✓ Customizable templates to use for any single or dual risk rating
- ✓ A single or dual rating system customized for the institution
- ✓ Ratings based on financial ratios, qualitative assessments and custom factors
- ✓ Ability to lock down approvals and require comments on changes

FROM OUR CLIENTS

“ I use many products in my role, and Sageworks has the best customer support by far. I have only ever needed to call once or twice, but my questions were answered effectively and in a timely manner. ”

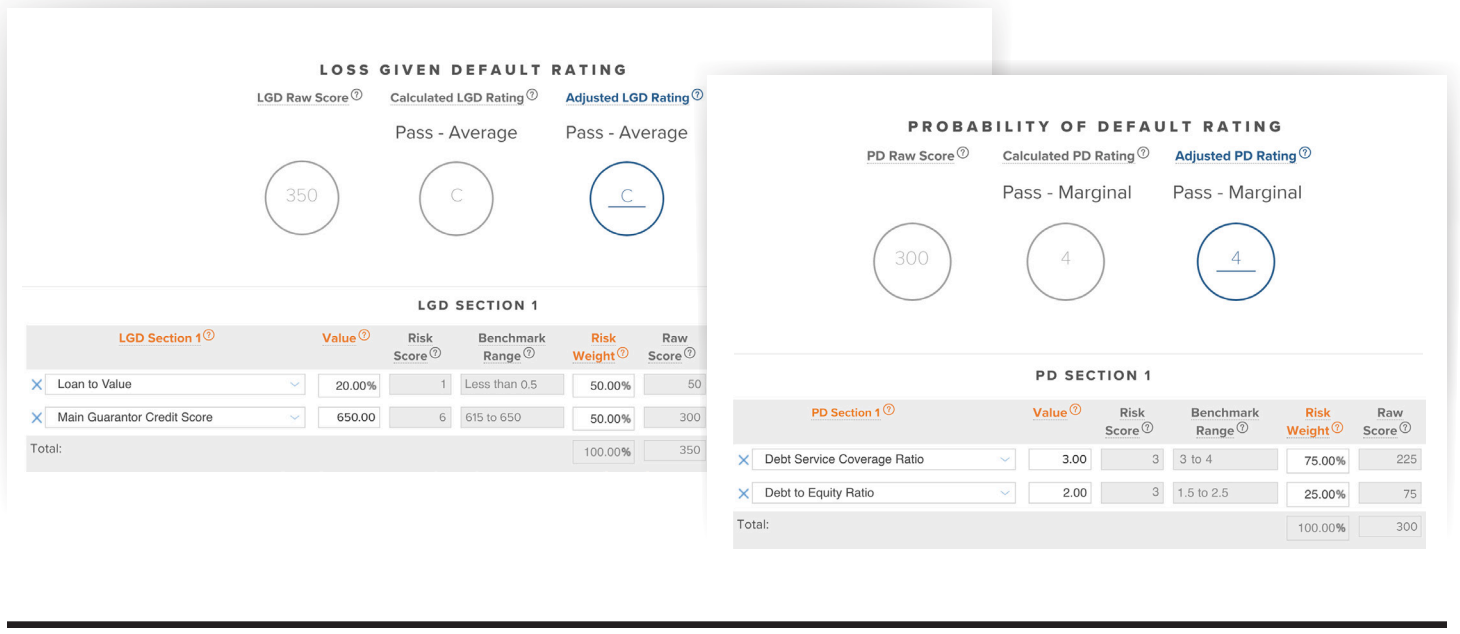
West Texas National Bank

“ Examiners like when everything is standardized across the board. Before we had Sageworks, our loan officers did things slightly differently. Sageworks has helped us be much more consistent in our process. ”

Bank of O'Fallon

“ Sageworks offers consultants that are truly experts in not only the intricacies of their products, but also in the associated and underlying industry standards, accounting guidance and regulatory requirements. ”

Franklin Synergy Bank



KEY BENEFITS

- ✓ Create a standardized loan rating system with customized factors and weightings
- ✓ Add custom qualitative metrics to risk ratings, scored on a scale from poor to excellent
- ✓ Use individual metrics, like a company's industry performance, when risk rating a Group
- ✓ Use Global metrics, such as global DSCR, in individual entity ratings
- ✓ Require comments and justification for changes to the factors in a risk rating
- ✓ Implement a dual risk rating model based on probability of default and loss given default
- ✓ Access the most up-to-date rating, as the risk ratings update when new data is entered into Sageworks
- ✓ Automate thorough documentation showing each factor's calculation, the weights assigned to each factor, the ranges used to assign a rating and the calculation of the overall score
- ✓ Produce extensive reporting to show all risk ratings and rating changes, which can all be exported to Microsoft Excel
- ✓ Define an approval process for loan officers to follow
- ✓ Save custom templates with customized benchmark ranges
- ✓ Annualize financial-statement ratios if the period is less than one year
- ✓ Rate guarantor credit score, as well as industry metrics for a business score based on Sageworks' industry data
- ✓ Show objectivity within risk ratings due to the consistent and documented process
- ✓ Leverage advanced reporting
- ✓ Utilize a single or dual risk rating model based on institutional needs