Sageworks Loan Pricing
Set prices based on risk and profitability targets

For many banks and credit unions, pricing is largely influenced by competition and the loan officer's history with the borrower. But that method may ignore overall credit risk, costs to make the loan and ROE or other targets at the institution.

Sageworks Loan Pricing is a flexible pricing model that helps bankers more accurately set and document prices to achieve the institution's desired return. The solution also integrates with other Sageworks solutions and the institution's core system, so pricing can be a quick exercise instead of a bottleneck.

FACTORS TO BE INCLUDED

PB ENTERPRISES - NEW LOAN REQUEST

- ☑ Cost of Funds (required) ?
- ☑ Credit Risk (required) ?
- ☐ Upfront Borrower Fees ?
- ☐ Annual Borrower Fees ?
- ☐ Institution Origination Expenses ?
- ☐ Institution Servicing Expenses ?
- ☐ Institution Overhead Expenses ?
- ☐ Other Relationship Items ?
- ☐ Other Portfolio Loans ?

SAVE AND CONTINUE

« Customize the model to fit your institution

BENEFITS

✓ Leverage real-time pricing benchmarks to see how peer institutions price

✓ Set the model to fit your institution's pricing sophistication—as simple or complex as needed

✓ Ensure consistency of pricing methods across the institution

✓ Build more defensible documentation and reporting to see performance by lender

✓ Create and compare multiple pricing scenarios to optimize return for the institution and to meet the borrower's needs

✓ Eliminate pricing bottlenecks for underwriting and annual reviews

✓ Integrate with other Sageworks solutions for increased data efficiency and comprehensive reporting

In an informal 2015 survey, community bankers estimated that, through more accurate pricing, they could improve rates by **5-15 basis points.**

RESULTS

Scenario Name:	Scenario 1	Scenario 2	Scenario 3
Interest Rate:	4.87 %	4.50 %	5.00 %
Loan Amount:	750,000.00	750,000.00	750,000.00
Payment Type:	Fixed Payment	Fixed Payment	Fixed Payment Balloon
Loan Term (months):	60	60	60
Amortization (months):	60	60	240
Upfront Fee Amount:	0.00	0.00	0.00
Upfront Fee Percent:	1.00 %	1.00 %	1.00 %
Annual Fee Amount:	100.00	100.00	250.00
Annual Fee Percent:	0.00 %	0.00 %	0.00 %

PROFITABILITY METRICS

	Target			
Return On Equity:	15.00 %	19.94 %	16.97 %	19.84 %
Return On Assets:	1.50 %	1.50 %	1.28 %	1.60 %
Net Interest Spread:	1.50 %	2.26 %	1.89 %	2.39 %
Net Income:	-	11,252.27	9,569.23	12,034.68
Relationship ROE:	15.00 %	19.94 %	16.97 %	19.84 %
Relationship Net Income:	-	11,252.27	9,569.23	12,034.68

SAGEWORKS MARKET RATE DATA

State:	North Carolina
Loan Type:	C&I
Term:	3 selected
Origination Date:	Last Quarter

CALCULATE AVERAGE RATE

KEY BENEFITS

✓ Sageworks' proprietary Market Rate Data gives real-time benchmarks for rates from the last month, quarter, YTD, year

✓ Benchmarking can be segmented by loan type, terms, risk rating and geography

✓ Flexible model so the institution chooses what to consider in the calculation

✓ Integration with the bank's core system as well as other Sageworks modules

✓ Daily data feeds from a variety of indices automatically update to calculate cost of funds

✓ Option to calculate profitability of the total borrower relationship, including other products with the institution

✓ Multiple scenario capacity to create and compare different pricing options to find the optimal terms

✓ Institution-specific targets to help loan officers meet desired return

✓ Profitability measured through ROE, ROA, spread, Net Income and Relationship ROE

✓ Easy set up for a variety of profitability targets and defaults for different loan types

✓ Credit Risk measured by Risk Rating, Risk Rating and Collateral Quality or Risk Rating and Collateral Value

✓ All priced loans are tracked and automatically archived

✓ Comprehensive reporting, filtered by borrower, risk rating, person responsible, date, etc.