

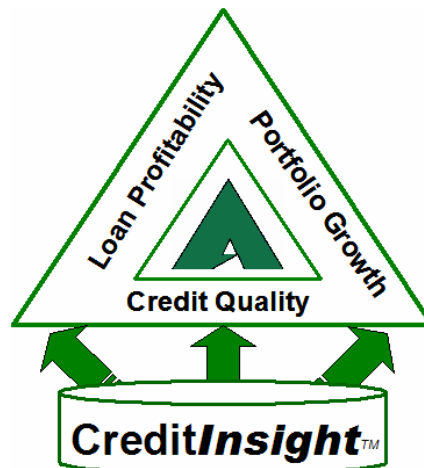
CreditInsight™ Solution Overview

Ardmore Banking Advisors' CreditInsight solution delivers valuable credit and risk data management and control throughout the bank – creating a consistent, central, validated source for all credit and risk reporting and analysis.

Following a key tenet of Sarbanes Oxley regulations, we automate the process of gathering and crunching portfolio data, eliminating time-consuming manual processes, unmanaged spreadsheets and databases. We create a historical credit data archive for you to do historical trending and analysis – a key component of the proposed Basel II controls.

CreditInsight addresses the needs of credit and risk professionals throughout the bank and allows the bank to leverage one common platform to meet their different requirements.

Assisting the Credit Process Across all Departments



The following information gives examples of the usage by different job functions. ABA recognizes that some banks may merge certain functions.

CEO

The bank's CEO primarily needs to be confident that credit information properly depicts the credit risk profile of the Bank for management

purposes, the Board of Directors, regulators, shareholders and depositors. *CreditInsight* gives the CEO immediate access to answers to questions about the Bank's credit portfolios on demand. The CEO can demonstrate proactive knowledge and control of important credit trends and concentrations by bank-specific criteria such as interest rate, relationship, industry, vintage and product. The CEO can be comfortable knowing that this data is correct and validated and feel confident that the information given to all stakeholders is timely, accurate and comprehensive. This is especially relevant for Sarbanes-Oxley compliance.

Chief Credit Officer

The Chief Credit Officer is focused on risk to the bank, and balancing portfolio growth with credit quality. With *CreditInsight* at one's desktop, the Chief Credit Officer has immediate access to predictive and historical portfolio information including risk ratings, exceptions, delinquencies and risk migration trends. *CreditInsight* enables the CCO to drill into the bank's portfolio by meaningful categories and then quickly generate reports, charts and spreadsheets for credit committee, loan review and the board. The numbers are right because they come from the *CreditInsight* database, which does not allow manual adjustments.

Chief Risk Officer

As part of Enterprise Wide Risk Management, the Chief Risk Officer must monitor Key Risk Indicators (KRI) in all operating departments of the financial institution for the three major risks: Credit Risk, Operational Risk and Market Risk. KRIs for Credit Risk could include delinquency trends, non-accrual trends, charge-off trends, and weighted average risk rating trends, all easily obtained via *CreditInsight*. Operational KRIs could include overdrafts, exceptions to loan documentation, and legal disputes. These also could be monitored and trended for proper quantification via *CreditInsight*.

Credit Policy Officer

To be able to fully see the impact of credit policies and adjustments, the Credit Policy Officer needs to be able to look at how the bank's portfolios have changed over time and in comparison to market and other events. *CreditInsight* allows the Credit Policy Officer to view changes in product mix, exceptions volume, delinquency and charge offs over time. "Slicing and dicing" by categories such as tenor, vintage and maturity give the Credit Policy Officer a complete and

incisive view of how policy change may create desired or undesired results. Portfolio segments can be viewed and analyzed by average weighted risk ratings and average weighted interest rates.

Chief Lending Officer

At the Chief Lending Officer's desk, *CreditInsight* can quickly display performance by lender and product. Changes in balances, maturities and payments are aggregated by categories like Market and Department, and can be drilled into by date and lender. Top customer relationship information can be brought up on demand and reviewed by custom criteria, printed and electronically distributed – all without needing to use IT resources.

Credit Administration and Loan Servicing

The business of creating credit reporting has become more complex as bank executives, investors, committees, the board and regulators ask for more detailed information. New regulatory requirements for quicker report turnaround only add to the "fire drill." Too many valuable resources are spent finding the data needed and manipulating it into the required formats.

CreditInsight enables the Credit manager to build reports and charts that automatically update as the underlying data is refreshed. The reports can typically be generated within a day of the last data update and then immediately distributed electronically throughout the bank. *CreditInsight* can secure reports and segments of data so that departments can only see and use what they need. All reporting and analytical data come from the one central, validated *CreditInsight* database, and use the bank's own information hierarchies including organization, product and industry groupings.

Loan Review Manager

The process of selecting a loan review sample is a time-consuming aspect of the Loan Review Manager's job. With *CreditInsight*, the process of identifying the portfolio segment for review is simple as you can select loans by desired criteria (loan size, percentage of the portfolio, by officer or department) and easily create reports and spreadsheets with the loan detail you need. These reports or spreadsheets can then be electronically shared with the review department or loan review provider.

Additionally, the Loan Review Manager can create very specific and targeted reviews predicated upon criteria such as loans made in a certain time frame, a particular industry, and with a designated range of maturities.

Chief Financial Officer

The CFO must be assured of proper reporting of information for all financial accounts of the bank, especially in view of the recent requirements of Sarbanes-Oxley. Credit information represents a significant component of the information that the CFO has to validate and upon which he/she must attest. The development of the ALLL is a critical component that requires accurate information; inaccurate analysis of this important reserve has created enormous credibility problems for some banks with their regulators and investors.

Internal and External Auditors

Internal Auditors and External Auditors utilize credit information when validating assets, liabilities and income/expense accounts. The ability to view information that relates borrowers and aggregates information allows those auditors to review compliance with regulations and to test the validity of the accounts through identification of customers and accounts to be independently reviewed.

Solution Specifics

Ardmore Banking Advisors will deliver the *CreditInsight* solution for your bank, including the creation of a data mart containing identified credit and related information extracted from a selected number of your bank systems' data sources, and secure access to the data mart and credit information through a Multi-dimensional OLAP cube with desktop reporting and analysis.

Your bank data will be organized by your bank's unique categorizations including the following data "dimensions" or hierarchies (based on availability from your provided data sources):

- Customer/Relationship
- Bank Organization
- Risk Rating
- Industry (NAICS/SIC)
- Delinquency
- Time (Monthly, Quarterly, Annually)
- Interest Rate

- Product
- Vintage
- Tenor
- Maturity
- Credit Score
- Exceptions
- Loan Size

These dimensional “slices” can be viewed by the following “measures” - dollar amounts and counts (based on availability from your provided data sources):

- Bank owned (outstanding) Balance
- Commitment Balance
- Unadvanced Balance
- Charge Off Amount
- Loan Count
- Weighted Average Interest Rate
- Weighted Average Risk Rating
- Dollars Delinquent

Also included as part of the solution is training for your credit staff on how to access and create their own reports, graphs and charts using the desktop reporting tool (ProClarity). All views and reports can be exported to Excel or Power Point with one click.

Ardmore Banking Advisors will create a base set of seven predefined interactive ProClarity “reports” or “views” which enable interactive analysis of your portfolio. You will also receive five hardcopy relational reports from the *CreditInsight* database delivered in Excel, Crystal Reports or MS Reporting Services based upon your bank’s requirements.

Some of the sample views and reports include:

CEO/CLO Package

- Loans/Commitments by interest rate, lender
- Relationships by size
- Products by volume, interest rate
- Interest rate and risk rating by officer & product
- Maturity and tenor by product & officer

CCO/Credit Policy Package

- Vintage analysis
- Risk rating analysis and migration
- Exceptions by officer, loan size
- Delinquency analysis by time and officer
- Industry concentration analysis
- Watch list

Credit Admin/Loan Servicing Package

- Monthly commitment and balance trends
- Product analysis
- Committee/Board reporting by organization, product groups
- Delinquency by product and organization
- Customized trial balance
- Largest customer reporting

Loan Review Package

- Top 25% of all loans
- Loans by size banding
- Loan detail of top percentage of loans by size by officer
- Loan detail of top percentage of loans by size by product

We typically deliver a working prototype of *CreditInsight* using your bank's data within 30 days of contract signing (depending on availability of data) and a completed working pilot in 90 days.

Please contact us for a discussion of how *CreditInsight* can meet your needs and for a live demo over the web.

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