HOW-TO GUIDE: REVIEW & ASSESS YOUR TARGET ROE'S

precisionlender
pricing & profitability management

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BEFORE YOU GET STARTED…

Before you begin, please see this post to access the workbook template needed for this activity.

SUMMARY

The purpose of this workbook is to provide you with an easy manner to view the expected financial results of your opportunities priced in PrecisionLender ("PL"). Tables in this workbook measure performance of the opportunities across several dimensions including balance sheet, income statement, ROE measures and several loan attributes.

To use this workbook, you will need to download data from your PL instance. This task requires security profile options show "data feed enabled".

This workbook uses Excel functionality and Excel pivot table functionality. Users of this workbook should have a solid working knowledge of the following Excel and Pivot Table functions:

- Data Sort
- Data Filter
- Logic Statements
- Date Manipulation
- Remove Duplicates
- Find and Replace
- Parsing (left, middle. right)
- Weighted Average Calculations
- Data Types
- Copy Paste Special (values, formulas formats, all)
- Insert
- Up/down/end/right/left functions
- Pivot Table functions

- Table Filters
- Row Filters
- Calculated Fields
- Custom Field Names
- Refresh

If you need help with common Excel functions, please [click here](#) to access Microsoft's Excel Help Center. Users may need to read, understand and edit formulas and pivot table results in this template.

RETRIEVING THE DATA FROM THE PL APPLICATION AND PASTING INTO THE ROE ANALYSIS TEMPLATE

1   In PL, navigate to the Data Feeds button (bottom left of screen) and then from the menu on the left, select download a CSV file for 'All Opportunities – Account Level'. You will be prompted to open the file into Excel.

TIP: If you have been pricing in PL for more than 3 years, you may want to sort your opportunities on the .CSV file by "Pricing Date" from oldest to newest and delete records that predate your analysis period.

2   From the worksheet that is created from the step 1 above, copy to the clipboard just the rows and columns that have data in them. Cells A1 through BJ1 and down to the last row of your data. Note this range includes the header record from the .csv file.

3   Paste these values into the ROE Analysis Template workbook onto 'Staging' tab into cell T2 highlighted in yellow. The 'Staging' tab has frozen panes to make it easier to hit the pasting area and to "'hide" formulas from being pasted over. Click Save.

4 While in cell T2, click View > Freeze Panes > Unfreeze Panes. This step allows you to access columns A through S.

TIP: If your row count in the Staging sheet exceeds row 2,000, insert rows above row 2,000 to automatically expand the Pivot table data range to accommodate your record count. You will need to re-paste your data from the .CSV file.

5 Now that you have access to columns A through S, copy down all the formulas in columns A through S to make certain they are aligned with the last row of your data pasted in step 3 above.

TIP: You may notice error messages in the formulas in columns A-S. This result is expected when "Deposit" and "Other" opportunities are present within the data feeds: these type records do not carry risk ratings, maturities and other data elements that loans carry. There is no need to remove the "Deposit and "Other" records. This template includes an "Account Type" identifier in Column N which separates Loan, Deposit and Other. You will notice in the Pivot Table views that the "Account Type" filter is present. Typically, for the ROE analysis, "Loan" will be selected. If you prefer, you may delete all deposit and other records using a filtering function.

6 On 'Product' tab, right click in cell B11, "Product View" and select 'Refresh'.

TIP: Refresh the Product pivot table with no filters on. Check the grand total count to ensure it matches the number of records you pasted into the template. Once you are assured of an accurate record count, choose the "Account Type" filter and select "Loan."

TIP: When account type "Loan" is selected, you may observe a #VALUE error in a pivot table. This is likely caused by an

inaccurate data element. Determine which element it is from the pivot table, then filter in your data table for that value. It may reveal the faulty record for your review and correction.

These steps should provide Pivot Table results for each of the following dimensions, on separate tabs:

- Region—account type filter preset to "Loan"
- Product—no filters preset
- Owner—account type filter preset to "Loan"
- Risk Rating—account type filter preset to "Loan"
- Balance Stratification—account type filter preset to "Loan"
- Maturity Stratification—account type filter preset to "Loan"
- Opportunity Stage Name—account type filter preset to "Loan"

TRANSFORMING YOUR BANK'S RISK RATING ARRAY FROM CHARACTERS TO NUMBERS

1 PL has automatically planned for risk rating systems that are based on whole numbers between 1 and 9. If this fits your bank's rating system, no further action is required. Here is an example of the risk rating system:

Risk Rating in PL—whole numbers 1-9
1. Minimal Risk
2. Excellent
3. Good
4. Satisfactory
5. Watch
6. Special Mention
7. Substandard
8. Doubtful
9. Loss
Blank – expected value when Deposits or Other (off balance sheet) records are present

2 If the above example does not match your bank's method, please see the Risk Rating Transformation Appendix section below.

SUPPLEMENTAL INFORMATION

Pivot Table Filter List	Definition
Year Priced	This filter is formatted to show just the year of pricing. You may also see 1900 as a value when blank rows are present. You may filter them out.
Month/Year Priced	This field collapses the day of opportunity pricing to the first of the month and the format is mm/01/yyyy. For example, this filter can be used to select the 12 most recent months of activity.
Account Type	This filter separates opportunity records into Deposit, Loan and Other. Typically, you will focus on Loan records in an ROE analysis.
Stage Name	This filter displays all your stage names and allows you to focus on certain stages individually.
Meets Opp Target	This is a binary filter that indicates whether the Opportunity meets its Target ROE (1) or not (2).
Meets Loan Target	This is a binary filter that indicates whether the loan meets its Target ROE (1) or not (2).
Rate Type	This filter slices results by 4 Interest Rate Types: Fixed, Floating, Adjustable and Swap.

RISK RATING TRANSFORMATION APPENDIX

The purpose of the transformation is to create a duplicate numeric based system that substitutes for the existing character-based system. The numeric system allows the presentation of weighted average risk results in the pivot tables.

1 The steps include finding the unique values of the character system within your data and executing a find and replace

routine substituting a number for each of your unique character values. Here are some examples of field values for risk rating systems that require additional transformation. Note they may contain letters and or numbers.

Risk Rating in PL
3-. Below Average
3+. Above Average
A. Exceptional
C+. High Acceptable
D (21-26)

2 From your CSV file, copy column BE, Risk Rating, to a new sheet. Highlight the column, select> Data, >Remove Duplicates, >Select All, >OK, >OK. This action will leave you with the unique values for your risk rating array. Next, sort the unique list in order of increasing risk. In the column next to your sorted results, key in whole numbers from 1 to the number of categories you have. Here is an example of the result:

Unique Risk Rating Values sorted in ascending order of risk	Corresponding numeric value
1. Superior	1
2. Excellent	2
3+	3
3. Average	4
3-	5
4+	6
4. Acceptable	7
5. Watch	8
6. Special Mention	9
Blank	Leave Blank. This value is associated with Deposit and Other opportunity records

3 Turning to the ROE template, Staging sheet, copy column BX Risk Rating into column S, Risk Transformation. Save. Then, highlight column S and begin a find and replace exercise by

finding your character values and replacing with your numeric values based on the work just completed in your .csv file.

Once you have made this legend, when you redo a ROE analysis in the future you can begin with step 2.