

# ProAct CECL Tool

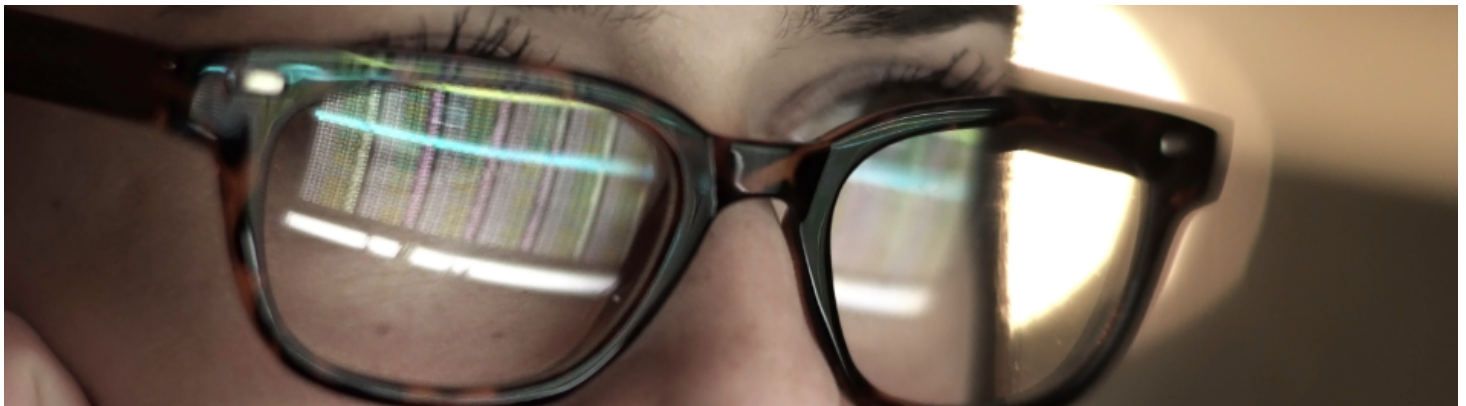


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## What is the ProAct CECL Tool?

Ser Tech has developed a CECL solution as a part of the ProAct system. The CECL solution allows clients to analyze their historical loan data to understand past performance and apply it to current portfolio balances. Our CECL solution also provides users the option to further analyze geographically relevant loan data outside of their own. Ser Tech has obtained historical industry loan data starting in 2005 from its bureau partners to support the data requirements and needs of CECL regulations.

- Evaluate historical data and relevant bureau credit data to calculate past default odds based on experience
- Create different economic scenarios and conduct sensitivity analysis to be prepared for changes in the economy and your withholding requirements
- Analyze historical loan performance by portfolio, credit score, and age of loan
- Apply the matrix of calculated odds to the current portfolio to yield a future risk estimate



## CECL Overview

CECL (Current Expected Credit Loss), is an accounting change issued in 2016 by the FASB that requires the reserve for future losses over the life of the loan at the time of loan origination. The standard goes into effect for all financial institutions in 2020-2021.

CECL broadens the information a financial institution must consider in developing its expected credit loss estimate, requiring the use of historical loss information to develop reasonable and supportable forecasts. Measurement of expected loss should be based on relevant information about past events, including historical experience and current conditions that affect the of the reported amount.

FASB does not specify a method for measuring expected credit losses and allows an entity to apply methods that reasonably reflect its expectations of the credit loss estimate.



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# ProAct

## What is ProAct?

ProAct provides access to your portfolio with 360-degree views across a multitude of cross-sections. Manage loan performance, strategy, and expected loss withholding.

ProAct addresses fundamental issues affecting credit unions' need to manage their loan portfolios and associated risk.

We help our clients monitor: portfolio growth, delinquency, charge-off, credit score migration, tier attribution, yield, real estate coverage and projected loan loss.



## ProAct Return On Investment

ProAct provides a multiple return on investment by addressing key areas of focus in technology, reporting and business intelligence.

- Data warehousing solution
- Streamlined, customized reporting functionality
- Tools to quantify projected risk and loan loss, including CECL
- Ease the compliance burden – time, personnel & follow-up
- Transparent loan information & robust analytics for decisioning
- Minimize staff oversight on data management