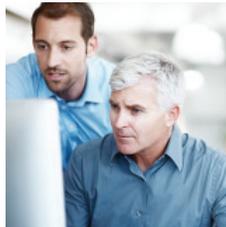


Product



BankAnalyst® Risk

Pinpoints Where Your Bank Needs to Focus Its Resources to Effectively Manage Enterprise Risk



BankAnalyst Risk from Fiserv provides a new approach for assessing enterprise risk and its impact on franchise value. Breaking down overall enterprise risk into seven specific categories, the tool quantifies your institution's exposure and guides the allocation of resources to effectively manage risk.

Every bank must combat risk. But risk is a very broad topic. How do you know which aspect of enterprise risk to focus on first? BankAnalyst Risk narrows down the many options you can choose, to those options you should perform – the risk management initiatives that will produce the greatest benefit for your bank and make the best use of your resources.

A Unique Method for Assessing Risk and What Drives It

In the past, tools for assessing enterprise risk typically measured capital, asset quality, earnings and liquidity. They didn't consider key factors, such as market area risk and velocity risk, which affect a bank's performance and sustainability. BankAnalyst Risk was created to fill this void.

BankAnalyst Risk and our bank strategists produce a much more comprehensive assessment of overall risk – and its underlying factors – by:

- Decomposing seven important drivers of enterprise risk
- Assigning a score to quantify metrics for each risk driver
- Isolating, prioritizing and justifying the areas that need attention or improvement
- Providing trend analysis and peer comparisons to measure relative risk
- Assessing the institution's strategic alignment with its best opportunities to reduce risk and improve franchise value

The MVSCALE Scoring System

BankAnalyst Risk uses an innovative and highly reliable instrument, the MVSCALE, to score and weight a bank's relative risk according to seven specific categories. As discussed below, MVSCALE considers Market Area, Velocity, Strategic, Capital Management, Asset Quality, Liquidity and Earnings Composition risks:

1. Market Area Risk

To produce a composite market area risk score, BankAnalyst Risk analyzes the bank's footprint and the marketplace's household/business populations. The tool also considers the weighted revenues and risk ratings of specific industries concentrated in the area. For example, the tool assigns revenue weights to the risk ratings of 137 industry classifications, by zip code, to determine the risk present in your market area.



2. Velocity Risk

A franchise's relative growth, or velocity, is an important indicator of risk. High growth relates to high risk in almost every case. To evaluate this factor, BankAnalyst Risk measures the bank's growth in assets, loans and deposits – and compares them with institutions in the relevant market area and with U.S. averages.

3. Strategic Risk

A lack of diversification – either within the bank's footprint or in its portfolio – generally spells risk for any institution. Too much equity allocated to specific business segments can lead to problems. BankAnalyst Risk measures the bank's diversity against well-known capital and regulatory concentration standards to gauge strategic risk.

4. Capital Management Risk

Industry research indicates that many banks' most urgent capital-related concern is the need to gain a better understanding of risk. BankAnalyst Risk helps you determine your exposure by analyzing factors such as capital adequacy, generation, exposure, and velocity change. Based on this knowledge, you can maximize your capital position.

5. Asset Quality

This risk score is based on three drivers of asset quality risk: loss rate, loss exposure and loss coverage. In addition to analyzing those factors, BankAnalyst Risk will alert the bank to potential concerns by analyzing the velocity of changes in asset quality risk.

6. Liquidity Risk

In the event of a funding crisis, an inability to generate liquidity in a relatively short period of time will place the bank at risk. To measure liquidity risk, BankAnalyst Risk considers the strengths of a bank's asset management and its liability management.

Key Benefits

Leverage BankAnalyst Risk in key applications across your organization:

- Aids adherence to regulations related to compliance
- Definitively confirm the validity of institution risk
- Achieve Board of Directors reporting with ease
- Gain insights to initiate dialog and set direction for capital planning
- Get a clear view of your institution to fuel profit and franchise value
- Easily quantifies risks associated with mergers and acquisitions
- Assists in keeping ALCO participants informed
- Provides trend analysis to analyze each risk category over time
- Compares your institution with others relative to risk performance

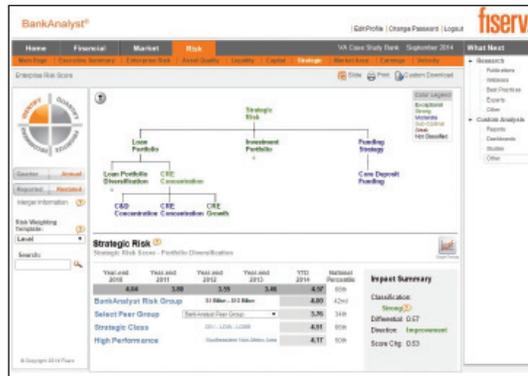
7. Earnings Composition

How volatile, sustainable and risky are your bank's earnings? To determine the answer, BankAnalyst Risk examines macro-profitability, operating profitability, earnings composition and even the ROA variances over the preceding eight quarters.

Charting Risk Trends

BankAnalyst Risk analyzes the direction that each risk category has been tracking annually or quarterly over the last five periods so that you can take timely action as needed. Based on the change in its percentile rankings, a category's risk is classified on a five-point scale:

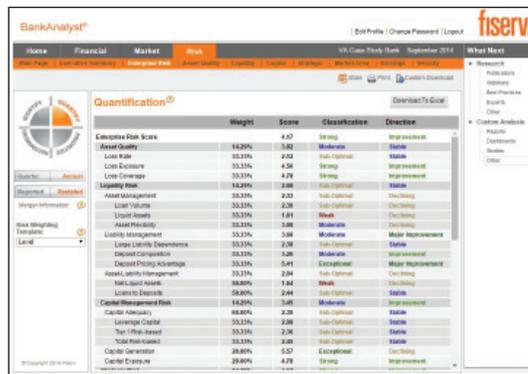
- Major Improvement
- Improving
- Stable
- Declining
- Major Decline



Color-coded decision trees quickly identify a bank's enterprise risk strengths and weaknesses.

Strengths and Weaknesses Summary

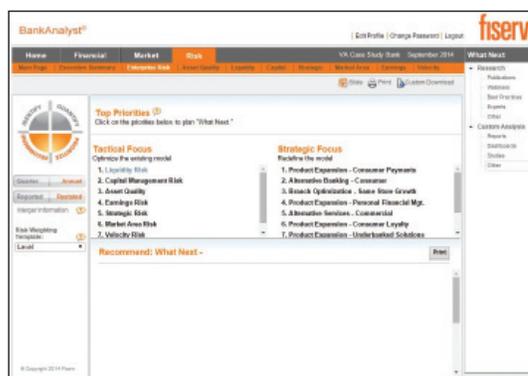
Each new analysis begins with an executive summary. The tool will present the bank's enterprise risk rating, along with the strengths and weaknesses that make up the overall rating. Simply clicking on any item in the lists presents you with underlying details.



BankAnalyst Risk quantifies risk by assigning a risk score and providing a trend direction indicator.

Risk Quantification Details

BankAnalyst Risk creates a quantification screen that includes the component measurements within each risk category. This powerful analysis shows the calculations behind the bank's enterprise risk score, the bank's risk classification, and the direction of its trending risk. You can see how the risk components were rated to produce the category score, and how the category was rated to produce the overall enterprise risk score.



Tactical Focus

Based on the bank's MVSCALE risk scores for a specific risk category, BankAnalyst Risk prioritizes where a bank should focus its resources to drive franchise value in the near term. The Tactical Focus data concentrates on a single driver of risk performance.

Top Priorities are clearly identified to help a bank focus its resources and recommend solutions to address specific tactical and strategic risk factors.



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Strategic Focus

BankAnalyst Risk also helps you prioritize the bank's resource allocations by balancing important risk considerations. For example, through Strategic Focus recommendations, you'll learn how you should redefine your institution's business model or strategy based on all three drivers of franchise value: risk, profitability and growth.

Custom Weighting

BankAnalyst Risk has the ability to assign your own custom weighting values to categories within the Enterprise Risk Score. Additional flexibility is available for risk score calculations through pre-defined risk weighting templates representing various stages of the economic cycle.

Peer Comparisons

To arrive at a valid classification for your bank's risk, BankAnalyst Risk compares your institution with other peers across the country. You can also change the peer groups to reflect certain characteristics. For instance, you can select banks whose footprints have revenue concentrations greater than 25 percent in a specific industry.

Advanced Delivery Model

BankAnalyst Risk is deployed as an on-demand solution to reduce technology disruptions:

- Aggregates data so no bank input is needed
- Eliminates software installations
- Requires no report writing
- Automates software upgrades

Schedule a Complimentary Online Planning Session for Your Bank Today

An experienced senior bank strategist will:

- Conduct a 60-minute Web conference planning session – customized for your bank
- If desired, engage your executive management team
- Use your bank's current risk management analysis
- Examine your bank's current risk profile
- Analyze your marketplace to identify specific risk Management opportunities that exist for your bank

Connect With Us

For more information about BankAnalyst Risk call 800-872-7882, email getsolutions@fiserv.com or visit www.bankintelligence.fiserv.com.