



# GET ON TRACK WITH CECL IN ZMDESK



## WHAT ZM CLIENTS ARE SAYING

"It's great to have one piece of software that can house all the necessary data to run CECL, Stress Testing, ALM and Liquidity Testing. So much data, so little time. But ZM bridges the gap."

*Vice President, Corporate Treasury  
\$7B+ Institution, Midwestern U.S.*

## SIMPLIFY THE COMPLEXITY OF THE CECL MANDATE

### Defendable CECL Reserve Calculations

Your business model is unique, and your historical loss patterns are a function of the choices you've made over time to manage your risk. One size doesn't fit all, and your reserve should reflect the business model you have in place. That should also carry in to your decisions about the future, and ZMDesk™ from ZM Financial Systems (ZMFS) can bring these all together. An in-house or hosted solution designed to help financial institutions, ZMdesk provides users with the ability to load, analyze and pool their own unique loan history to gain meaningful insights into past and future behavior.

Of course meeting the mandate is the end goal: ZMdesk also helps users improve and optimize long-term performance to save time and money down the road.

### Use Your Data as Building Blocks

Using CECL in ZMdesk allows you to:

- Build on the data and assumptions already being used for ALM
- Build out a historic database
- Layer in assumptions unique to fulfilling CECL accounting requirements.

The "heavy lifting" is already in place for ALM, so users can focus on analyzing alternative default methodologies that fit the products and data availability. Methods are easily defined via the menus and spreadsheets. Updated information can be loaded using templates, then processed each period for inclusion in the accounting results.

## Key Benefits

- Graph economic metrics in the same screen against national loss rates
- Improve transparency and better reporting through templates, analytics and custom reporting
- Take advantage of advanced database capabilities: store your own unlimited historical data within the system for review
- Access third party data via direct links
- Model banks separately and easily consolidate analyses and reporting
- Achieve faster end-to-end processes through intuitive menu design and the latest forecasting tools
- Simplify maintenance via a refined combination of packaged software and spreadsheets

## Flexible Measurement Options

Multiple methodologies are available within the system, including:

1. **Historic Loss Rate (HLR)/Snapshot:** a variation of the current incurred loss method where the look-back period corresponds to the life of the portfolio.
2. **Vintage:** a static pool methodology that looks at the loans based on year of origination.
3. **Remaining Maturity:** a mix of the current and new processes, where average annual loss rates are converted to life of loan loss rates.
4. **Migration:** examines how balances migrate across delinquency status or credit tier; can be applied to other metrics such as credit quality.
5. **Discounted Cash Flows:** requires a sophisticated cash flow engine. Since forecasting and discounting of cash flows occurs with this method, the inputs will be similar to those used in an ALM process. The cash flows are behaviorally- and credit-adjusted before discounting at the effective interest rate.

## START WINNING THE HISTORICAL LOAN DATA FIGHT

- **Schedule a ZMdesk demo**
- **Email:** [sales@zmfs.com](mailto:sales@zmfs.com)
- **Phone:** 919.493.0029

## ABOUT ZM FINANCIAL SYSTEMS

ZM Financial Systems believes financial institutions must have access to stronger analytics to perform confidently in an uncertain world. From securities and fixed-income analytics, credit-adjusted ALM and liquidity to risk management, budgeting and funds transfer pricing, our models allow you to analyze potential outcomes for many different scenarios...and sleep better at night knowing you have defensible decisions.

Founded in 2003 on the belief that institutions needed access to strong analytics, ZMFS is a privately held corporation head-quartered in Cary, N.C. In addition to the 25 percent of our staff who have PhD's in the advanced quantitative field, our development and product support teams all have experience in the finance arena. This means our clients can have stronger confidence in their bottom line and balance sheet decisions, knowing the tools they are using reduce their risk while increasing capital. Discover why more than 2,000 institutions have implemented our integrated systems to neutralize the effects of economic uncertainty.

