CREDIT MONITORING AND APPLICATION
THE LEADING INNOVATIVE CREDIT SOFTWARE

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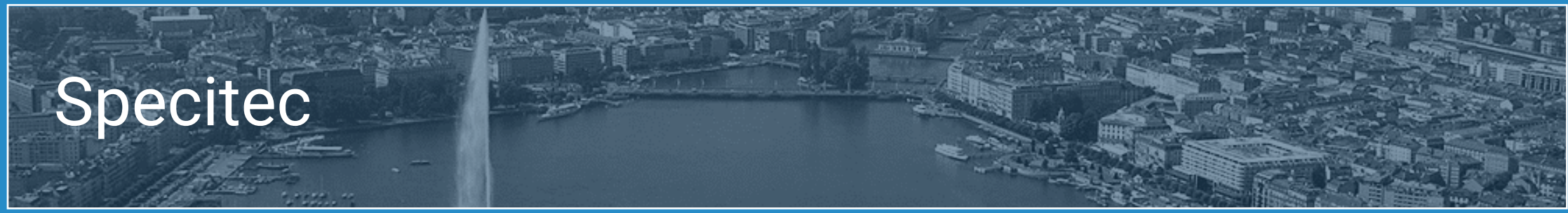
Specitec



The Company

- Founded in November 2004
- Software editor dedicated to private banks
- Experienced team dedicated to its clients: Banks, Family Offices, Industry, Public
- Independent company
- Based in Geneva (Switzerland)
- Presence in Zurich, Luxembourg, USA, Singapore and Hong Kong

Partnership and agreements:

abstracta

Canon ACCREDITED PARTNER 2017 Advanced Office Solutions

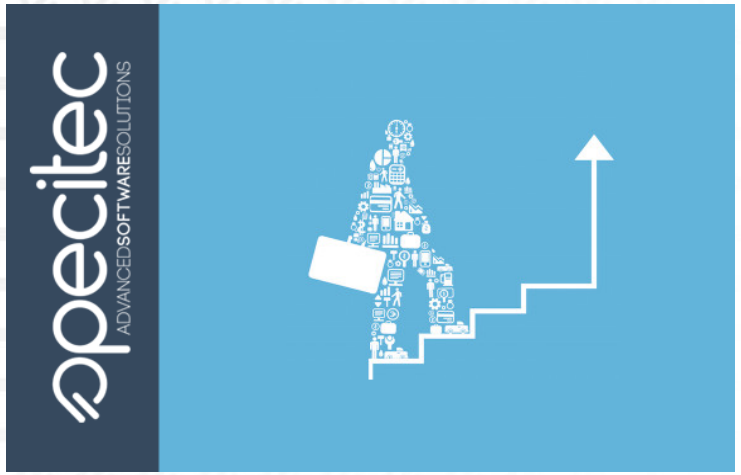
Microsoft Partner

Taleo

Indigita API

TEMENOS

Grant Thornton



Worldwide

Located in Geneva

Onsite development and Support

Expertise in Private Banking

19 years of experience developing software for the Private Banking industry
Our strength: mixing business understanding & technology mastery

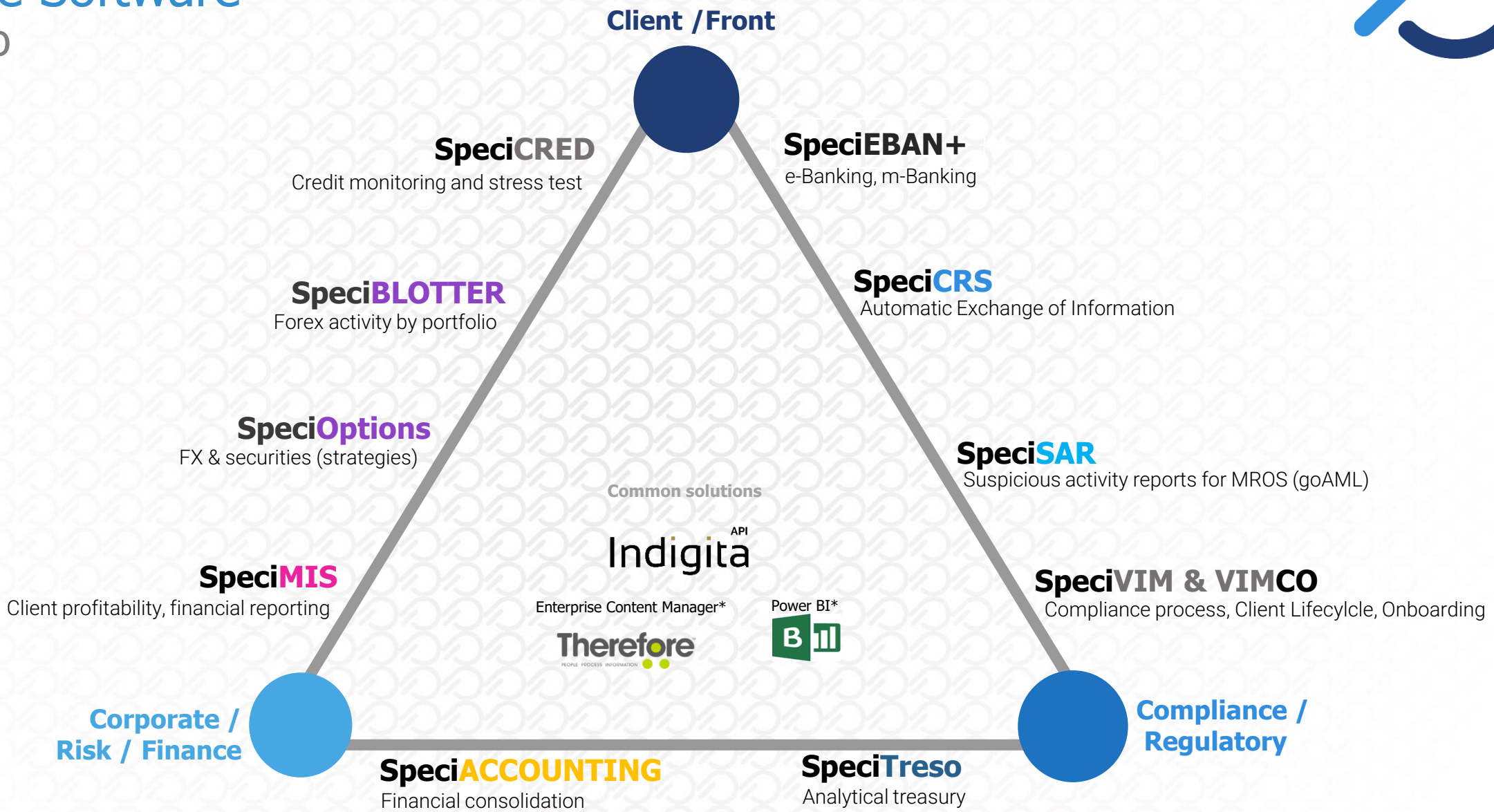
Tailor-Made Solution

Easily customizable solutions
Conceived and developed to answer to specific requirements

Trusted partner

80 Installations
30 Banks
3 Products by clients

Finance Software
Portfolio



opeciCRED

CREDIT MONITORING AND APPLICATION

THE LEADING INNOVATIVE CREDIT SOFTWARE

SpeciCred Modules

LV CALCULATOR

Computation of the standard bank policy LTV

Goal:
Computation and validation of LTV at security level

How:
- Using Market data
- Rules Engine to parametrize bank policy

CREDIT MONITORING

Computation of the client maintenance level (available)

Goal:
Optimization of client available amount, using sophisticated and parameterized algorithm

How:
- Concentration
- Breach list
- Netting / Offsetting
- Mortgage / Insurance
- CBOE or Bank's own method
- Delta margin for derivatives
- Stress test

CREDIT APPLICATION

E2E platform to initiate and follow credit requests

Goal:
Provide a standard validation workflow for credit request, including simulation tool

How:
- Workflow engine
- Simulations
- Document storage
- Enrichment process
- Audit trail
- Country specificities

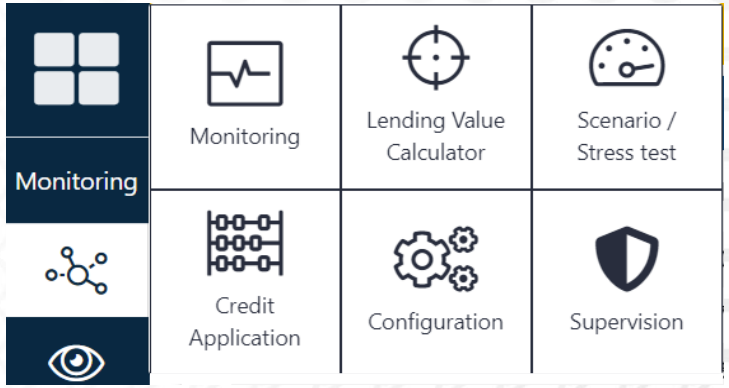
Standard Security LTV

Market data enrichment

SpeciBBG

- Bloomberg call on request
- Price optimization

SpeciCred Overview



Main modules

- Credit monitoring / Breach list
- Stress tests Scenarios
- Live Module (SpeciCred as a Service)
- Lending Value Calculator

Credit monitoring

Main modules

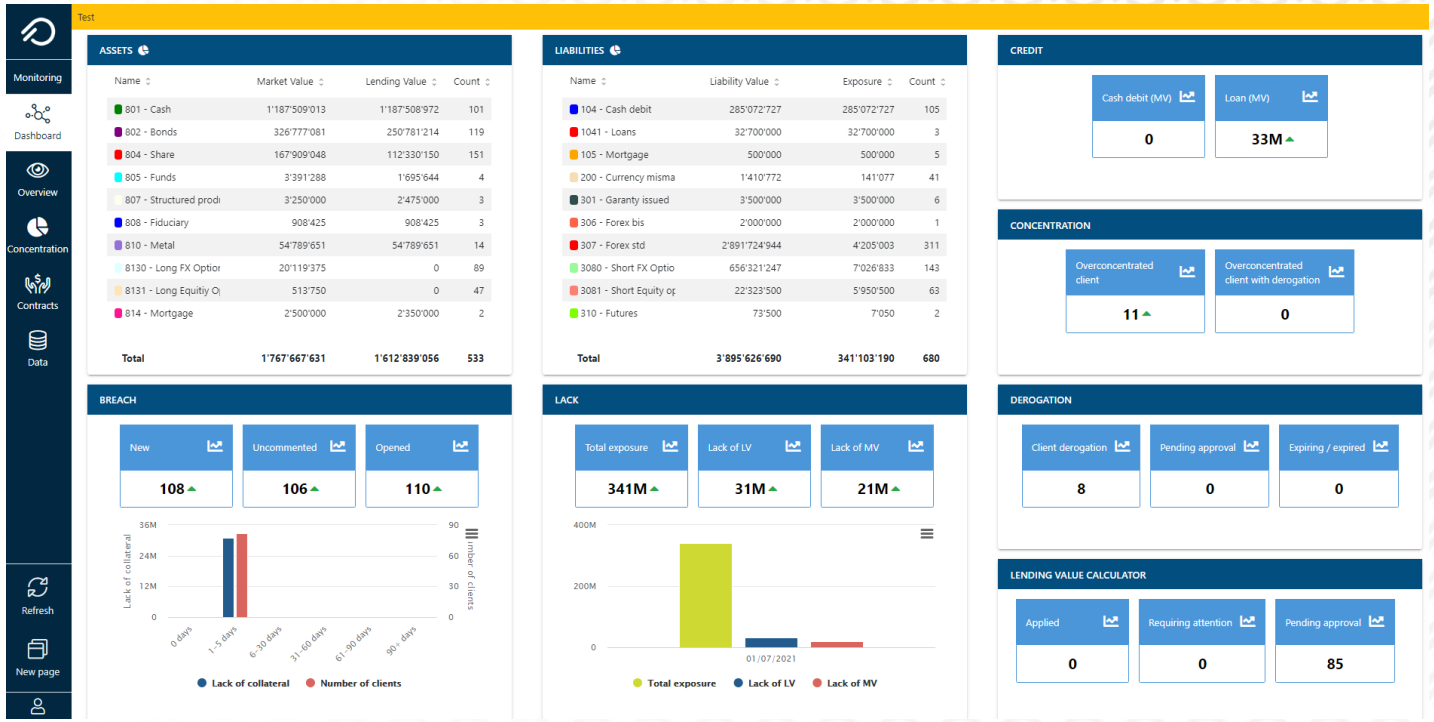
- Lending Value Calculator
- Credit monitoring / Breach list
- Credit application

Other modules

- Dashboards
- Stress tests Scenarios
- Live Module (SpeciCred as a Service)
- SpeciBBG (Market data enrichment)

Business benefits

- Efficient and interactive tool to monitor your credits
- A powerful solution including:
  - Graphical tools
  - Collateral and Guarantees management
  - Risk calculation engine
  - What-if scenario engine
  - Audit Trails
  - Reports, dashboards
  - Alert management
  - Pledge alocation



Pledge allocation

Allocation method

- Per market value, Client situation value

Limit breach, documentation

- Breach management list, warnings, documentation

Concentration view

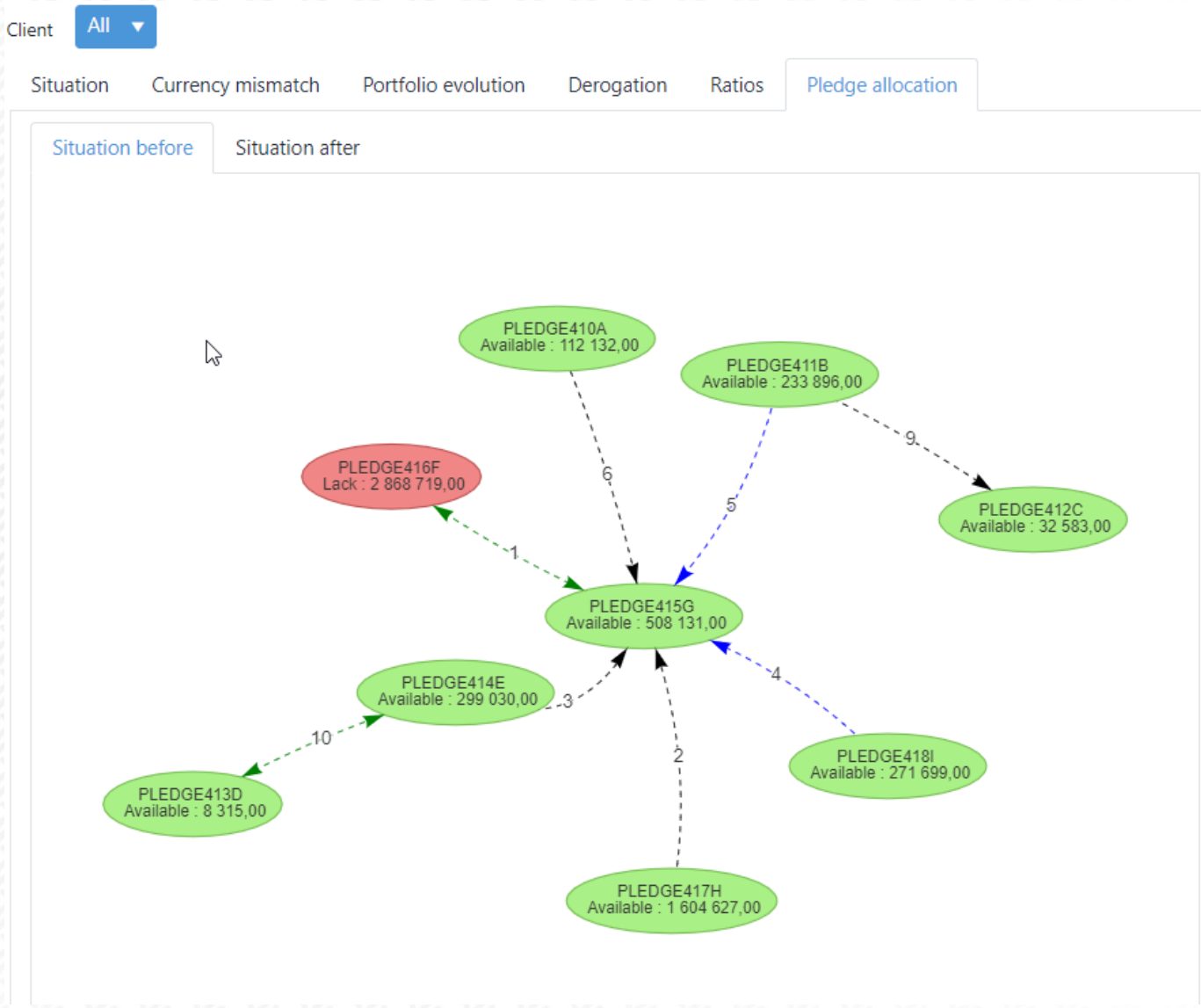
- Per Asset / Issuer / Rating / Currency / Country…

Scenarii

- Execute scenario on currency, instrument, account kind…

Reporting

- Daily list: lack of collateral, limit breach…
- Scenarios list



SpeciCred features

Credit application

- Input mask depending on the credit type (Lombard / mortgage)
- Simulation
  - Existing utilization & credit line
  - New utilization & credit line
  - Existing & new collateral
  - Currency breakdown
  - Group overview
- Validation workflow
- Reviewing and renewing CA

Breach list and comments

- Breach list
- Comment & documents
- Audit trail
- Client situation

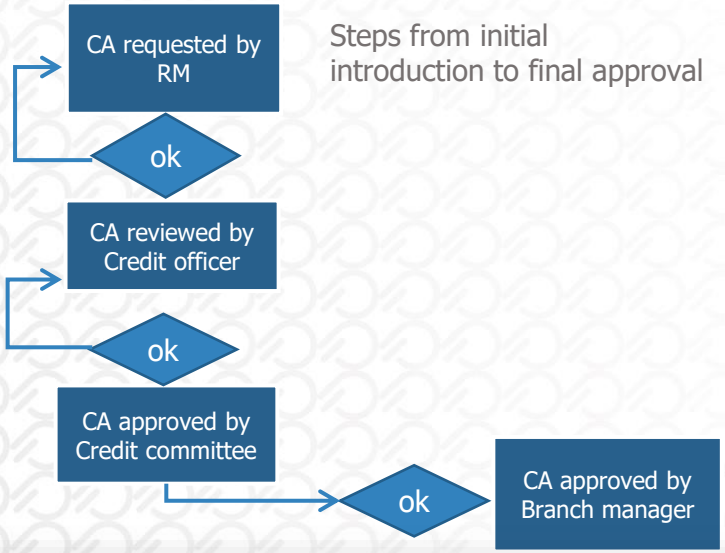
IT platform

- Web
- SQL server 2012 et +

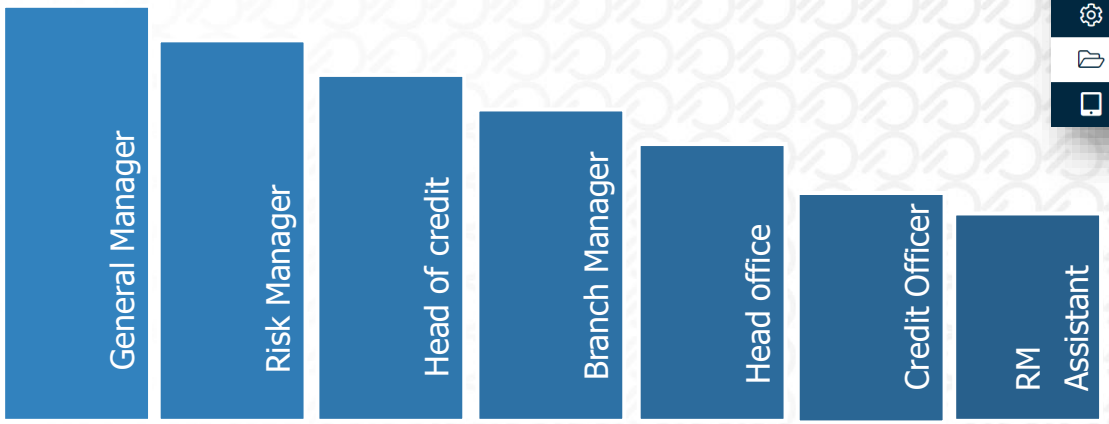
Microsoft SQL Server

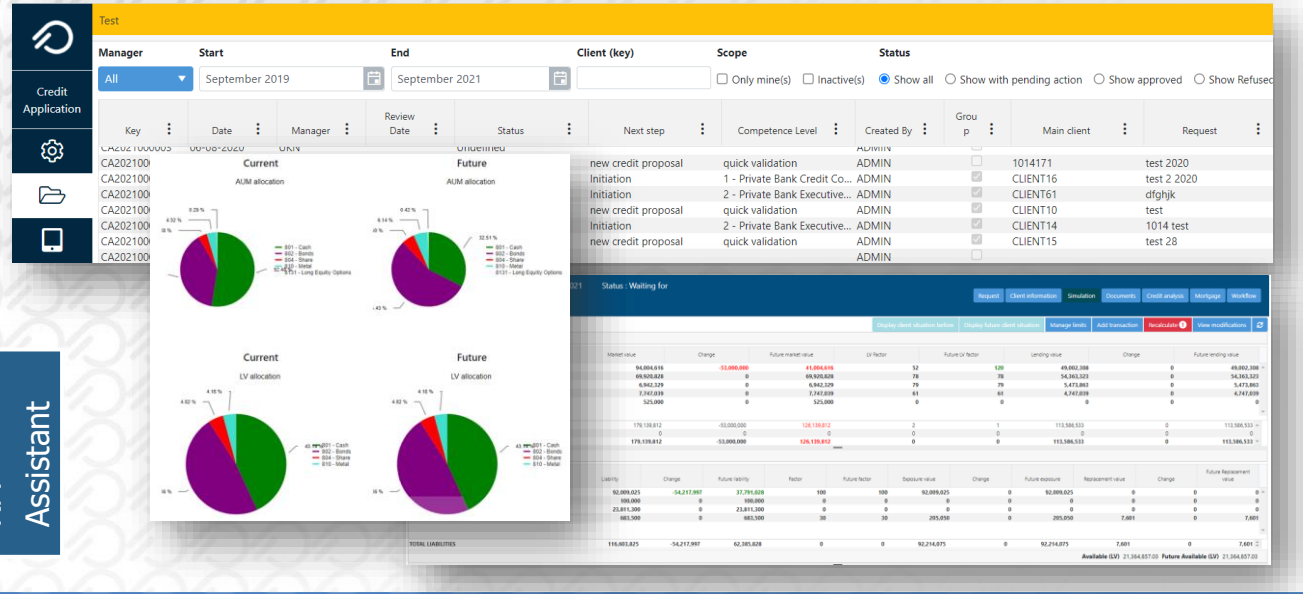
Workflow

Steps from initial introduction to final approval



Main users





New Margin Module
Instruments and Valuation Methods

Pricing methods

Available pricing methods are:

- Black & Scholes models (Garman Kohlhagen is an extension of B&S for FX)
- Delta-Gamma method (1st and 2nd order approximations based on the greeks)
- Monte Carlo method
- Greeks
  - Delta
  - Gamma
  - Theta
  - Vega
- Value at Risk (VaR)

Products

FX (underlying currency / precious metals) :

- FX Spots
- FX Forwards
- FX Swaps
- NDF
- Dual & Triple Currency Deposits
- FX Options (vanilla, single barrier, double barrier, window, non- deliverable)
- FX Accu/Decus
- Target Redemption Forwards
- Pivot Target Redemption Forwards
- IRS / OIS
- REPO

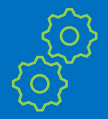
Equities:

- Equity options (vanilla, barrier)
- Equity Accu/Decus (with leverage/guarantee period)
- Index Options

Advantages of SpeciCred for the bank

Benefits of SpeciCred by module

Computation of the standard Bank Policy LTV



LV Calculator

- Thinner control based on refreshed market data
- Get more aggressive LTV
- Sophisticated rules engine
- Friendly end-user interface
- Performant audit functions

Computation of the client maintenance level (available)

Credit Monitoring

- Parametrize sophisticated rules:
  - Concentration
  - Netting / Offsetting
  - Derivatives
- Breach list
- Dynamic pledge allocation
- Collateral analysis
- Friendly end user interface
- Compute and parametrize stress test scenario

E2E platform to initiate and follow Credit requests

Credit Application

- Centralized information
- Sophisticated simulation tool
- Automate Credit renewal
- Workflow and Approval process

Market data enrichment

SpeciBbg

- Get better and refreshed market data
- Bridge your core security master file gaps

Business case 1. Automate manual monitoring

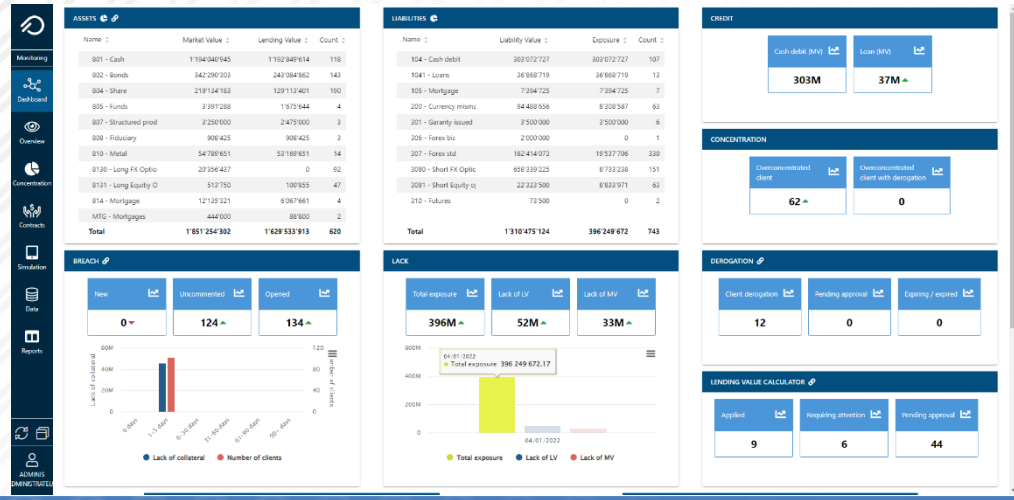
Initial situation:
Credit officers monitor customer credit risks and prevent incidents before they occur while allowing the bank to remain competitive on the terms offered to the client. To avoid mistakes, credit officers spend a lot of time to figure out the situation of the client.

Advantage with SpeciCred:
The detection and the documentation of the client situation can be done with a few clicks within SpeciCred, even for complex client structures (e.g., 50 interconnected different accounts).

Benefits:
- Reduction of the risk of computation mistakes due to manual processes (credit officer)
- Decrease the workload and time preparation for credit files or reports (credit officer)
- Remove stacks of paperwork that are difficult to process efficiently (C-Level, Credit Committee)
- Dynamic and precise visualization of complex cases

LENDING VALUE CALCULATOR

Calculate the lending rate in an automated way with fresh market data



Business case 2. Optimize the loan to value of a client

Initial situation:

Standard banking systems allow the computation of Lombard weighting factor (lending value) with few options.

Advantage with SpeciCred:

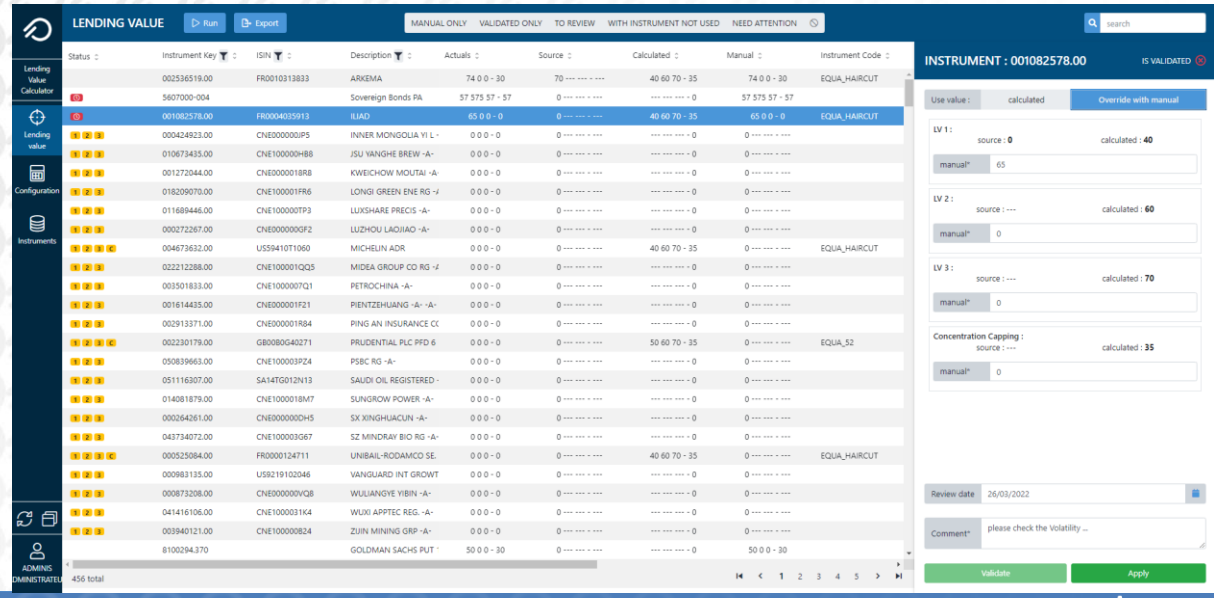
SpeciCred uses finer algorithms to calculate these values on a daily basis and to alert on any differences with the core banking system.

Benefits:

- Possibility for the bank to implement a more aggressive credit policy
- Daily detection of conditions that deviate from the bank's credit policy
- Decrease in the margin of error associated with manual computation

LENDING VALUE CALCULATOR

Calculate the lending rate in an automated way with fresh market data



Business case 3. Simulate market downturns

Initial situation

With the various waves of Covid impacting the economy and the recent invasion of Ukraine, banks need to simulate the impacts of these crises with stress tests for the past two years.

Advantage with SpeciCred:

SpeciCred offers the ability for end users to build their own models and reports autonomously within a few minutes.

Benefits:

- Autonomy of risk and credit departments to build their own crises scenario
- Identify your clients at risk and focus on them
- Greater reactivity to crises with a few minutes of computation to see the impact of a crisis scenario compared to the real data of the day

STRESS TEST SIMULATION	Set-up scenarios for comparison and anticipation; helps mitigate risks of credit lines and other adequate assets

Business case 4. Digitalize the Credit Request Processes

Initial situation:

Managing credit request manually leads to a fastidious time-consuming process, impacting the timeframe answer of the bank to the client.

Advantage with SpeciCred:

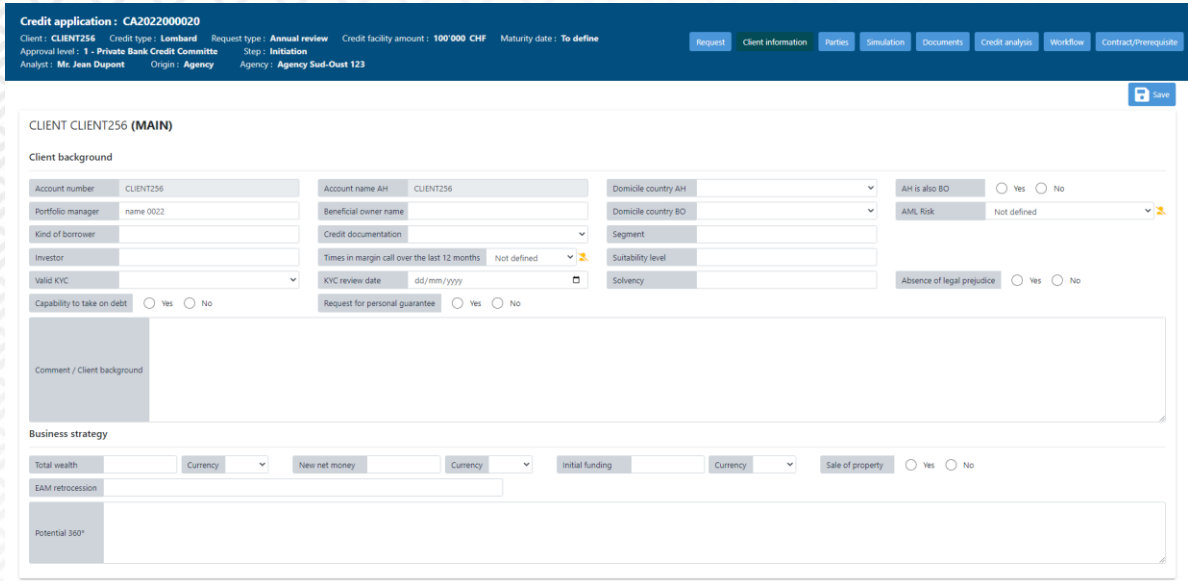
The Credit application module is a platform to smooth the process of analyzing and approving a credit request. It is adapted to any kind of credit (Lombard loan, mortgage, life insurance, hybrid…) and onboards a simulator to get a better analysis of the client situation and support the Credit committee decision.

Benefits:

- Guarantee the execution of the bank policy to approve a credit request
- Audit trail the decision with documentation attached
- Reduce response time of the initial credit request

CREDIT REQUESTS / APPLICATION

E2E platform to initiate, document and approve credit requests with a powerful workflow engine



Benefits of SpeciCred for the Bank

Stakeholders	Benefits
Credit officers	✓ Handles a larger volume of credits due to automation ✓ Monitor and prevent the lack of collaterals thanks to early warnings and alerts (Breach list) ✓ Plan and schedule daily tasks with the event planner ✓ Monitor the adherence of all lending values with the credit policy of the bank ✓ Live monitoring for very active clients ✓ Simplify paperwork, workflows, communication and approval processes
Head of Credit	✓ Transparency on all credit activities (no black box) ✓ Immediate availability of the information for counterparts within the bank
Risk	✓ Stress tests particular clients or the whole portfolios with scenarios ✓ Special monitoring of hot clients with ad-hoc hot lists. ✓ Get credits KPI and raw data in seconds
Compliance	✓ Get timely information on risky clients ✓ May be involved in the Credit Application process for relevant clients
Front	✓ Instantly initiate a new credit application ✓ Ability to simulate a new credit for a prospect or an existing client before the credit application ✓ Monitor the lending value of the portfolio of their clients with all pertinent details
CEO	✓ Increase drastically the credit business while maintaining the risk under control ✓ Get a whole overview of the bank's activity in an instant (Dashboard with KPIs)
CFO	✓ Reduce cost ✓ Centralize activities within one system
IT	✓ Provide flexibility to the users with low maintenance ✓ Provide access to a better granularity of information to the users at no extra cost

SpeciCRED

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Benefits

Automate Your Process

- Automate LV computation with a powerful engine
- Automate haircuts based on a highly flexible rule engine
- Calculation of the equivalent rating according to the Basel III methodology
- Generation of a breach list at different levels according criticality
- Generation of margin call letters

Leverage Lombard Credits

- On classic Lombard, mortgages, insurances or hybrid
- Implementation of different valuation methods for derivatives
- Exceptions to the bank's credit policy are managed at a very fine granularity
- Visualization and optmization of dynamic collateral allocation
- Dashboard and KPI of aggregated data

Operational Efficiency

- Fast integration (5 tables to load) - 3 months
- A centralized platform to streamline worfklows between departements
- Independence of the Credit from the IT

Manage The Risk

- Optimising client strategies while keeping risk under control
- Audit trail of all the computation (no black box)
- Self-made stress tests for the bank
- Taylor-made reports
- Deepest level of granularity

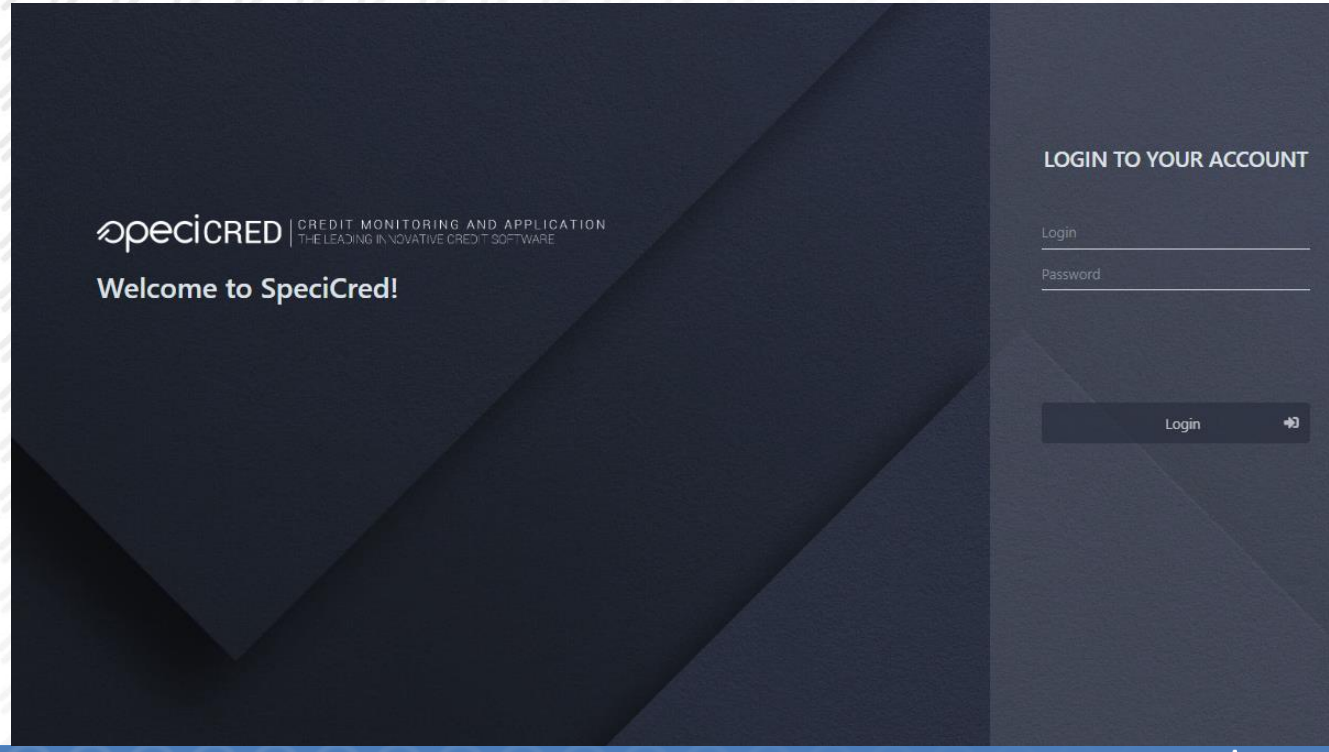
Technology

- Modern technology (Angular / .Net / SQL)
- Full web application - Easy to use software
- Software enriched every year by market best practices
- End-user parameterization and stress test calculations

SpeciCred by SpeciTec

Hold by its members, SpeciTec is an independent organization, collaborating with many private and public actors.

For the last 3 years, the growth of SpeciTec is fasting up to 20%, and 80% the benefits are invested in Research and Development.

Acquiring SpeciCred means adopting Private Banking market best practices. Satisfied clients are available to share our collaboration experience with you.

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