

# CPG's Credit Risk Management Services

## About the Firm

Capital Performance Group is a management consulting firm based in Washington, DC. Our firm provides advisory, planning, analytic, and project management services to the financial services industry. Our professionals possess deep experience in a broad range of functional specialties including strategic planning, sales management, quality engineering, marketing and product development, market research, risk management, operations and technology, compliance and regulatory matters, mergers and acquisitions, and strategic cost management.

## What makes CPG Unique

**Experience** — We are knowledgeable industry “insiders.” Our professionals have an average of over 20 years experience in the financial services industry.

**Focus** — We are financial services industry specialists. We have developed unique tools and methodologies to address the specific business issues and challenges of this industry.

**Practicality** — We know what it takes to implement and manage strategic initiatives. We provide hands-on assistance and actionable advice.

*For more information, please call us at 202/337-7870 or email us at [info@capitalperform.com](mailto:info@capitalperform.com).*

## Portfolio Monitoring and Reporting

- Improvement of portfolio analysis, reporting and monitoring processes to support profit improvement and risk management objectives.
- Strategies to leverage portfolio MIS and improve practices to provide greater value to customers, build deeper relationships, rationalize pricing, and better manage risks.
- A well-defined process and reporting templates to speed implementation of improved monitoring and reporting practices.

## Credit Risk Management Strategic Planning Workshop

A series of facilitated meetings to help:

- Confirm or define the organization’s tolerance for risk and generate consensus amongst management and key stakeholders;
- Develop a model portfolio;
- Outline portfolio reporting requirements;
- Design the bank’s credit organizational structure, roles and responsibilities, authority guidelines, and approval processes; and
- Assist with more tactical implementation initiatives, including developing the asset quality rating framework, setting allowances for loan losses, specifying lender and underwriter training program requirements, etc.



## Credit Process Assessment and Redesign

- Analysis of underwriting efficiency and loan profitability to identify opportunities for streamlining the process, realizing the benefits of differential analysis, and improving portfolio returns.
- Loan policy review and revision.
- Process flow mapping to evaluate resource utilization and comparison with industry best practices.
- Assistance in minimizing credit processing costs, enhancing risk management capabilities, and identifying opportunities for improving pricing discipline.
- Assistance in determining optimal technology solutions to employ and practices to best leverage these solutions.
- Facilitating migration to score-based decisioning.

## Asset Quality Rating Framework Enhancement

- Implementation of dual risk-rating methodologies to include rating components for probability of default and loss given default.
- Development of analytics with sufficient granularity to differentiate among borrowers and to allow migration among pass categories.
- Assignment of risk ratings to industries, property classifications, and types of agriculture.
- Development and implementation of training and procedures required in the field and in Loan Review.

...continued on back

### Risk-Based Pricing

- Evaluation of current approach to pricing and identification of opportunities to utilize risk-based pricing.
- Assistance in the development of an appropriate framework to determine cost of funds, overhead and capital allocations, and risk premiums.
- Design and implementation of lender training and integration of risk-based pricing into incentive compensation plans.
- Strategies to allocate capital to achieve benefits from Basel II.

### Market Risk Analysis

- Assessment of market outlook to help guide expansion, resource allocation, and lending policy decisions.
- Comparative analysis of footprint economic conditions and real estate activity vs. those of other markets across the country.
- Assistance in communicating analysis results to help substantiate the merits of geographical lending strategies.

### CPG Popular Solutions

**Commercial Real Estate Risk Management Questionnaire** - A self-evaluation tool to help gauge potential portfolio credit quality volatility and identify opportunities for performance improvement.

**Executive Planning Support & Meeting Facilitation** - CPG senior staff can help to structure, organize, and run planning meetings to ensure your team makes the best use of precious time and is able to create an actionable work plan that leads to desired results.

**GroCore™: Core Deposit Growth Program** - A turnkey solution that provides banks with the insight, positioning, and capabilities required to penetrate underserved, high opportunity segments; accelerate core deposit growth; and improve fee income performance.

**BankRank™ Market Potential and Office Performance Assessment** - A proprietary tool and methodology that enables objective analysis of the potential of bank markets and the performance of bank offices to support branch network expansion, consolidation, and resource allocation decisions.

**Financial Performance and Peer Comparison Report** - Offers a trend analysis of your institution’s financial performance relative to two customized peer groups on a comprehensive set of metrics.

**Efficiency Audit** - Assesses performance relative to industry benchmarks and operating goals to provide senior bank executives with an objective, fact-based approach for identifying efficiency and productivity improvement opportunities across multiple business units and/or markets.

**Sales Force Productivity Assessment** - Provides managers with an objective, fact-based approach to developing sales productivity benchmarks, measuring actual productivity against those benchmarks, and developing action plans to improve productivity levels.

**Competitor Profile** - A concise, in-depth report of the tactics a specific high-performing competitor uses to achieve superior results, an assessment of the sustainability of the bank’s strategy, and what we think you should take away from our analysis.

Credit Risk Management is one component to CPG’s full suite of services	
Strategy & Performance Improvement	Distribution Strategy & Channel Management
Strategic Planning	Distribution System Strategy & Design
Business Line Scorecards	De Novo Market Entrance Strategy
Process Reengineering	Branch Network Consolidation & Branch Site Analysis
Revenue Enhancement Strategies	Market Opportunity Assessment
Cost Reduction Programs	Sales Force Productivity Assessment
Advanced Performance Analytics & Research	Sales & Relationship Management Program Design
M&A Services	Traditional & Alternative Channel Strategies
Organizational Design	Service Quality Measurement & Program Development
Compliance & Risk Management	Distribution Process Reengineering
Marketing Strategy & Support	Regulatory Assistance and Policy Analysis
Value Proposition & Brand Development	Charter Applications
Market & Competitor Analysis	Business Valuations
Customer Analytics	Review of Policies & Procedures
Segmentation & Lead Generation Programs	Assistance in Complying with Regulatory Orders
Product Development & Testing	Customized Research
Proprietary Market Research	Policy Analysis
Market Communications & Implementation Services	

