

Risk Management Solutions



Financial Statement Management and Analysis





CreditQuest® Financial Analyzer:

Financial Statement Management and Analysis

CreditQuest® Financial Analyzer performs advanced financial statement management and analysis. It allows financial institutions to standardize their financial analysis process, while providing them with more accurate and consistent data in less time.

CreditQuest Financial Analyzer is an advanced Web-based financial statement management and analysis software system. It reduces the time spent by credit officers and credit analysts capturing, reviewing and analyzing their customers' financial statements. In addition, it offers credit professionals a full range of analysis capabilities, including:

- Flexible financial analysis tools
- Mainstream and customizable ratios
- Peer-group comparisons
- Financial projections
- Consolidations
- Covenant monitoring
- Custom reports and graphs

CreditQuest Financial Analyzer allows configuration of financial models (e.g., the layout and display of the chart of accounts) to support a wide range of financial analysis, including both commercial and individual analysis. In addition, each model can be enhanced to include unique analytical tools. Users can easily create and modify formulas to support key indicators. In-cell calculations for easy data entry, the ability to enter notes, easy navigation and detailed reporting capability provide efficient and organized evaluation of financial data.

Illustration 1: Well organized and easy navigation features of CreditQuest Financial Analyzer.

	Note	Balanced \$ 31/12/05 12 Months Cmp Prep'd BJackson 1.00000 Entity	%	Balanced \$ 31/12/06 12 Months Cmp Prep'd BJackson 1.00000 Entity	%	Balanced \$ 31/12/07 12 Months Cmp Prep'd BJackson 1.00000 Entity	%	Balanced \$ 31/12/08 12 Months Cmp Prep'd BJackson 1.00000 Entity	%
Cash		9,874	0.1%	14,887	0.2%	24,557	0.2%	10,225	0.1%
Marketable Securities		200,000	2.7%	321,554	3.9%	124,551	1.3%	325,447	3.4%
Cash and Equivalents		209,874	2.8%	336,441	4.1%	149,108	1.5%	335,672	3.5%
Accts & Notes Rec-Trade	1	1,252,547	16.8%	200,000	2.4%	1,355,473	13.7%	1,255,478	13.1%
Other Trade Receivables		15,447	0.2%	445,787	5.4%	350,000	3.0%	9,000	0.1%
Sample Company Trade Rec		254,788	3.4%	325,447	4.0%	235,867	2.4%	365,441	3.8%
Bad Debt Reserve (-)		23,544	0.3%	32,544	0.4%	34,568	0.3%	37,855	0.4%
Net Trade Receivables		1,489,238	20.2%	938,690	11.4%	1,806,712	19.3%	1,582,064	16.6%
Supplies		845,000	11.4%	983,000	11.7%	1,685,236	16.8%	875,447	9.1%
Inventory		1,458,875	19.6%	1,365,447	16.6%	1,254,867	12.7%	1,668,754	17.6%
Other Inventory		274,332	3.7%	250,089	3.0%	359,448	3.6%	280,856	2.9%
Total Operating Inventory		1,733,207	23.3%	1,615,536	19.6%	1,614,335	16.3%	1,969,410	20.5%
Total Inventory		2,578,207	34.7%	2,578,636	31.4%	3,179,581	32.1%	2,644,857	28.7%
Income Tax Receivable		4,100	0.1%	2,500	0.0%	2,547	0.0%		
Prepays/Deferreds - Current		12,500	0.2%	14,558	0.2%	48,986	0.5%	16,547	0.2%
Other Accounts Receivable						25,000	0.2%	101,000	1.1%
Operating Current Assets		16,600	0.2%	17,058	0.2%	76,513	0.8%	117,547	1.2%
Other Notes Receivable Current		1,500	0.0%	12,544	0.2%	9,874	0.1%	2,654	0.0%
Non-Operational Current Assets		1,500	0.0%	12,544	0.2%	8,874	0.1%	2,654	0.0%
Accts Rec Affiliates		12,455	0.2%	24,577	0.3%	35,860	0.4%	36,000	0.4%
Due from Officers/Shareholders				125,000	1.5%	2,500	0.0%		
Accts Rec Related Co		30,245	0.4%	25,788	0.3%	135,874	1.4%	45,122	0.5%
Accts Rec Related Co				75,000	0.9%				
Accts/Notes Rec-Other									
Total Current Assets		4,346,119	58.2%	4,133,634	50.3%	5,496,982	56.0%	4,973,918	51.9%
Land									
Buildings & Improvements		1,250,000	16.8%	1,354,410	16.6%	1,458,000	14.7%	1,478,520	15.4%
Furniture and Fixtures		325,440	4.4%	458,771	5.6%	548,774	5.6%	552,147	5.8%

Extensive Financial Analysis Capabilities

CreditQuest Financial Analyzer offers many operational and analytical benefits to credit departments to help them process their customers' financial statements. CreditQuest Financial Analyzer contains several powerful features to enable staff to analyze financial statements quickly and accurately.

Financial Spreading – As users enter data, financial statement totals and ratios are calculated automatically, enabling an instant view of period-to-period changes. Financial spreading can be done in multiple currencies while being associated to a base currency for comparative analysis. In addition, CreditQuest Financial Analyzer provides the user

with an easy way to navigate and organize the financial statements being spread. Furthermore, CreditQuest Financial Analyzer offers flexibility in how data is both captured and displayed within the system. Future enhancements to financial models are administered and maintained by the organization—providing an organization the tools to adapt to changing analytical needs.

Cash Flow Calculations – CreditQuest Financial Analyzer provides standardized direct and indirect cash flow calculations. Additionally, financial models in CreditQuest Financial Analyzer can be configured to support various unique forms of cash flow analysis. This includes a true “global cash flow” (personal cash flow, business income and debt service) perspective. Disparate financial models

can be configured to be “linked” in order to share specific financial data. This automated transfer of data between models provides a powerful tool for cash flow analysis to include, for example, financial data generated from a business and an individual—thus giving a more complete picture of available cash flow.

Common and Proprietary Financial Ratio Calculations

– CreditQuest Financial Analyzer automatically calculates commonly used financial ratios that address liquidity, efficiency, profitability and capital structure. CreditQuest Financial Analyzer comes pre-configured with approximately 40 financial ratios. These standard ratios include Current Ratio, Quick Ratio, Sales/Receivables, Debt Coverage, Asset Turnover, Receivable Days, Inventory Days, Debt/Net Worth and more. Additional ratios are easily configured in the CreditQuest Financial Analyzer administrator.

When a financial institution requires proprietary, complex, or other non-standard financial ratios, the “Formula and Ratio Editor” in CreditQuest

Financial Analyzer enables your institution to define and calculate these ratios. Customized ratios may include information found in financial statements, operational information, or other data about the customer.

Peer Group Comparisons

– One way to effectively analyze a customer is to compare that customer’s financial performance against its industry peers. For example, a segment of your customer base (using common criteria like industry sector codes and/or sales revenue) can easily be defined for peer comparison. This functionality is dynamic in nature to ensure up-to-date comparison data.

Financial Projections – Users can automatically calculate projections by applying various projection scenarios to the borrower’s historical financial statements. Some methods available to drive projections include percentage growth, percent of sales, inventory days, days’ receivable, accounts payable days, percent of net income, percent of PBT and simple linear regression. Projected statements can also be included in side-by-side comparison reporting. In addition, CreditQuest Financial Analyzer allows the user to enter projected statements manually based on data provided by the borrower.

Consolidation of Financial Statements

– CreditQuest Financial Analyzer can easily generate consolidated statements to allow for a more complete look at customers’ financial pictures. CreditQuest Financial Analyzer supports multiple statements, while allowing the user to make appropriate elimination adjustments to the statements.

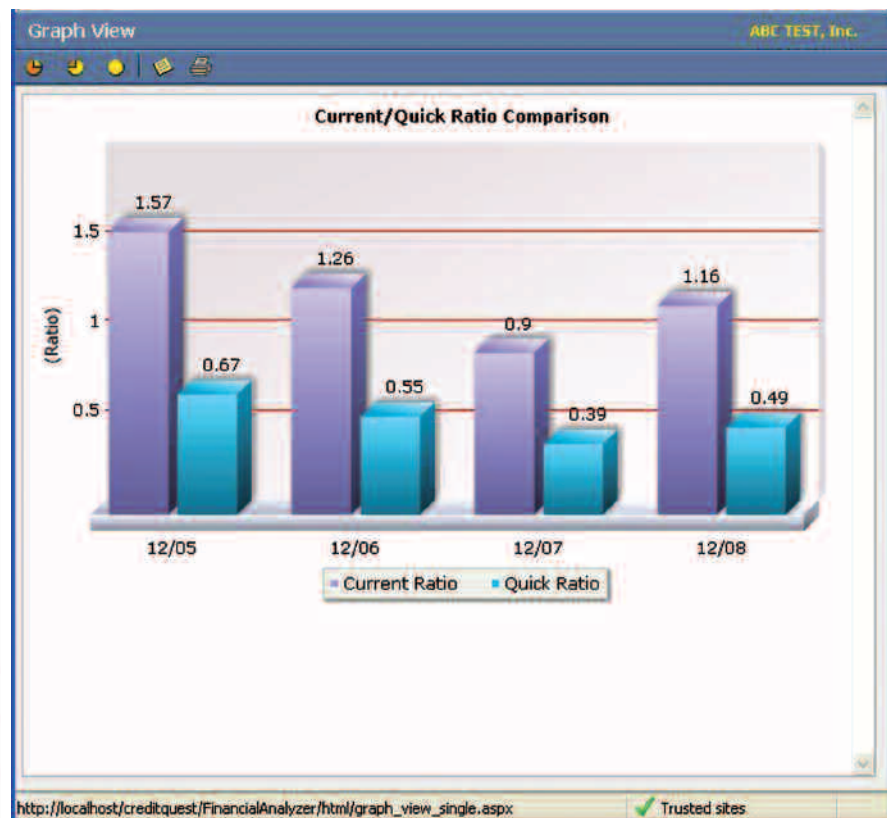


Illustration 2: CreditQuest Financial Analyzer produces several types of detailed graphs and reports.

Ability to Define and Monitor Covenants –

CreditQuest Financial Analyzer enables entity-specific financial and non-financial covenants to be set up and tracked over time. Covenants can be configured to support various forms of financial monitoring rules in accordance with your financial institution's credit policies. In addition, CreditQuest Financial Analyzer allows standardized templates of covenants to be defined—providing consistency in how covenants are applied. Financial covenants are automatically validated against the financial data for a given entity.

Breached-covenant alerts are provided to all users responsible for the monitoring of covenant violations. In addition, reminders can be defined to alert users to follow up on required non-financial covenants.

Ability for Analysts to Add Comments and Narrative –

CreditQuest Financial Analyzer enables credit professionals to add comments at the financial statement (e.g., Balance Sheet) and at the account/item level (e.g., Cash, Inventory, or ABC Company Rec.), as well as at the entity level. Using a text editor that includes spell check, users are able to provide extensive commentary regarding a customer's financial performance. In addition, all narrative can be displayed in CreditQuest Financial Analyzer reports.

Detailed Graphs and Reports

CreditQuest Financial Analyzer automatically produces Web and print-ready reports and graphs. Reports and graphs are always produced from the most up-to-date financial data. CreditQuest Financial Analyzer supports several types of graphs (e.g. pie, bar, etc.), enabling credit professionals to effectively visualize quantitative data.

Reports summarize the financial data and analysis of a company. Each report may

contain financial statements or a summary of financial statements, ratios, peer group comparisons, narrative and graphs for effective data visualization and analysis.

The graph generator and the report generator are template-driven. Therefore, administrators only need to define the characteristics of a graph or a report once. Once defined, a report for a specific entity may be automatically produced using either single or multiple financial statements.

Report ABC TEST, Inc. 55-5121212

Save Print View as PDF

Financial Statement Analysis
Administrator

ABC TEST, Inc.

Table of Contents:

- Entity Details
- Entity Financials (Summary)
- Balance Sheet
- Income Statement
- Adjustments
- UCA Cash Flow
- Indirect Cash Flow
- Debt Coverage
- Global Debt Serv Analysis
- Financial Ratios
- Cash Mgmt. Summary
- Covenants

Entity Details

Name	ABC TEST, Inc. (55-5121212)	Industry (NAICS)	All Other General Merchandise Stores
DBA		Financial Model	Business
City	Portland	Statement Date	31/12/08

Entity Financials (Summary)

Entity Financials (Summary)

ABC TEST, Inc.						\$	
Start Date	31/1/08	Months	12 Months	Type	Company Prep'd	Status	Final
Cash and Equivalents	335,672	Gross Sales/Revenues	3,500,000		Working Capital		1,293,360
Total Current Assets	4,973,916	Net Sales, Revenue	3,200,000		Current Ratio		1.32
Total Assets	8,891,296	Total Operating Expenses	900,000		Quick Ratio		0.82
Total Liabilities	8,646,296	Net Income	715,000		Debt/Worth		9.14
Total Equity	945,000	EBITDA	800,000				

Balance Sheet

	01/01/05 31/12/05 12 Months Cmp Prep'd BJackson	% Ann. Chg.	01/01/06 31/12/06 12 Months Cmp Prep'd BJackson	% Ann. Chg.	01/01/07 31/12/07 12 Months Cmp Prep'd BJackson	% Ann. Chg.
Cash	9,874	0.1%	14,887	0.2%	24,557	0.2%
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Inventory	1,458,875	19.6%	1,365,447	16.6%	1,254,887	12.7%
Other Inventory	274,332	3.7%	250,089	3.0%	359,448	3.6%
Total Operating Inventory	1,733,207	23.3%	1,615,536	19.6%	1,614,335	16.3%
Total Inventory	2,578,207	34.7%	2,578,536	31.4%	3,179,561	32.1%
Income Tax Receivable	4,100	6.1%	2,500	0.0%	2,547	0.0%
Prepays/Deferreds - Current	12,500	0.2%	14,558	0.2%	48,966	0.8%

Illustration 3: Financial statements are easily managed and reviewed for any type of industry.

Support Multiple Industry Statements and Accounting Standards

CreditQuest Financial Analyzer can manage financial statements for any type of industry, including commercial and industrial companies, banks, insurance companies and not-for-profit organizations. In addition, CreditQuest Financial Analyzer effectively analyzes personal financial statements. CreditQuest Financial Analyzer can also be configured to support multiple types of accounting standards or reporting needs.

Central Storage of Financial Statements and Financial Analysis

CreditQuest Financial Analyzer stores customers' financial statements and the results of financial analysis in a central database. Central storage provides a number of key advantages:

- **Easier access to financial data for the purpose of risk modeling and portfolio analysis** – financial statements are a key component of any Basel II compliant internal rating model and must be centrally analyzed for modeling purposes.
- **Improved security and access control** – the deployment of a single database for storing financial statements and financial analysis enables the definition and implementation of security policies for accessing financial information.
- **Improved collaboration capabilities** – financial statements and financial analysis results that are stored on a central database can be easily shared for collaboration among different credit professionals across your organization.

Effective Sharing and Collaboration of Analytics Across the Entire Enterprise

CreditQuest Financial Analyzer is a browser-based system; therefore it enables easy sharing of financial analysis results across the entire enterprise. Subject to access security policies, any user in the financial institution may review financial statements and financial-analysis results.

The financial institution may leverage these sharing capabilities to increase the quality of analysis and to reduce operating costs, for example:

- Financial statements may be entered at one location and analyzed at another.
- Financial statements may be analyzed by the most relevant credit analyst, regardless of the credit analyst's geographic location.
- Summary reports may be generated and shared in real time across the entire organization.

Support for Financial Analysis in a Global Environment

CreditQuest Financial Analyzer empowers financial institutions that operate globally to conduct financial analysis in virtually any country, for example:

- Analyzes financial statements in any currency.
- Supports international and country-specific accounting & financial reporting standards (e.g., U.S. GAAP, IFRS, FASB, IASB).
- Supports financial models defined with multiple language descriptions (chart of account items). For example, a single financial model could have item descriptions in English, French, Spanish, etc.

Multiple Interface Capabilities

CreditQuest Financial Analyzer can interface with various host systems in order to display entity CIF data. In addition, CreditQuest Financial Analyzer includes a preconfigured interface with Moody's KMV® RiskCalc®.

Data Conversion Services

Users can migrate financial data from legacy spreading systems into CreditQuest Financial Analyzer, which ensures business continuity as you transition systems. This data is accurately mapped and migrated into CreditQuest Financial Analyzer for maximum productivity. Harland Financial Solutions and its partners have successfully completed data migration for CreditQuest Financial Analyzer customers from many home-grown financial statements analysis solutions, Moody's KMV® FAMAS, Moody's KMV®, Financial Analyst (MFA), Moody's KMV® Risk Analyst and Financial Tools' CASH. In addition, other sources of data, such as existing loan covenants, can be migrated to CreditQuest Financial Analyzer (depending on data structure, access to the data, etc.).

Key Benefits of CreditQuest Financial Analyzer

- Configurable financial models to support multiple approaches to financial analysis
- Flexible reporting capabilities that allow complete customization of how financial data is displayed
- Centralized data storage for accurate reporting and efficient collaboration
- Supports multiple currency, language descriptions and financial reporting requirements
- Accurate data conversion from legacy spreading systems for maximum productivity

Flexible Configuration Using the Administration Module

The administration module of CreditQuest Financial Analyzer empowers select users of the system to configure and adapt CreditQuest Financial Analyzer to the administrative, accounting and reporting requirements of the financial institution. This table-driven configuration addresses the vast majority of any financial institution's current, as well as future analysis and reporting requirements.

Robust, Secure and Scalable Architecture

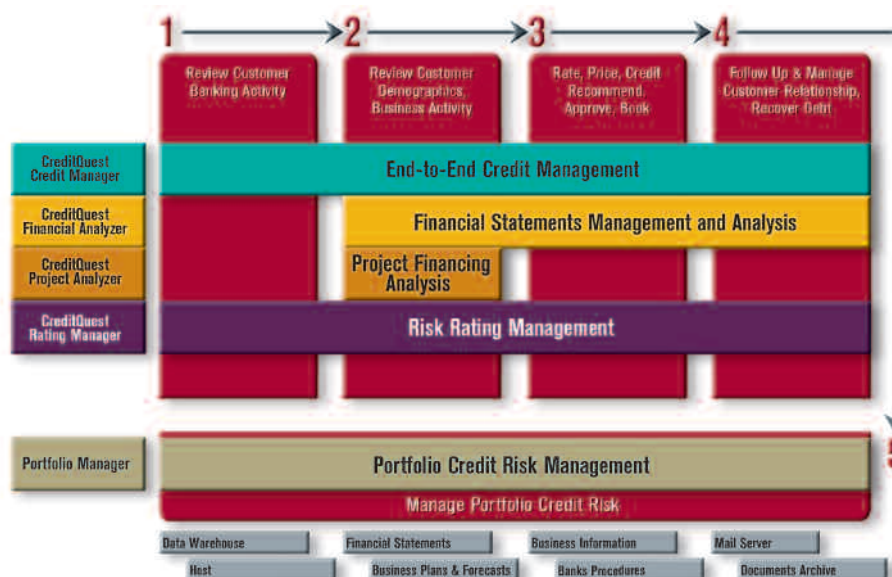
CreditQuest Financial Analyzer is built on the latest Web technologies, providing a robust feature set, and a secure and scalable architecture that can grow with the needs of your financial institution. All of the data entered in CreditQuest Financial Analyzer is stored in a single database allowing for effective collaboration and management reporting.

Part of the CreditQuest Suite

CreditQuest Financial Analyzer is part of the CreditQuest suite of products together providing an end-to-end credit management system. The CreditQuest suite brings origination, financial analysis, underwriting, documentation and executive reporting together in a single, streamlined workflow. The system can address workflow management needs for the entire commercial loan process. It is able to combine a unified, relationship-centric view of the customer's financial data and supporting documents with portfolio management capability.

For more information about CreditQuest Financial Analyzer or the entire CreditQuest suite of products, contact us at +353 1664 1430.

Overview of CreditQuest Mapping the Credit Management Process



Harland Financial Solutions (www.harlandfinancialsolutions.com) supplies software and services to thousands of financial institutions of all sizes providing credit risk management software and related services to banks and financial services providers around the world.

Our flagship solution, CreditQuest is an end-to-end credit management system that brings origination, financial analysis, underwriting, documentation, risk rating automation, rating model administration and executive reporting together in a collaborative, streamlined workflow. It combines a unified, relationship-centric view of the customer's financial data and supporting documents with advanced portfolio management capability.

RiskManagementSolutions

- CreditQuest
 - Streamlined Credit Workflow
 - Relationship Management
 - Financial Statement Analysis
 - Covenant Monitoring
 - Collateral and Exception Tracking
 - Executive Reporting
 - Risk Rating Automation
 - Rating Model Administration
 - Portfolio Management

CoreSystems

- Phoenix® System International

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