

Pricing Competitively With Market Insights

FEATURING



Tim Shanahan

VP, Head of Client Strategy
PrecisionLender, a Q2 Company





But today...

Kelley Blue Book
THE TRUSTED RESOURCE

Home Car Values Cars for Sale Car Reviews Car Repair Pricing Research Tools

2015 Ford Explorer Sport SUV 4D near Cary, NC 27511

Mileage: 90,000 Condition: Good Save
Next Service: 90,000 miles

Overall Consumer Rating 4.2 / 5
★★★★☆ 261 Ratings Write a review Check Specs See How Others Price Your Car

1 Compare Your Values

Use these values to help make a confident decision on whether to sell, trade or donate your car.

Instant Cash Offer Trade-in Value Private Party Value Donate Your Car

4 Recalls Found
Is my car affected?

Service & Repair Estimator
What's a fair price?

TRADE-IN VALUE
This estimated value helps you confidently negotiate with dealers.

Average Time to Trade-in:
1-7
DAYS

Level of Effort:
Medium

Trade-in Range
\$13,524 - \$15,863
Trade-in Value
\$14,694

NEW 2020 ACADIA DENALI
Command a powerful presence with a newly sculpted front design.
Build & Price View Photos

MAYTAG
NOW \$656

Unlimited data on the used car market that is hyper-specific to me:

- Values for my exact model, in the correct condition, in my own zip code
- Difference between private transactions and trade-ins
- Instant online offers



COMMERCIAL LOAN MENU

	S	M	L	XL
3 YEAR TERM LOAN	225	250	275	300
5 YEAR TERM LOAN	250	275	300	325
7 YEAR TERM LOAN	275	300	325	350
3 YEAR REVOLVER	215	240	265	290
5 YEAR REVOLVER	240	265	290	315
7 YEAR REVOLVER	265	290	315	340

PARISIAN MIST

*French
Breakfast Tea
with
Steamed Milk &
Vanilla Syrup*

M	L	XL
380	440	505

COMMERCIAL LOAN MENU

	S	M	L	XL
3 YEAR TERM LOAN	???	???	???	???
5 YEAR TERM LOAN	???	???	???	???
7 YEAR TERM LOAN	???	???	???	???
3 YEAR REVOLVER	???	???	???	???
5 YEAR REVOLVER	???	???	???	???
7 YEAR REVOLVER	???	???	???	???

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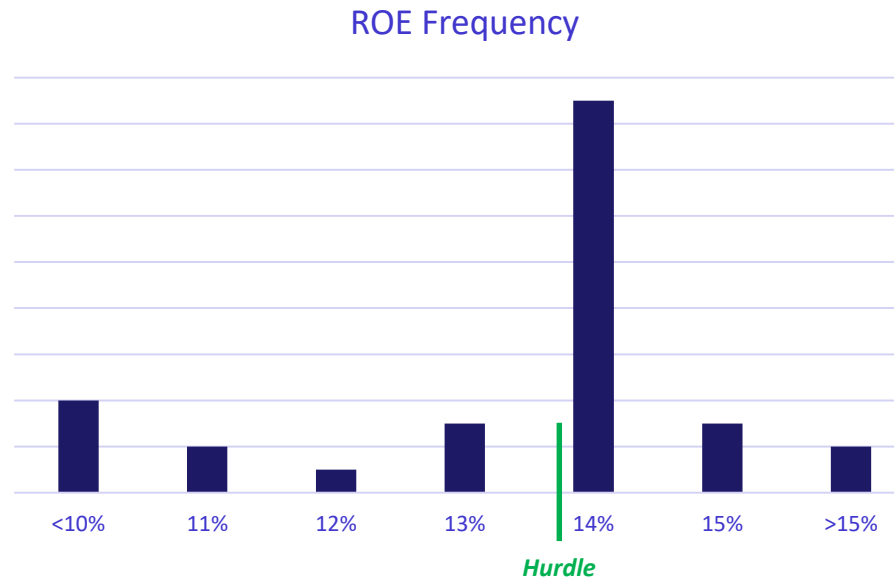
M	L	XL
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RMs have the same struggles negotiating loan pricing now as Tim had in 1993 trying to sell his '78 Cordoba

We quoted LIBOR + 265 to hit the bank's hurdle rate, but the borrower says they will only pay LIBOR + 225.

Do we say yes to the lower price? ***Is this a fair pricing exception?***



Most of our deals get booked at *just over* our hurdle rate.

How much margin are we leaving on the table?

Live Poll: How does your bank fill this gap?

What is your primary source of market intelligence on commercial loan pricing?

- Customer hearsay
- Employee hearsay
- Benchmarking services
- Internal portfolio data
- None

How have banks tried to fill this gap?



Customer
hearsay



Employee
hearsay



Benchmarking
Services



Internal
Portfolios



Here are ways to better price to your market:

Increase Initial Rate by 11 bps to be higher than 25% of similar loans

Here are ways to reach the target:

Adding \$54K of Wells Commercial Property Insurance reaches opportunity target

Increase the Initial Rate by 20 bps

Add \$94,208 to the Initial Fees

Here are ways to better price to your market:

Increase Initial Rate by 11 bps to be higher than 25% of similar loans

Here are things to consider:

Add an upfront fee - 73% of term loans at the bank have an upfront fee. [Click here](#) for an internal training video on how to negotiate an upfront fee

This opportunity requires escalated pricing approval - [click here](#) for me to prepare an approval email for you



Market Insights from PrecisionLender

The critical market context you need to make informed decisions on credit opportunities, sales management, & portfolio makeup.

Market Insights from PrecisionLender



Market-level pricing intelligence



Proposed loan pricing is compared to similar deals from closed loan data at 150+ banks

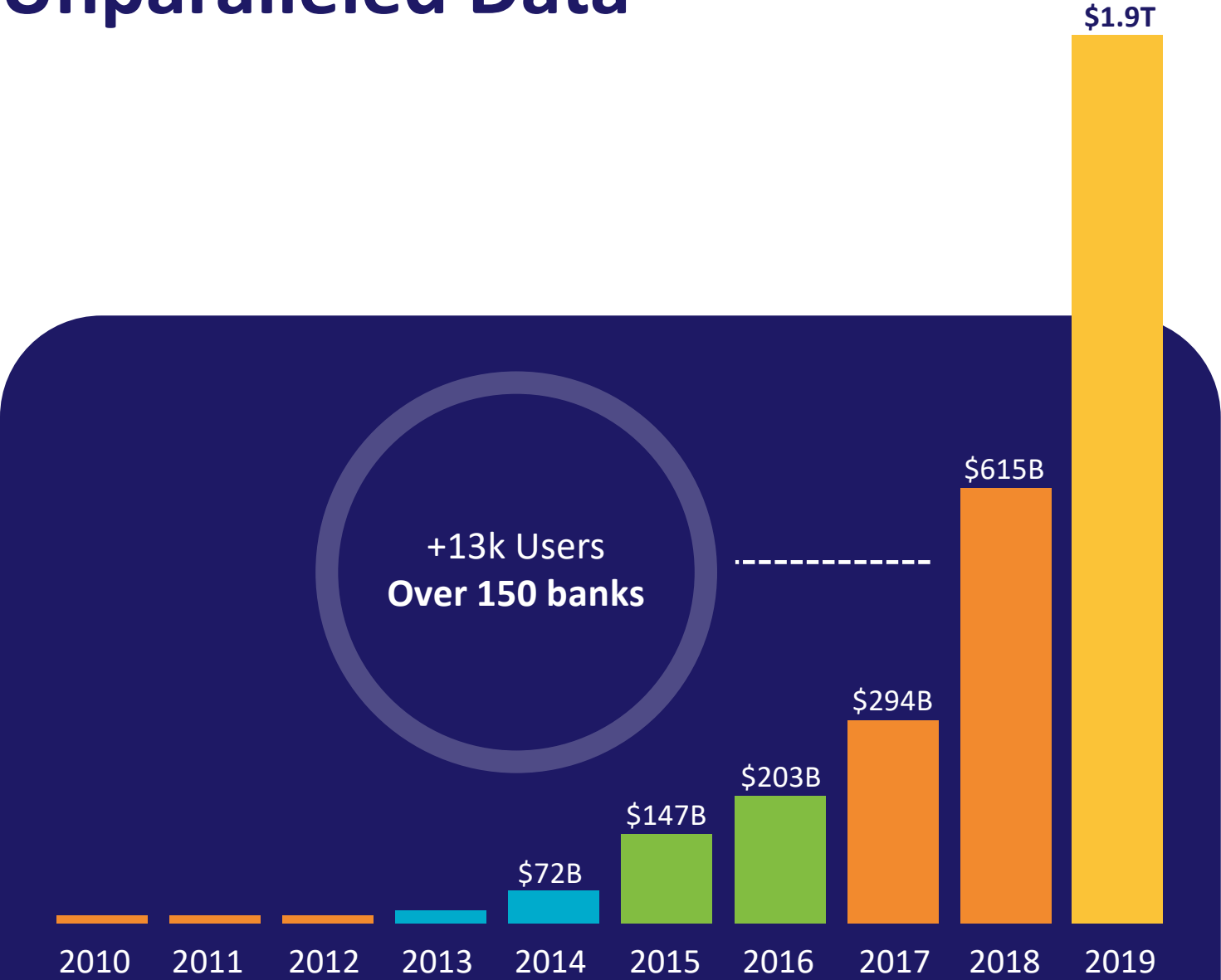


Delivers coaching to your bankers via Andi as well as to your leaders via reporting and API access



With PrecisionLender Market Insights, reliable pricing intelligence helps you structure better deals and increase revenue and returns

Unparalleled Data



- 10+ years of data
- 150+ unique banks
- Nearly \$2 trillion priced in 2019
- Over 15% (and growing) of the commercial loan market
- Deals in all 50 states, covering a wide range of industries and borrower sizes

PrecisionLender Market Offerings

Market Insights

- Market-based coaching delivered in the moment by Andi
- Includes reporting, enriched datasets, and API access
- Establish a data feed of your commercial relationships
- Requires PrecisionLender platform license

Market Analysis

- Market-based data and analytics
- Includes reporting and enriched datasets
- Strategy and analytics consulting available
- Establish a data feed of your commercial relationships

What is Market Insights?

Andi coaches bankers in-the-moment and gives them confidence that return targets are achievable

- Actionable, realistic guidance delivered in-the-moment, **not just market “averages”**
- Ability to **configure recommendations** based on bank-specific goals

Market Insights helps:

Bankers improve returns while remaining competitive

Sales Leaders gauge whether exception requests are valid

Bank position itself strategically in the market based on portfolio objectives

Here are ways to reach the target:

- Increase the Spread by 12 bps
- Add \$32,472 to the Initial Fees
- Add 0.325% to Initial Fees
- Adding \$2,191K of Commercial DDA reaches opportunity target
- Reduce LTV to 67%
- Reduce Maturity to 47 months

Here are ways to better price to your market:

- Increase Initial Rate by 11 bps to be higher than 25% of similar loans

Here are things to consider:

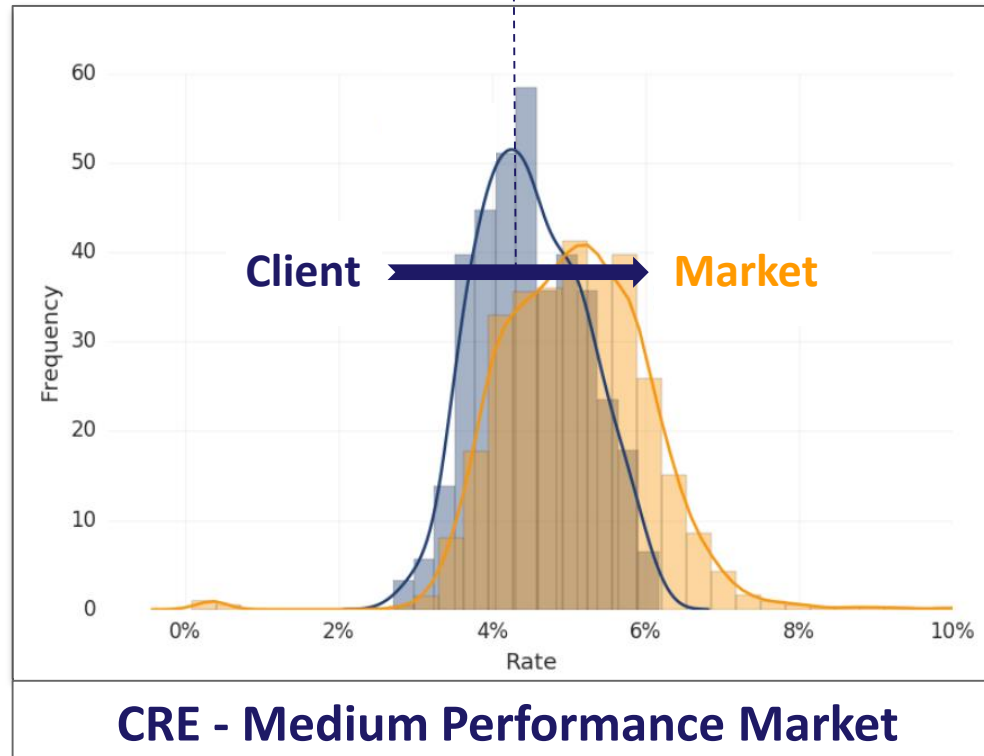
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Market Insights Drives Pricing Performance

Instills confidence and coaches bankers based on what is *achievable* in their market



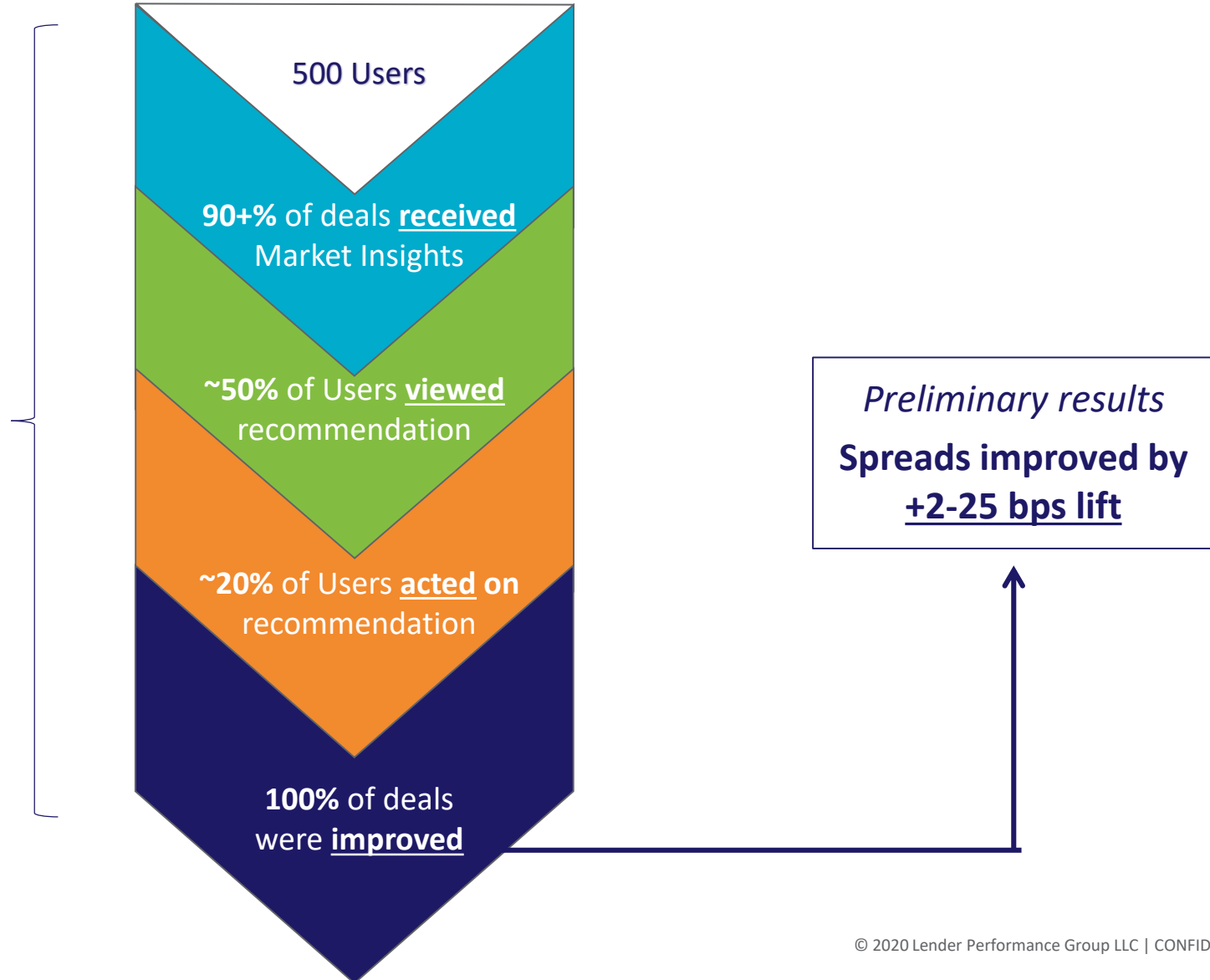
Andi nudges bankers towards market



Market Insights Drives Pricing Performance

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One Example
by the Numbers



Market Insights – Three Primary Audiences

Bankers: RMs, PMs, Analysts

Can improve returns while remaining competitive

Here are ways to better price to your market:


- Increase Initial Rate by 13 bps to be higher than 50% of similar loans


Here are ways to reach the target:

- Increase the Initial Rate by 20 bps
- Add \$26,158 to the Initial Fees
- Add 0.523% to the Initial Fees
- Decrease amount to achieve an LTV of 76%
- Reduce Maturity to 60 months
- Adding \$322K of Commercial DDA reaches opportunity target

Here are things to consider:

- Have you asked the borrower if they'd consider a Floating or Adjustable rate?





Managers, Execs & Deal Approvers

Sales leaders can gauge whether exception requests are valid

Construction Loan
\$1MM

4.2% fixed rate
48-month term
Risk Rating : BBB

Currently priced at
40th percentile

Market Benchmarks:

25% : 3.91%
50% : 4.34%
75% : 4.74%

Overall Bank

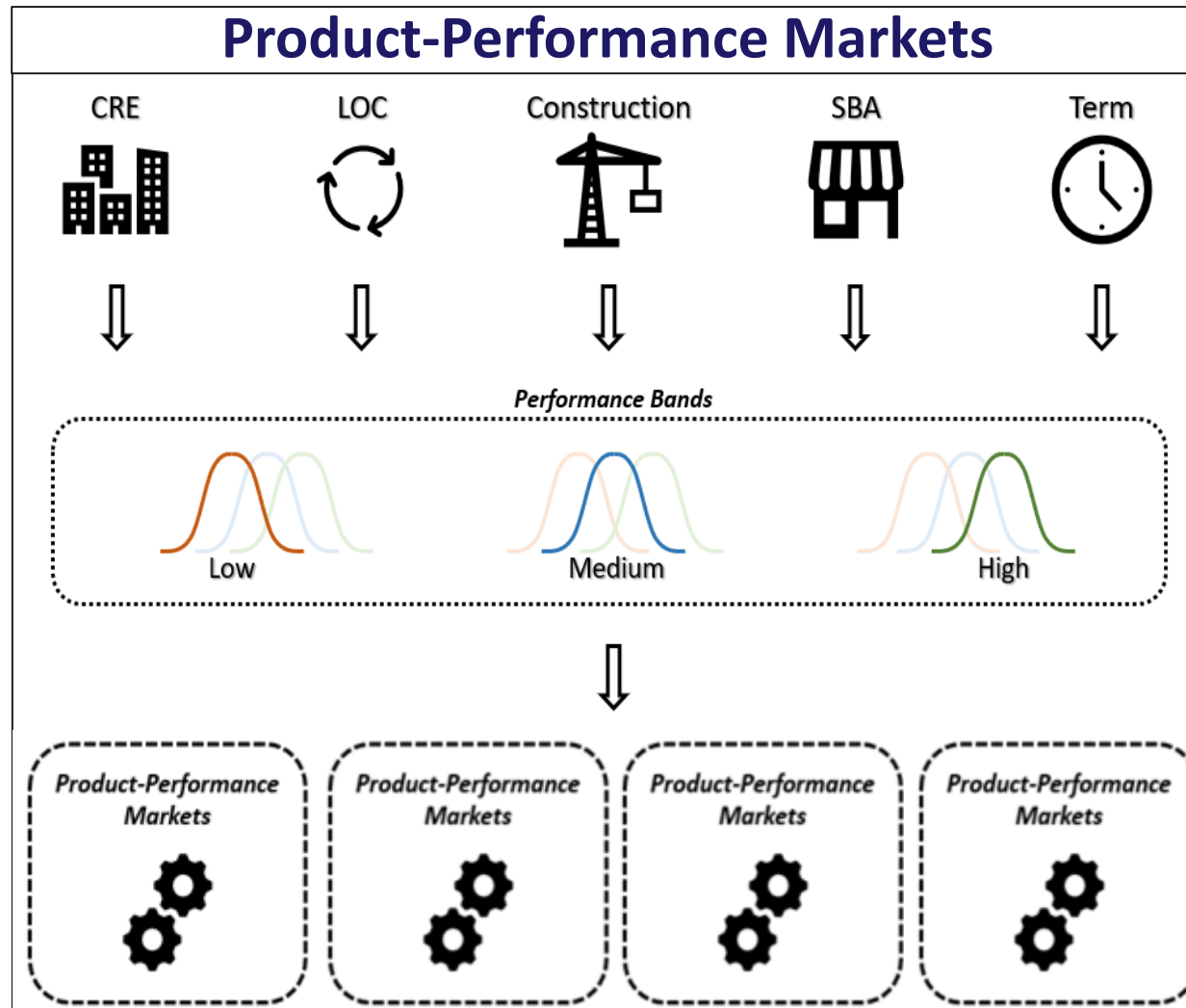
The bank can position itself strategically in the market, based on portfolio objectives

precisionlender.
a Q2 company

Product Performance Analysis : Commercial Real Estate

Product	Region	Bank Portfolio	Bank's Wavg Rate	25th Percentile	50th Percentile	75th Percentile	Market Percentile
CRE	Region 1	5,218,879	5.21%	4.98%	5.23%	5.47%	49.9%
CRE	Region 2	659,603	5.19%	5.11%	5.28%	5.42%	38.3%
CRE	Region 3	9,987,561	5.17%	5.13%	5.29%	5.43%	29.0%
CRE	Region 4	3,104,954	5.20%	5.09%	5.18%	5.28%	53.7%
CRE	Region 5	15,482,633	5.32%	5.05%	5.15%	5.26%	85.1%
CRE	Region 6	4,729,718	5.18%	5.11%	5.19%	5.28%	44.9%
CRE	Region 7	667,674	5.19%	5.17%	5.31%	5.45%	26.9%
CRE	Region 8	10,868,250	5.19%	5.01%	5.17%	5.34%	53.3%
CRE	Region 9	15,485,925	5.19%	5.18%	5.31%	5.46%	26.5%
CRE	Region 10	2,320,740	5.30%	5.21%	5.25%	5.28%	86.2%
CRE	Region 11	1,466,370	5.21%	5.05%	5.27%	5.48%	44.1%
CRE	Region 12	1,491,523	5.16%	5.09%	5.28%	5.48%	33.5%
CRE	Region 13	11,628,070	5.22%	5.21%	5.32%	5.46%	27.5%
CRE	Region 14	12,653,284	5.21%	5.24%	5.33%	5.41%	16.4%
CRE	Region 15	409,669	5.24%	5.16%	5.27%	5.40%	43.0%
CRE	Region 16	13,798,975	5.20%	5.32%	5.37%	5.43%	1.3%
CRE	Region 17	2,766,496	5.20%	5.35%	5.49%	5.61%	5.5%
CRE	Region 18	4,592,695	5.19%	5.28%	5.32%	5.36%	2.0%
CRE	Region 19	3,982,697	5.13%	4.99%	5.13%	5.29%	49.0%

What is your Market?

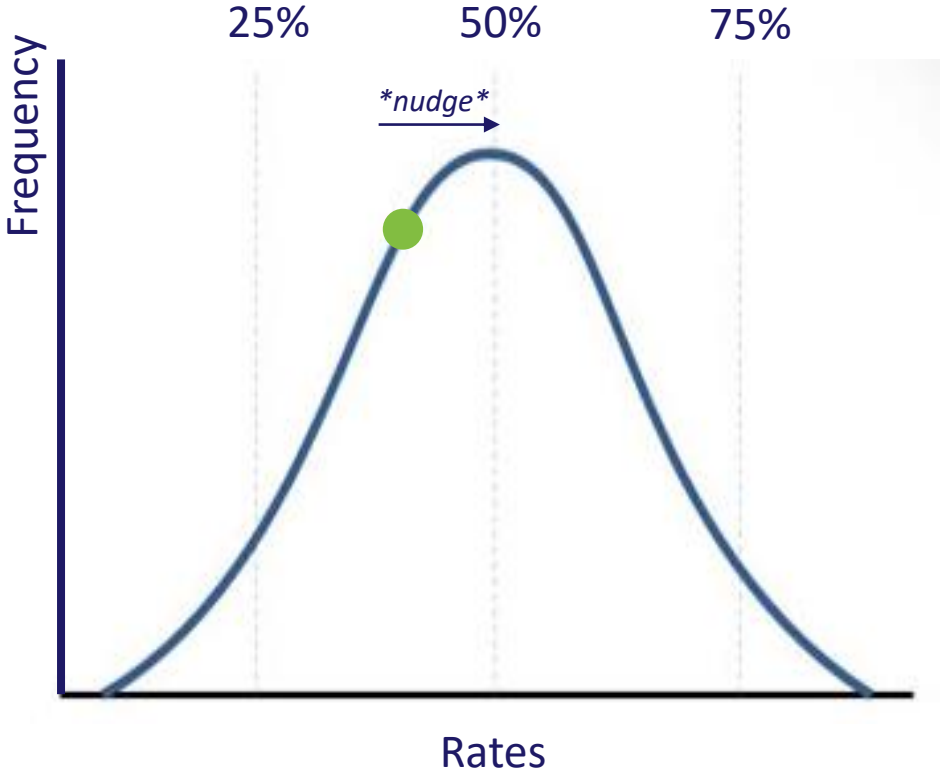


Coached Up the Performance Ladder

Mapped to Performance Market

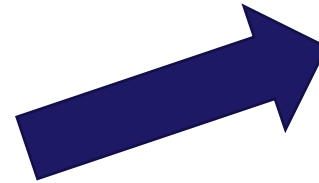
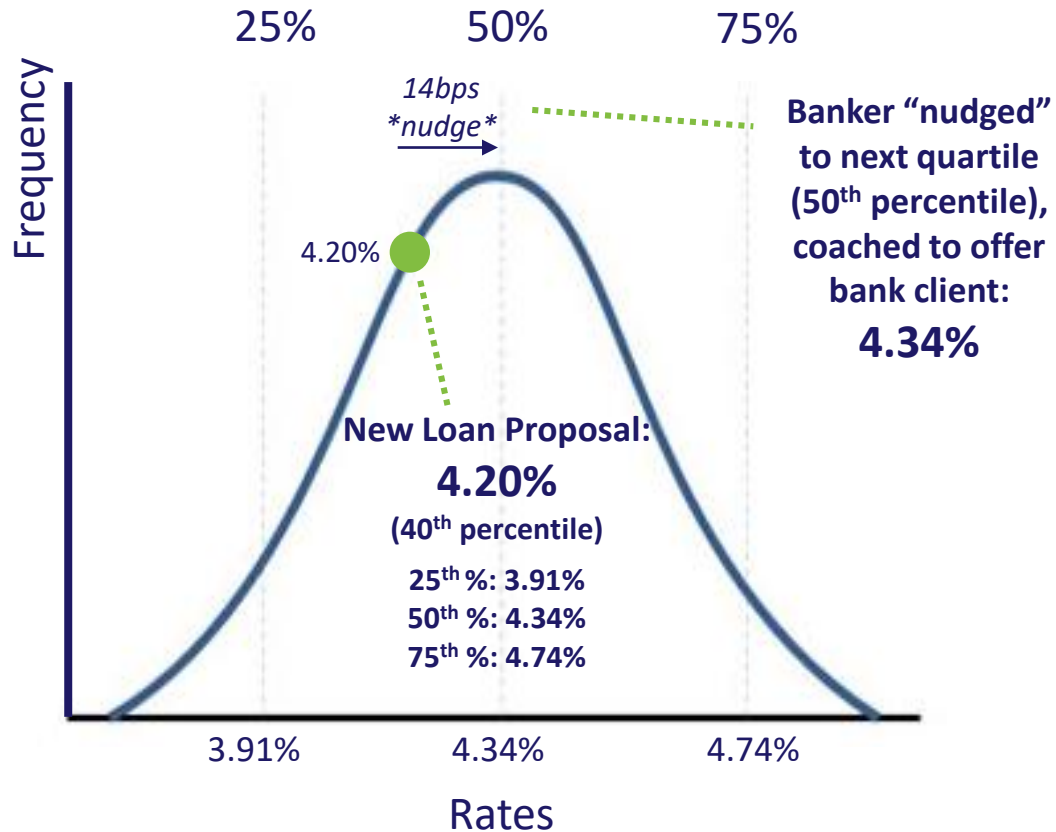


Andi “nudges” RM towards next achievable quartile of profitability



Coached Up the Performance Ladder

Coaching provided to the banker “in the moment,” when they’re structuring the deal and can still impact pricing and profitability.



Here are ways to better price to your market:

- Increase Initial Rate by 14 bps to be higher than 50% of similar loans

Here are ways to reach the target:

- Increase the Initial Rate by 21 bps
- Add \$27,475 to the Initial Fees
- Add 0.55% to the Initial Fees
- Decrease amount to achieve an LTV of 76%
- Reduce Maturity to 60 months
- Adding \$337K of Commercial DDA reaches opportunity target

Here are things to consider:

- Have you asked the borrower if they'd consider a Floating or Adjustable rate?

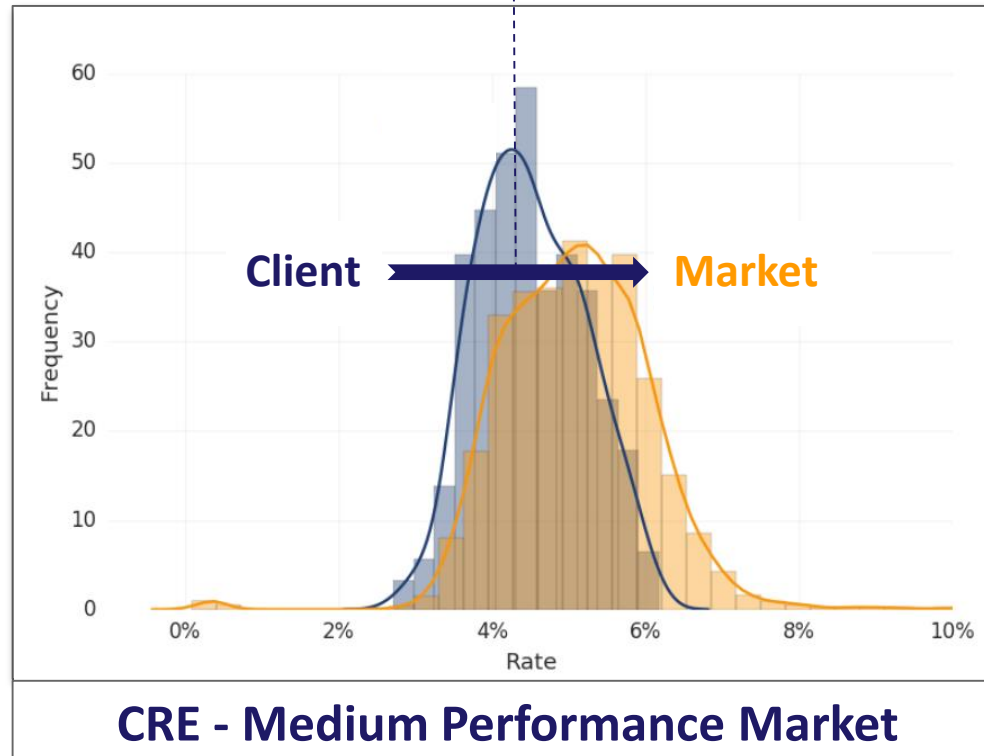
 Let's see a demo...

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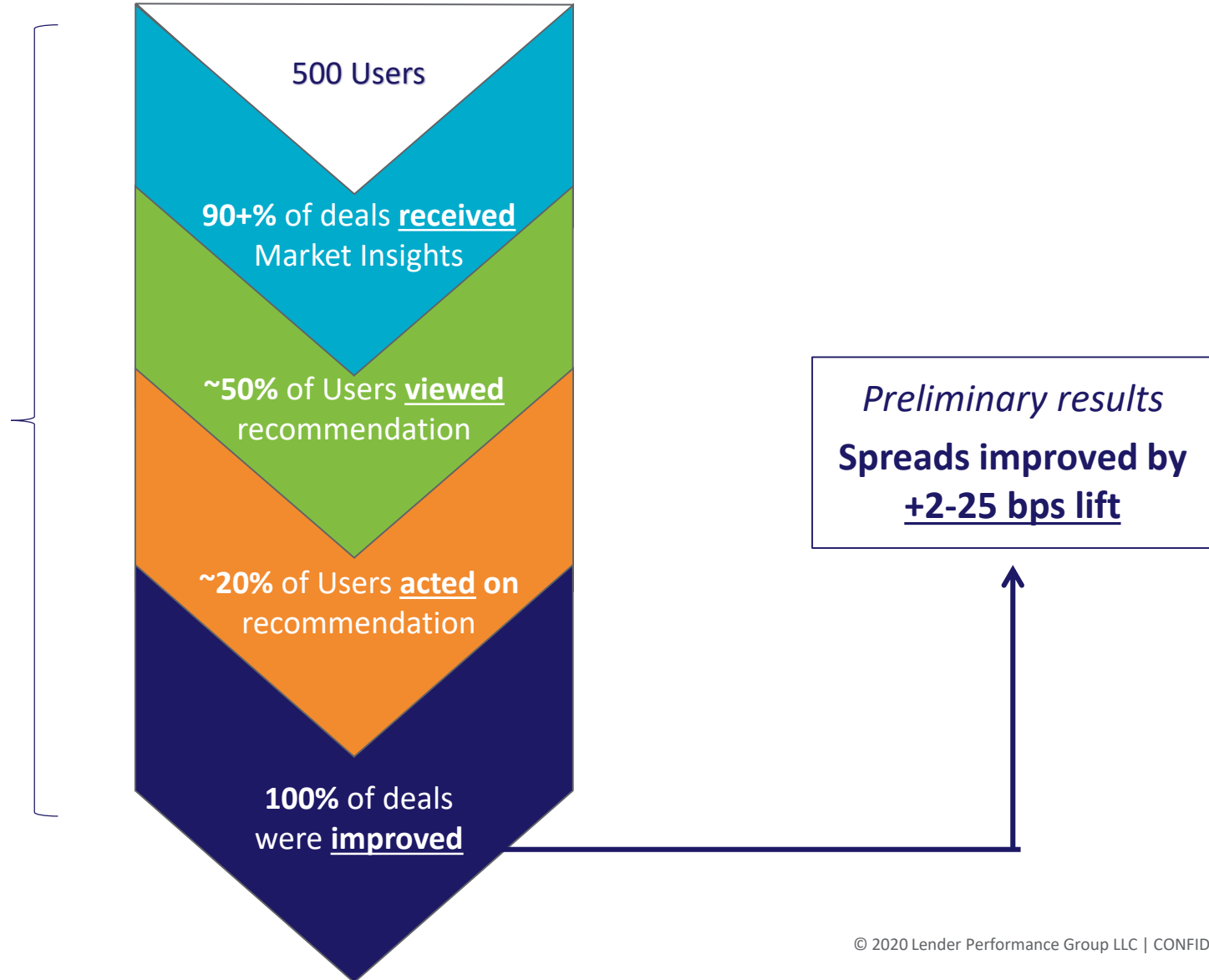
Andi nudges bankers towards market



Market Insights Drives Pricing Performance

Instills confidence and coaches bankers based on what is *achievable* in their market

One Example
by the Numbers



PrecisionLender Offers a Full Suite of Market Offerings

Can provide market intelligence to both PrecisionLender customers and non-customers.

Market *Insights*

- Market-based coaching delivered in the moment by Andi
- Includes reporting, enriched datasets, and API access
- Establish a data feed of your commercial relationships
- Requires PrecisionLender platform license
- Bank can go live in 2 to 4 weeks*

**If you are already sending us relationship data*

Market *Analysis*

- Market-based data and analytics
- Includes reporting and enriched datasets
- Strategy and analytics consulting available
- Establish a data feed of your commercial relationships
- Contact us at info@precisionlender.com to learn more

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