

FINASTRA

Loan IQ

The most trusted commercial and syndicated
loan servicing platform



Without a comprehensive loan servicing solution, banks struggle to scale their business in the face of the myriad of challenges presented by today's lending environment.



Market size and complexity

The loan market has seen considerable growth in recent years, with global issuance in 2022 reaching \$4.6 trillion¹. As the market has grown, so too have deal sizes and lender groups, which can now reach upwards of 1,000. The loan asset class also carries with it a high degree of complexity, with loan agreements that are highly sophisticated, bespoke and constantly evolving. Despite the size and intricacy of the asset class, the market has been slow to evolve and adopt innovation at the pace required to bring the needed efficiency required to enable further growth.



Economic uncertainty

There has been considerable upheaval in financial markets related to various geopolitical and macroeconomic factors such as supply chain disruptions, inflation, rapidly rising interest rates, war and increased energy costs – and the loan market is not immune to these forces. As a result of these economic headwinds, default rates are projected to rise in the coming years and lenders must be ever more diligent in managing risk. This makes it more important than ever to have an integrated, streamlined end-to-end lending process with access to accurate, up-to-date data in real-time.



Customer expectations

Customer priorities are shifting to expect a more retail-like experience that offers speed, transparency, self-service and automation via digital channels. Clients are looking for integrated solutions that will enable them to stay on the cutting edge and quickly capitalize on market trends. Interoperability that enables collaboration across platforms is in high demand and requires solutions that are open and integrated. Financial institutions with the ability to quickly innovate and adapt will be best positioned to meet the need evolving needs of today's clients.



Competition

The corporate lending market is highly competitive, with banks and non-bank financial institutions vying for market share. This increased competition threatens banks' market share, can lead to margin compression and increased credit risk as they loosen lending standards to retain business, making it more important than ever for FIs to differentiate themselves from their peers by delivering a best-in-class client experience that seamlessly ties together all aspects of the lending process from origination through servicing.



Higher TCO / Fragmented infrastructure

Banks struggle to connect all the various systems and solutions utilized as part of their lending process, often with little to no integration. Banks are relying on multiple systems to manage their diverse loan portfolios, resulting in inconsistent workflows and high operating costs. The fragmented lending landscape hinders the ability for financial institutions to meet customer demands, creates undue risk, data quality issues, and leads to inefficiencies. In combination, these factors breed higher technology and operating costs that negatively impact profitability, occupying resources that are unable to support value-add activities that fuel revenue.

1. Dealogic - <https://dealogic.com/insight/21220>



Loan IQ enables consolidation of your lending platform from multiple systems down to one

The only platform able to comprehensively service your entire loan portfolio

Offered in an industry-standard technology stack, Loan IQ empowers financial institutions to service multiple lending business lines with modern and portfolio-specific functionality. This enables lenders to efficiently consolidate all commercial loan types on one platform, from the most complex syndicated lending to simple, high-volume bilateral loans, reducing costs while ensuring banks can offer a superior client experience in comparison to competitors.

Loan IQ alleviates the high costs of system and process redundancy within commercial lending operations, leveraging an unrivaled depth and breadth of capabilities that enables banks to efficiently support all aspects of the loan lifecycle, from deal management and servicing to trading and settlement. Banks using Loan IQ enjoy

improved business agility to enter new markets quickly and easily with complete visibility across risks, performance and exposure.

Loan IQ is an open platform that serves as a full end-to-end loan servicing solution that reduces processing times, manual processes and integration costs, allowing for greater automation and improved controls throughout the loan servicing lifecycle.

The Loan IQ advantage

Loan IQ is a proven solution developed to meet the needs of the world's most demanding loan markets. It reflects over forty years of collaboration with top industry participants to bring best practice methods to all aspects of lending.

Reduce technology costs

- Simplified system architecture with a global platform-based solution on a single data model allows for reduced hardware costs and a more streamlined and cost-effective infrastructure
- Fewer systems to support means fewer resources required for monitoring, maintenance, upgrades, security etc.
- Reduce and/or eliminate third party vendor license fees

Enable business growth

- Expand customer base with a large breadth of lending products to meet customer needs and attract new business
- Automation drives scalability to support growth in lending volumes
- Easier access to lending data via a single source with unified rich data model; the single customer view gives a better understanding of risks and/or revenue opportunities

Increase efficiency

- Ability to optimize operating models with a centralised, standardised best-practice approach across all business lines, a single application with common standards, workflow and business processes
- Automation will free up capacity to break the link between growth and resource requirements, allowing banks to do more with their existing headcount and avoid future hiring costs
- Reduced time spent on training as employees can develop expertise in one industry standard platform

Improve customer experience

- Ability to service all business lines from a single solution provides for a better customer experience
- Standardized approach and self-service capabilities for all types of lending provided by the bank


- Improves responsiveness to customers, thereby reducing the need for expensive stop gap solutions to financing delays


Reduce risk

- Enhanced controls and automatic 'quality validation' across the whole loan lifecycle to reduce errors in booking, pricing / fees, payments, settlement, bills / notices, AML compliance, collateral, etc.
- Consolidation and process automation reduces manual touch points to avoid operational risk events
- Single data model improves exposure management and controls, improving recovery in default scenarios via integrated collateral and covenant management capabilities

Loan IQ

Proof points

75% 
Of total syndicated loans are serviced by Loan IQ

88 
Clients globally

Doubled


Total business with no added headcount

20% 
Reduction in time required to set up new deals

8 

Of the top 10 syndicated lenders use Loan IQ

50% cost reduction
at integration point 

50% 
Reduction in time spent on fee calculations

Note: These metrics outline examples of the quantifiable benefits realised by Finastra clients; results are not guaranteed and will differ for each client depending on current state and desired future state

| | | | | | | | |
|--------------|-----------|-----------------------|--------|--------|-----------------|----------|-----------------------|
| Introduction | Advantage | Solution capabilities | Expand | Extend | Managed service | Keystone | Orchestrating lending |
|--------------|-----------|-----------------------|--------|--------|-----------------|----------|-----------------------|



Loan IQ solution capabilities

Efficiently manage complex and syndicated loans, together with specialized and SME lending, in one consolidated system, on a modern technology stack with industry standard components, configurable to your institution.

Comprehensive agency servicing

Lifecycle management for all the relationships, processes, and documentation required to service loans on a single platform. Loan IQ is designed to streamline processes, minimize risks and reduce errors throughout an institution or group.

Effective management of large, complex multi-lender deals

Manage the relationships, processes and all the documentation required to service complex syndicated deals. You can support from a few to over a thousand lenders in any given deal. Loan IQ has been designed to handle the broadest range of deals from the simplest to the most complex.

Rich trading functionality

Benefit from a single, real-time view of all back-office transactions that affect a trader's portfolio during the entire loan lifecycle. Full multi-currency and multi-branch capabilities provide an up-to-date picture of company-wide performance.

Optimized workflows for all loan types

Industry standard Loan IQ workflows enable clients to streamline commercial or bilateral loan booking and processing activities. Loan IQ supports small business, business banking, and middle market portfolios as well as, but not limited to, specialty lending businesses including commercial real estate, agriculture, shipping, aircraft, infrastructure or asset-based lending.

Superior accounting and audit control

Loan IQ's accounting functionality combines online accounting with real-time debits and credits to provide unmatched functional depth. Configurable parameters include multi-branch, multi-business line, general ledger/sub-ledger with configurable account mapping. Interest and fee option types are available. You can manage lender shares and portfolio positions across multiple entities, reducing the need for double entry and reconciliation. Extensive audit trail and user security capabilities are inherent in the solution.

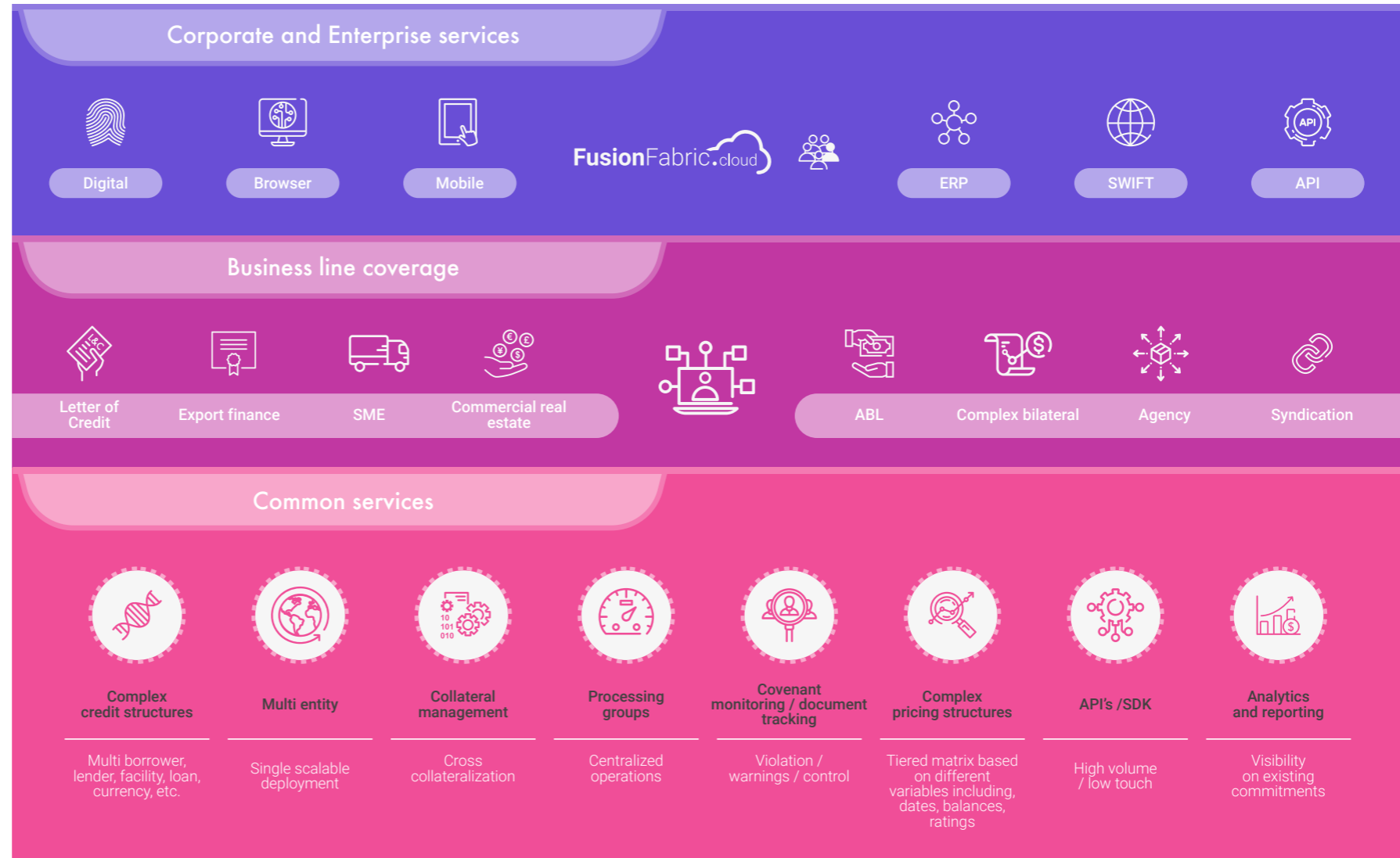
Portfolio management and business insights

Loan IQ facilitates the management of multiple portfolios across different entities and business lines, enabling your organization to accurately account for company-wide risk. The solution allows you to merge data from multiple asset classes within many different systems, and consolidate this information onto a single comprehensive portfolio management tool.

Advanced collateral management

Create and manage an increased volume of financial and non-financial assets associated with collateralized loans, such as commercial real estate. You can capture, maintain and report on a rich detail of collateral across the portfolio including asset registration, unit details, rent rolls and invoices. Support the tracking of assets against facilities and drawings, while managing collateral events, cross-collateralization and insurance.

Streamline your back-office operations with Loan IQ





Expand the capabilities of Loan IQ with these complementary solutions

Loan IQ offers a range of enhancements to provide the right solution for your bank.

Loan Portal

Loan Portal is a web-based front-end solution that enables your corporate clients to access real-time data about their loans, view upcoming events and initiate transactions digitally. It improves customer experience while providing a convenient and secure channel for corporate borrowers to exchange critical information with their bank.

Loan IQ Build

Loan IQ Build is a single point of entry for automated onboarding, from simple high volume bilateral / SME loans to complex syndicated loans. It provides a mechanism for fully automated onboarding and is loan origination system agnostic, leaving the end-users to only manage exceptions. Loan IQ Build was developed with simple workflow management at its core, making it possible to easily create, enrich and track onboarding in Loan IQ.

LenderComm

LenderComm is an automated loan servicing solution that digitizes loan data and streamlines the exchange of information between agents and lenders. It provides market participants with a golden source of truth which reduces errors and reconciliation breaks, while also reducing the reliance on antiquated communication methods, such as faxes and emails.

ESG Service

Finastra's ESG Service is a standalone cloud-native SaaS solution that simplifies sustainability-linked lending. Open and scalable, the ESG Service facilitates the integration of sustainability performance targets (SPT) criteria into ESG pricing, helping banks deliver a better, sustainable lending experience to their corporate clients.

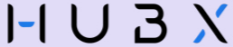

Data Propagation Tool

The Data Propagation Tool is a flexible solution that enables firms to optimize their data governance strategy by making it easy to archive and delete data from the production environment. Improved data processing capabilities leads to improved system performance, increased business agility and readiness to scale as business growth opportunities arise – while also remaining compliant with data regulations.

Extending the Loan IQ offering via our digital lending ecosystem

We are expanding the Finastra suite of functionality and solutions via market-leading fintechs who connect to FusionFabric.cloud, our open developer platform and app marketplace. With FusionFabric.cloud, financial institutions can accelerate transformation and improve the client experience by getting faster access to fintech innovation and extending their core solutions.

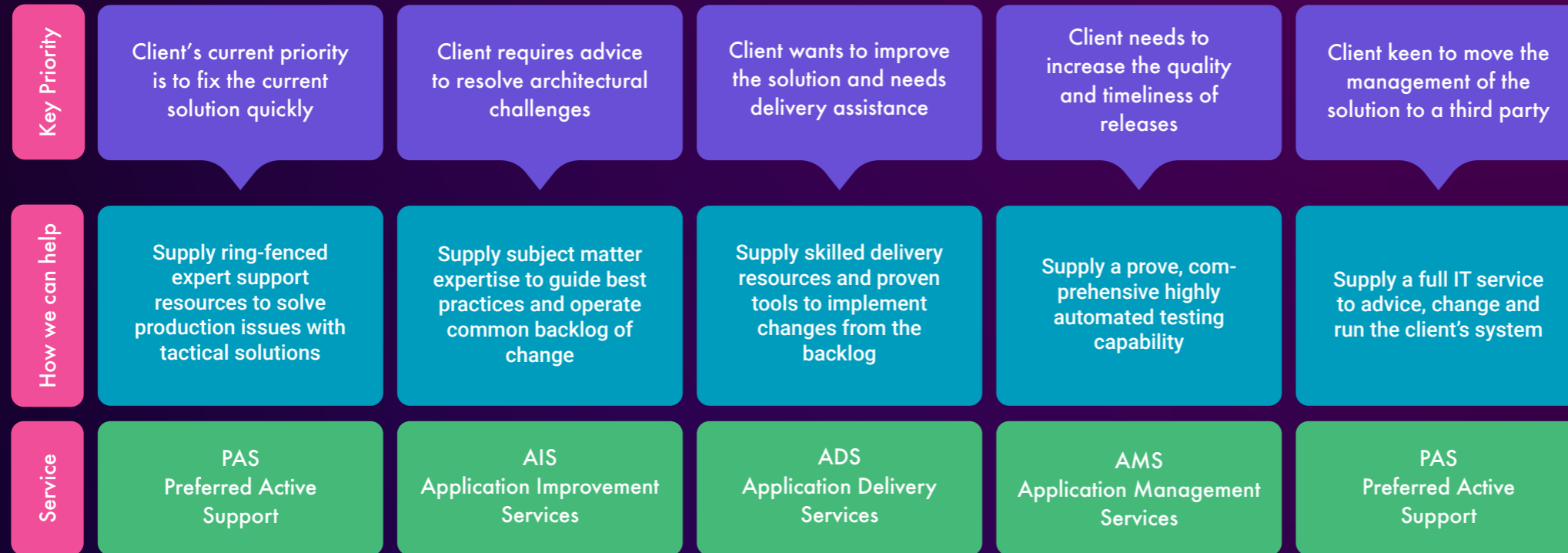
Our current corporate lending solution suite available via FusionFabric.cloud includes the following apps:

| Customer problem | Fintech | App name | Description |
|--|---|--------------------------------------|---|
| Reliance on labor-intensive, error-prone manual processes for bookrunnings |  | HUBX Arranger | HUBX Arranger supports all stages of the syndication bookbuild process in a single solution. With full integration into Loan IQ, it offers straight-through processing for the automated deal, facility, and lender position onboarding. With real-time analytics on active deals, loan books, and lender networks, banks can make better informed decisions, driving revenues while enhancing operational efficiency. |
| Disparate loan origination architecture |  | VeriLoan – Loan Origination Solution | VeriLoan is a powerful end-to-end digital loan origination solution that uses built-in workflows and rules engine to automate the loan origination process. With its flexibility and simple integration, VeriLoan provides a user-friendly, digitized borrower experience that decreases turnaround times, reduces errors, and adds transparency throughout the entire origination process. |

Finastra Managed Service

Aligning our five transformation models to customer challenges / needs

Finastra believes in providing the right solution fit for its customers. Our managed service offerings enable clients to maximize the value of their technology investments by addressing specific areas of need.





Keystone

Streamlined deployment for Loan IQ

Evolving markets and business models are forcing your firm to accelerate their pace of innovation to meet the ever-changing needs of your clients. The market and regulatory environment are in a constant state of flux. Pressure to improve efficiency requires your firm to operate more streamlined, optimized, and efficient front-to-back processes. Increased economic uncertainty has made resiliency and security more important than ever.

Keystone is a simplified deployment methodology that provides a tightly scoped solution based on best practices that enables your firm to efficiently meet the challenges of today's lending environment. It enables you to onboard essential functionality quickly and safely, and then add new features over time. It delivers a foundation on which to grow and scale, focusing on getting live quickly, and minimizing scope creep and project overrun. The methodology ensures that the delivery

is collaborative and interactive, so we deliver what you need in the right timeframes.

Keystone Benefits

- Accelerated value delivery: reduce time to value with a streamlined implementation
- Optimal pricing: lower TCO with a standardized solution that is simple to implement
- Best practice usage: follow the intended and optimal way of using the product by following established best practices
- Scalable and flexible solution: the initial solution can be readily enhanced and adapted to meet your changing needs over time
- Safe and secure operations: a dependable and trouble-free solution that is tested and proven to operate safely and effectively

Orchestrating Lending – the complete ensemble

Finastra's end-to-end lending solution suite brings harmony to the corporate lending process through integration and digitization

Finastra is orchestrating the lending ecosystem by leveraging our market-leading position and relationship with fintechs to connect and integrate ecosystem components across all aspects of corporate lending, driving innovation throughout the end-to-end lending journey. By uniting products and services with golden source data on an open platform, Finastra is moving the market forward with an end-to-end solution that makes the process more simple, efficient and future-proof.

An integrated lending model

Everything you need to drive innovation.

A broad range of APIs

We enable your developers to build freely.

A flexible operating model

Adapt it to meet your specific needs.

Fostering innovation

Innovate and scale at speed with FusionFabric.cloud, enabling collaboration and integration with market-leading solutions.

An open community

Data is transparent between agents and lenders.

Solutions for everyone

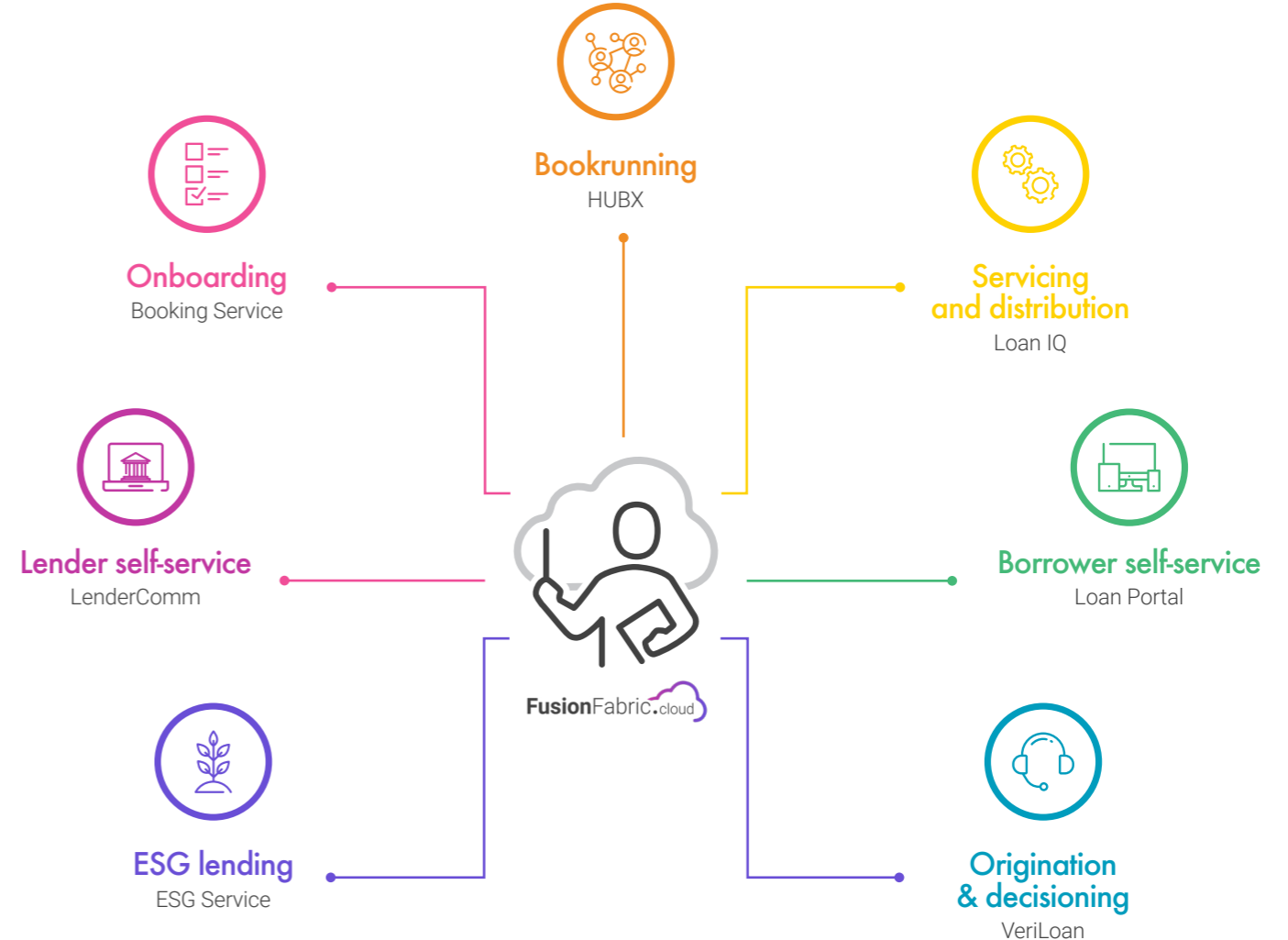
We help organizations of any size with their lending processes.

Faster time to market

Plug in fintech applications quickly.

Simple deployment

Deploy cost-efficient applications that are ready for market.



FINANCE IS OPEN

Finastra unlocks innovation across the world of financial services, through our trusted software and open platform.

Contact us

About Finastra

Finastra is a global provider of financial software applications and marketplaces, and launched the leading open platform for innovation, FusionFabric.cloud, in 2017. It serves institutions of all sizes, providing award-winning software solutions and services across Lending, Payments, Treasury & Capital Markets and Universal Banking (Retail, Digital and Commercial Banking) for banks to support direct banking relationships and grow through indirect channels, such as embedded finance and Banking as a Service. Its pioneering approach and commitment to open finance and collaboration is why it is trusted by over 8,000 institutions, including 45 of the world's top 50 banks. For more information, finastra.com

© 2023 Finastra. All rights reserved.

Corporate Headquarters

4 Kingdom Street
Paddington
London W2 6BD
United Kingdom
T: +44 20 3320 5000