

INTELLIGENCE THAT WORKS

FINANCIAL SERVICES

Financial Institution Advisory



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BRG Financial Institution Advisory professionals focus on the future and work with clients across a changing and disruptive landscape. We are a trusted advisor to leading financial services companies. Our professionals bring the right mix of functional expertise and include CPAs, CROs, CRCMs, former regulators, FRMs, data scientists, PhDs, and consultants who drive lasting improvement. We work to help clients meet and execute strategies related to risk and regulation, compliance, financial crime, innovations in technology, accounting, and evolving customer experience expectations and on key issues such as the impact of climate risk.

For banking and consumer finance companies, success requires embracing change. Companies that succeed are transforming themselves to reduce risk and improve profitability. Successful transformations depend on how strategy, technology, and operations work together across the organization. Sophisticated strategies and solutions are required for companies to gain a competitive edge.

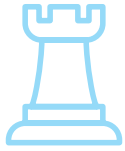
Focusing on data and its integrity will become more critical. Robotic process automation and artificial intelligence (AI) continue to advance rapidly and are bringing productivity gains and intelligent insights on customers, compliance and operations. Key risks such as cyber and privacy require focus on strengthening core IT controls, leveraging advanced analytics, and ensuring a resilient infrastructure to withstand systemic disruption.

Banks also must be prepared to act as environmental, social, and corporate governance (ESG) issues rise rapidly. The array of potential economic, financial, and regulatory impacts has intensified, and although financial institutions may have started to realign portfolios or assess the impact of climate change on their lending and asset pools, there has been little impetus beyond market drivers. Now is the time for banks to treat climate risk as a financial risk moving beyond traditional approaches that focus on reputational risk.

BRG professionals can help across the banking and consumer finance life cycle, including in the following areas:

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|---|--|----------------------------|
| 1 Strategy | 4 Operations | 6 Accounting and finance |
| 2 Risk management | 5 Technology enablement and advanced analytics | 7 Mergers and acquisitions |
| 3 Regulatory and compliance consulting and advisory | | |





Strategy

To compete in today's environment, you need a strategy that aligns with the future. Those who develop effective strategies to transform their organizations to embrace the bank of the future will succeed more often than their competitors. Our team provides:

- **Strategic vision** – We assist with the creation, review, and validation of forward-looking strategy.
- **Product/channel strategies** – We perform detailed analysis of the strategies to reach and acquire customers.
- **Profitability analysis and benchmarking** – Our CPAs and financial analysts assist in performing detailed profitability analysis and benchmarking to identify areas that are underperforming compared to peers and industry best practices.
- **Pricing** – We design, review, and implement pricing elasticity and optimization models.
- **Target operating model** – We provide an assessment of the design and operation of the company's current operating model. Upon completing the assessment, we deliver a future-state roadmap and plan.



Risk Management

Our industry experts assist in the monitoring, management, and mitigation of risk. Effective risk informed strategy will provide a competitive advantage. In today's environment, the goal is to engage in "smarter" risk management throughout the life cycle. This includes the early stages of risk identification and developing management models/techniques. This requires better technology and analytics. Our professionals assist in the analysis of the full set of risks, including credit, market, compliance, operational, and reputational risk:

- **Risk assessments** – We provide risk analysis on specific functional areas or processes, such as credit, operations, accounting, treasury, and servicing.
- **Controls** – We design and implement internal controls frameworks, perform process reviews, and measure effectiveness.
- **Third-party risk management** – We assess your program's practices and provide outsourcing for oversight functions, such as servicer oversight.
- **Model risk and governance** – We assist clients in complying with Supervisory Guidance on Model Risk Management.
- **Data privacy and cybersecurity** – Our cyber experts assist clients in the full range of data security, data protection, and privacy challenges.
- **Governance frameworks** – We design, establish, and review risk and governance structures and organizations.
- **Board and management risk reporting** – We review effectiveness of reporting and oversight, and evaluate accuracy and appropriateness of key risk indicators (KRIs) included.



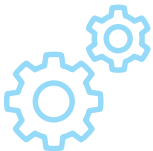


Regulatory and Compliance Consulting and Advisory

BRG's industry experts and former regulators help clients stay abreast of new regulatory developments, comply with existing regulatory requirements, establish industry-leading platforms to manage risk effectively, and assist in transforming compliance organizations to be efficient and effective.

BRG performs the following:

- **Board consultation** – We consult with boards of directors to provide a comprehensive analysis of the issues they confront, including integration, governance/oversight, and new regulatory developments.
- **Regulatory exam preparation** – We conduct pre-regulatory mock examination readiness assessments.
- **Regulatory response and remediation** – We perform gap analysis on existing functionality and processes; and assist in responding to and remediating regulatory issues, including specific agreements stipulating corrective actions.
- **Regulatory and compliance reviews** – We evaluate compliance programs and effectiveness against best practices for areas such as RESPA/TILA, FCRA, HMDA Federal Bankruptcy, BSA/AML, Comprehensive Capital and Analysis Review (CCAR), etc. We assist in reviews related to Consumer Financial Protection Bureau (CFPB), Office of the Comptroller of the Currency (OCC), Federal Reserve, and FDIC. We have unique expertise in credit reporting and disputes management.
- **Consumer complaints** – We review and development complaint management systems. We leverage NLP (natural language processing) to classify complaints automatically.
- **Compliance management system assessment and optimization** – We work with our clients to evaluate the effectiveness and efficiency of their compliance functions. Leveraging tools including automation, workflow, testing strategies and organizational design, we have reduced compliance costs by 30 percent while improving quality.
- **Outsourced compliance testing/reviews** – Leveraging web-based workflow tools and proprietary testing plans, we integrate into your compliance team. Our professionals will perform ongoing testing of specialized areas, leveraging our SMEs, or will outsource the majority of the compliance function.
- **Automated compliance dashboards and analytics** – We work to develop automated compliance testing and platforms leveraging BRG's DRIVE™ Analytics as a Service platform. This includes development of automated transactional and loan-specific testing for federal, state, investor, and regulatory rules.



Operations

Banks and consumer finance organizations are facing continued demands to meet and exceed expectations from customers, regulators, and investors. This includes delivering better services with lower costs and increased profitability. BRG professionals leverage deep industry knowledge and experience to collaborate with clients as they transform their businesses.

BRG's services include:

- Process improvement and design
- Outsourcing an offshoring analysis
- Benchmarking
- Servicing transfers
- Operational efficiency and quality improvement
- Policies and procedures
- Default management process improvement





Technology Enablement and Advanced Analytics

As banks and consumer finance companies continue to invest in technology to gain competitive edge and meet regulatory requirements, BRG continues to invest in its technology offerings, with dedicated teams focused on dashboarding/workflow tools and advanced analytics such as NLP and machine-learning algorithms. Our industry experts and SMEs work with our technology specialists to assist companies with technology-driven change. BRG's services include:

- **Software/vendor selection** – We review functionality needs, budgets, project timelines, vendor skillsets, and resource availability to assist in the software selection process.
- **Business and technical requirements** – We help in developing requirements for origination, servicing, credit reporting, use of RPA, integration of AI, privacy, and other systems. We leverage business SMEs to ensure requirements are accurate and a dedicated IT team to support technical requirements.
- **Implementation support** – We provide project management, data mapping, system conversion, and unit and UAT testing.
- **Dashboards and business intelligence** – BRG can design, document, and implement performance dashboards. Our SMEs provide insights into industry-leading practices for KRIs and automated testing. Clients also can use the BRG DRIVE™ platform, which harnesses and integrates a client's dashboards, scorecards, and analytics to create actionable insights.
- **Artificial intelligence** – BRG has data science and dispute technology experts who specialize in AI and machine learning. The team leverages multiple data sources and developed advanced risk models, including OFAC regulatory compliance, FCPA compliance, and third-party due diligence. We use analytics to develop fraud anomalies, entity extractions, sentiment analysis of emails, etc.



Accounting and Finance

BRG's industry and public accounting experts with designations including CPAs, and our CFO Solutions team helps improve the efficiency and effectiveness of the finance function. While the role of finance has expanded, the need for a dependable, efficient, and accurate function has not changed. Finance leaders remain under pressure to operationalize complex standards quickly and to develop enhanced reporting for improved insight and decision making.

BRG provides services including:

- **Accounting/advisory** – technical accounting advice on US GAAP and IFRS
- **Valuation/modeling** – loan valuation, CECL, MSR valuation, model validation, and model risk assessments
- **Accounting support** – close and reporting process efficiency, interim accounting resources, and accounting risk management
- **Finance function effectiveness** – finance vision and strategy, finance operating model, organizational structure, and finance process excellence
- **FP&A enhancements** – financial model development, timely and accurate budgets and forecasts, advanced modeling and analytics, key performance indicators, and management reporting design





Mergers and Acquisitions

Working with a number of industry participants, BRG professionals perform assessments of clients acquisitions, divestitures, and strategic alliances and provide ongoing monitoring and due diligence activities.

- Company and loan due diligence
 - > We provide financial and operational due diligence on banks and consumer finance companies and divisions.
 - > Benchmarking and cost analysis – Our professionals benchmark the cost base and operating models of newly created entities versus competitors.
 - > Post-acquisition integration – We leverage operational and technology expertise to effectively evaluate and integrate operations and technologies
- **Loan diligence and valuation services** – we are advisors to banks and financial institutions in both single-asset and portfolio-level diligence and valuation services.
 - > Credit underwriting, commercial and consumer loan portfolio valuation for mark-to-market and purchase accounting (SOP 03-03 and Fin141R).
 - > Warehouse finance: commercial real estate re-underwriting, due diligence, and valuation in support of balance sheet lenders financing loans secured by commercial real estate.
- **Transaction opinions and valuations** – BRG serves as independent advisor providing transaction opinions to help boards of directors and other stakeholders. Services include solvency opinions, fairness opinions, capital adequacy opinions, and transaction support.





About BRG

Berkeley Research Group, LLC (BRG) is a global consulting firm that helps leading organisations advance in three key areas: disputes and investigations, corporate finance, and performance improvement and advisory. Headquartered in California with offices around the world, we are an integrated group of experts, industry leaders, academics, data scientists and professionals working beyond borders and disciplines. We harness our collective expertise to deliver the inspired insights and practical strategies our clients need to stay ahead of what's next.

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