

# Axiom Pricing and Relationships

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Accurately Price, Analyze  
and Manage Portfolios to  
Optimize Profitability

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## Accurately Price, Analyze and Manage Portfolios

Defining and understanding which customers are profitable – and which are not – is essential for financial institutions. Axiom Pricing and Relationships, offered in partnership with Syntellis Performance Solutions, unites robust relationship management, relationship profitability analysis and relationship pricing all in a single, intuitive solution.



It can be challenging for financial institutions to determine where they are most profitable and where there are opportunities for greater profitability. Profits most often come from a narrow band of customers, so relationship managers must identify, monitor and nurture these high-value relationships. To drive profitability, they must also focus on less profitable relationships.

Analysis tools can help pinpoint underperforming relationships and guide pricing decisions based on empirical relationship profitability instead of transaction volume or account balances.

Axiom Pricing and Relationships helps leaders and frontline relationship managers understand the risks and opportunities around concentrations of economic profit in the portfolio. It can also inform internal profitability decisions such as effective staff evaluation and compensation.

Financial institutions use Axiom Pricing and Relationships to:

- **Build and evaluate complex relationships**, linking individuals and businesses to a relationship with high accuracy through a flexible and intuitive interface
- **Actively manage complex relationships** and portfolios
- **Precisely measure profitability** for every account, customer and relationship
- **Accurately price potential new business** by assessing its impact on the entire relationship
- **Inform business decisions** through dashboard insights, tracking against selected profitability metrics at the institution, portfolio and relationship manager levels

## Relationship Management

The easy-to-use relationship management functionality helps loan officers, branch managers and other relationship managers build and modify relationships to gain an understanding of the value of each account, customer and relationship in their portfolio.

Relationship management helps you:

- **Understand the big picture** – Quickly gain insight into a client's sphere of influence and the impact of pricing decisions on overall profitability
- **Efficiently maintain relationship data** – Easily change relationships and automatically include all related accounts for a comprehensive view
- **Make the connection** – Link individuals and businesses to a relationship with high accuracy; create relationships through data import or using drag-and-drop functionality to connect individuals, entities and their related accounts in an intuitive graphical view
- **View relationships at a glance** – Quickly select any customer to see their relationships, account ownership and related clients

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## Relationship Profitability

Axiom Pricing and Relationships enables relationship managers and institution leadership to understand and leverage actionable profitability analytics.

Relationship profitability helps you:

- **Accurately measure profitability** – Identify which relationships bring the most value to the institution and which relationships may need attention
- **Limit risk** – Support relationship managers with timely data to limit the risk of underserving your most profitable customers or losing their business
- **Monitor relationship profitability** – View performance analytics for customers, relationships, portfolios and portfolio managers; understand relationship profitability based on selected metrics, such as Risk Adjusted Return on Capital (RAROC) and net contribution

- **Easily prioritize for further analysis** – View the selected metric for each account in a relationship; color coding indicates the level of urgency for review
- **Filter to create an actionable view** – Quickly slice and dice the portfolio to gain actionable insight, filtering based on performance levels
- **Allocate costs and margin data** – Apply funds transfer pricing and the organization's costs at the customer account and transaction level to ensure accurate relationship profitability calculations
- **Leverage a rolling 12-month view of profitability** – Understand current and historical profitability of each account, customer and relationship based on a matched-term funds transfer pricing calculation of net interest margin, non-interest income and expense, provision for loan loss and capital
- **Inform business decisions** – Leverage a standardized set of analytical dashboards to monitor profitability contribution snapshots and trends for the entire portfolio, top and bottom deciles, individual relationship managers and even specific relationships; measure the current and forecasted profitability of the relationship to balance customer needs with expected contribution
- **Incent profitable growth** – Evaluate and compensate relationship managers based on the profitability of their portfolios

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## Relationship Pricing

The relationship pricing feature of Axiom Pricing and Relationships helps relationship managers price new business based on the current and forecasted profitability of the relationship, balancing customer needs with expected contribution.

Relationship pricing helps you:

- **Accurately price business on the front line** – Price new business based on the empirical profitability of the relationship, including the current contribution and forecasted revenue, to ensure that profitability hurdle rates (such as RAROC) are met

- **Evaluate pricing flexibility on new originations** – Quickly view the overall profitability impact incurred by adding new loan products, omitting any current loan or deposit, changing rates or fees, adding deposits or making other pricing changes
- **Understand long-term impact** – Leverage accurate pricing information to more effectively manage risk-adjusted contribution and net contribution over time
- **Comply with hurdle rates** – Price new business in compliance with established internal hurdle rates
- **Build scenarios** – Save and view pricing scenarios side by side for easy comparison
- **Streamline credit proposals** – Select the best pricing scenario to support the relationship and optimize profitability, submitting to loan committee with supporting metrics

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## Dashboards and Reporting

Axiom Pricing and Relationships provides more than 30 reports and dashboards, enabling both relationship managers and leaders to support the institution's profitability goals while providing the best possible client/member experience. Each dashboard empowers teams with unique information while sharing certain features and functionality:

Key reports and dashboards include:

- **Relationship Ranking** – Provides an understanding of the 10 top and bottom-performing relationships across the institution
- **Relationship Manager Ranking: 12-Month Contribution** – Helps leadership understand who their top and bottom-performing relationship managers are in terms of 12-month margin contribution and RAROC
- **12-Month Contribution Decile Analysis by Relationship Manager** – Shows at a glance how many of the relationships in the portfolio fall within in each decile and their relative value to the institution, to judge portfolio health today or monitor over time

- **Relationship Manager Monthly Change Analysis** – Reflects the variance between the current date and the preceding month for the selected relationship manager across a variety of KPIs
- **Monthly/Rolling 12-Month Product Ranking** – Gives leadership a clear understanding of which products are currently performing well and how products have performed over time
- **Product Contribution Vintage Analysis** – Allows management to analyze historical contribution trends by product for a designated year
- **Product Contribution Runoff (Maturity) Prospective** – Allows leadership to analyze how a product's maturing accounts' runoff over the next 12 months will affect margin contribution
- **Variation Based on FICO Rating** – Allows leadership to analyze the risk-return profile (funds transfer pricing spread versus credit score) of any product in the institution
- **Last Three-Month Origination Spread by Product** – Helps leadership understand which product portfolios have had the most growth in volume in the defined three-month period
- **Product Spread Vintage Analysis** – Allows leadership to analyze historical pricing trends by product for the selected year
- **Product Spread Maturity Analysis** – Gives leadership insight into the future maturities of the current portfolio for the selected product

Axiom Pricing and Relationships analytics give individual relationship managers and institution leaders a powerful window into how the institution is performing, how portfolio runoff will affect the metrics and where improvement opportunities can be found. Understanding top and bottom-performing relationships, products and relationship managers guides informed decision making across the institution.

## Key Dashboard and Reports

Metric Analysis

RM Ranking

Decile Analysis

Decile by RM

## Metric Analysis – Relationship Ranking

December 2020

Highest Monthly Contribution BMOS Construction <b>\$37,328</b> Relationship Manager: Ken Levey	Highest 12-Month Contribution BMOS Construction <b>\$460,238</b> Relationship Manager: Ken Levey	Highest 12-Month RAROC Aguilar, Glenda <b>6,843.11 %</b> Relationship Manager: Fitz Mack
Lowest Monthly Contribution Bailey Co. <b>\$(5,725)</b> Relationship Manager: KM Levey	Lowest 12-Month Contribution Bailey Co. <b>\$(61,174)</b> Relationship Manager: KM Levey	Lowest 12-Month RAROC Hall Co. <b>-14,409.55 %</b> Relationship Manager: Roberta Hall

## Top 10 Relationships – 12-Month Contribution

Rank	Relationship	12-Month Contribution	% of Total Relationships	Relationship Manager
1	BMOS Constructions	\$460,238	36.52%	Ken Levey
2	Arch Technical Services	\$265,986	21.11%	Fitz Mack
3	CC Bath Industries	\$71,664	5.69%	Ken Levey
4	Sanders Co.	\$40,435	3.21%	Ken Levey
5	Acme Holdings	\$39,619	3.14%	Bob Markus
6	Jacobs & Kim	\$31,787	2.52%	Roberta Hall
7	WinterHouse	\$31,379	2.49%	Ken Levey
8	Abbott and Snyder LLC	\$29,286	2.32%	Ken Levey
9	Marks Co.	\$28,215	2.24%	Roberta Hall
10	Little and Jones Enterprise	\$24,413	1.94%	Ken Levey

## Bottom 10 Relationships – 12-Month Contribution

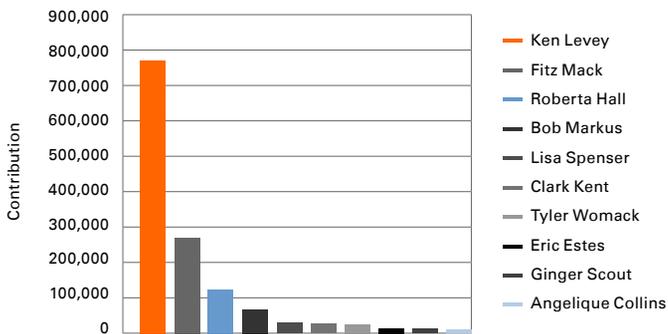
Rank	Relationship	12-Month Contribution	% of Total Relationships	Relationship Manager
186	Bailey Co.	\$(61,174)	-4.85%	KM Levey
185	William Co.	\$(5,981)	-0.47%	Roberta Hall
184	Debra William	\$(2,372)	-0.19%	Roberta Hall
183	Acevedo, Fred	\$(572)	-0.05%	Tom McCarthy
182	Ball, Lizette	\$(348)	-0.03%	Roberta Hall
181	Adams, Grace	\$(323)	-0.03%	Angelique Collins
180	Conrad, Evangeline	\$(320)	-0.03%	Roberta Hall
179	Coleman Co.	\$(288)	-0.02%	Roberta Hall
178	Sexton, Pauline	\$(251)	-0.03%	Roberta Hall
177	Travers, Serena	\$(135)	-0.01%	Roberta Hall

**Relationship Manager Ranking – 12-Month Contribution**

December 2020

Highest 12-Month Contribution Ken Levey <b>\$769,033</b> # of Relationships: 30	Highest 12-Month RAROC Shana Konschuh <b>2,816.98%</b> # of Relationships: 1	Lowest 12-Month Contribution KM Levey <b>\$(61,174)</b> # of Relationships: 1	Lowest 12-Month RAROC tketchum <b>-10.31%</b> # of Relationships: 1
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Top 10 Relationship Managers



Bottom 10 Relationship Managers



Top 10 Relationship Managers Ranked

Rank	Relationship Manager	12-Month Contribution	% of Total Relationships	Relationship Manager
1	Ken Levey	\$769,033	61.03%	Ken Levey
2	Fitz Mack	\$266,234	21.13%	Fitz Mack
3	Roberta Hall	\$118,288	9.39%	Ken Levey
4	Bob Markus	\$61,441	4.88%	Ken Levey
5	Lisa Spenser	\$22,676	1.80%	Bob Markus
6	Clark Kent	\$21,693	1.72%	Roberta Hall
7	Tyler Womack	\$20,572	1.63%	Ken Levey
8	Eric Estes	\$8,465	0.67%	Ken Levey
9	Ginger Scout	\$6,018	0.48%	Roberta Hall
10	Angelique Collins	\$5,508	0.44%	Ken Levey

Bottom 10 Relationship Managers Ranked

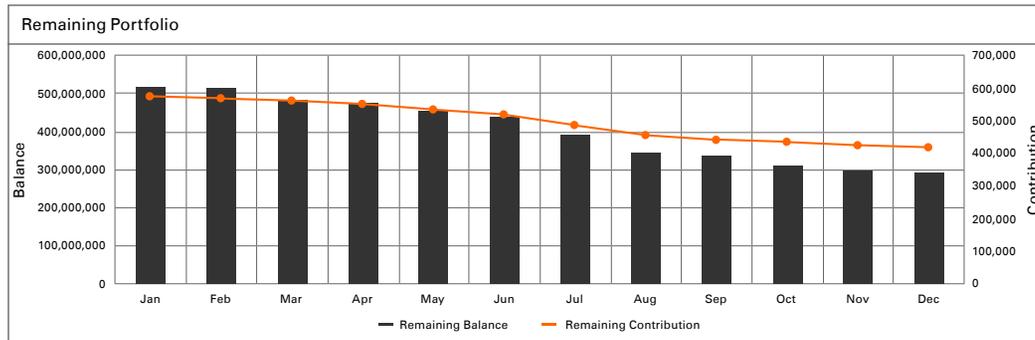
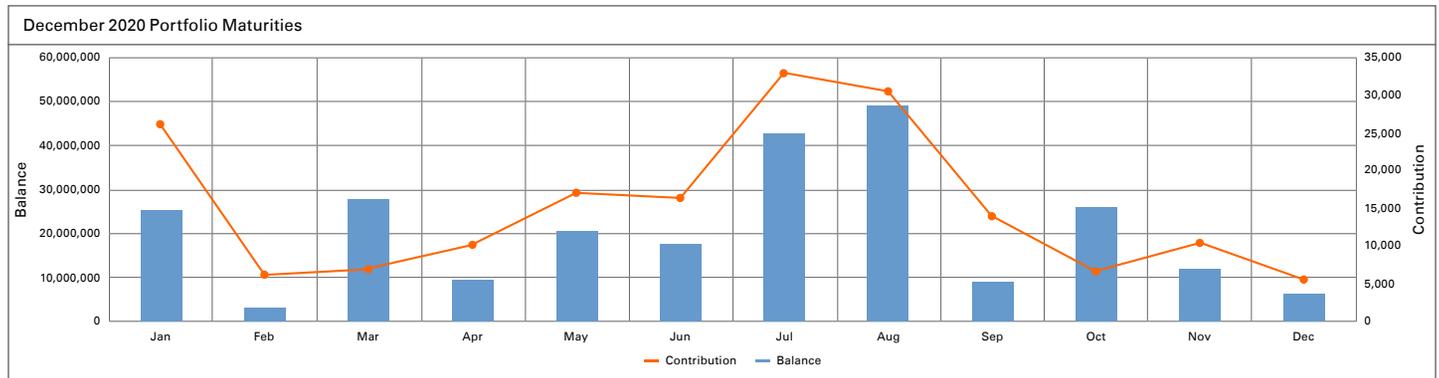
Rank	Relationship Manager	12-Month Contribution	% of Total Relationships	Relationship Manager
26	KM Levey	(\$61,174)	-4.85%	KM Levey
25	Tom McCarthy	(\$281)	-0.02%	Roberta Hall
24	tketchum	(\$93)	-0.01%	Roberta Hall
23	0	\$-	0.00%	Tom McCarthy
22	Jtruitt	\$568	0.05%	Roberta Hall
21	mclifford	\$868	0.07%	Angelique Collins
20	Katie Bogey	\$903	0.07%	Roberta Hall
19	bcollins	\$926	0.07%	Roberta Hall
18	Shana Korschuh	\$970	0.08%	Roberta Hall
17	Roger Strother	\$1,364	0.11%	Roberta Hall

Product Contribution Vintage Analysis

Portfolio Contribution Maturity Analysis

Profitability Contribution Runoff Prospective

Commercial Loans



Portfolio Recap

Current Balance	541,165,895
Contribution	550,059
Total Balances Maturing	249,213,366
Total Contribution Maturing	182,181
Remaining Balance	291,952,529
Remaining Contribution	367,878

Note:  
Accounts with maturity dates in the past are included in the first month maturities.

## SaaS Platform

Enjoy the benefits of a SaaS solution hosted on Microsoft Azure and delivered through Intelligent Workplace<sup>SM</sup> from Fiserv, where clients can access other enterprise performance management solutions from Fiserv. Benefits of the Intelligent Workplace platform include a Fiserv hosted, single sign-on and unified platform to manage users and access to features. SaaS deployment ensures you have access to your data whenever you want, wherever you happen to be. Because Fiserv is responsible for the end-to-end IT infrastructure and product, including software upgrades, security and availability, your organization can focus on high-value activities and spend less time supporting product upgrades and IT.

## A Trusted Partner

You know us as a trusted partner through experience with your Fiserv solutions. There's a distinct advantage in adding another solution offered by Fiserv. Axiom Pricing and Relationships works together with Axiom Planning and Profitability as well as Fiserv core banking platforms.



### Key Benefits:

- Efficiently maintain a comprehensive view of relationships and related accounts
- Gain insight into a client's sphere of influence and the impact of pricing decisions on overall profitability
- Identify which relationships bring the most value to the institution and which relationships may need attention
- Limit the risk of underserving your most profitable customers or losing their business
- Accurately price new business based on the empirical profitability of the relationship
- More effectively manage risk-adjusted contribution and net contribution over time by leveraging accurate pricing information



# Connect With Us

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