

CECL Reporting for Loan Participations

Manage Current Expected Credit Loss (CECL) compliance with ease and accuracy.

Loan participations have a powerful and positive effect on the risk profile of your portfolio by diversifying your portfolio, allowing you to spread capital across more loans, different classes of loans, and loans with different risk profiles.

As CECL comes into force, you want to ensure that this improved risk profile is reflected in your Expected Credit Losses (ECL) estimates. Doing so requires a granular approach that accounts for your participation partners and the variety of assets within your participation book. Treating your loan participations as a single segment puts you at risk of over-reserving capital as well as unexpected variability quarter-over-quarter in your held reserves.

The LoanStreet CECL Solution

Analyze your participations like the rest of your loan book.

LoanStreet provides CECL analysis at a granular level, taking into account the complexity and product mix of your participation portfolio. By automating the data collection process across multiple participation partners, LoanStreet enables you to recalculate your CECL reserves on a monthly cadence, avoiding quarter-end surprises without any additional administrative burden.

Features:

Provides a transparent and granular analysis of your participation portfolio, taking into account the different loss histories of the various sellers and products.

Automatically aggregates data for your participations – no need to collect loss information from your participation partners.

Uses the same Weighted Average Remaining Maturity (WARM) methodology used by the NCUA in its Simplified CECL Tool.

Benefits:



Reduces the risk of over-reserving by carrying out ECL calculations specific to each participation partner and product type within your participation portfolio.



Provides month-over-month ECL estimates, thereby eliminating potential surprises from variability in your quarter-over-quarter ECL estimates.



Eliminates data-entry and calculation errors from your CECL participation calculations.



No additional onboarding required for existing LoanStreet customers. Your CECL report will be ready to ship as soon as your subscription begins.



Generates a CECL report on-demand that can be easily integrated into any existing internal workflow.





Listen to the NCUA discuss how loan participations should be treated differently for CECL compliance.

Source: NCUA Webinar: Simplified CECL Tool

Ready to make CECL compliance for your loan participations effortless?

Contact us today:

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 www.loan-street.com