

## CLIENT SPOTLIGHT

# Bremer Bank: Successfully transforming the loan origination process

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### Company Name

Bremer Bank

## BACKGROUND

Bremer Bank is a privately held, \$10 billion financial services company that provides a range of banking, wealth management, investment, trust, and insurance services to individuals and families, corporations, small businesses, agriculture, non-profits, and government groups. Headquartered in St. Paul, Bremer serves customers throughout Minnesota, North Dakota, and Wisconsin.

Bremer Bank has grown rapidly using an acquisition strategy designed to complement its organic growth. This acquisitive growth resulted in many disparate systems and fragmented data management, as well as decentralization of its loan origination processes and broken audit trails. The bank could not view its entire portfolio across all asset classes to capitalize on opportunities or mitigate risks. Bremer faced increasing regulatory compliance requirements, including Allowance for Loan and Lease Losses (ALLL) and stress testing.

The bank identified an urgent need to take a reactive approach to data management, to improve portfolio trends monitoring and stay compliant with reporting requirements.

## THE CHALLENGE

### Disparate data and systems were hindering the loan origination processes

There were many existing systems being used across the bank stemming from the rapid growth the bank has experienced, leading to back-office inefficiencies, limited cross-functional collaboration, and slower 'time to decision'. This led Bremer to launch a program to transform its origination business.

Bremer bank's leadership identified an urgent need to achieve operational efficiencies in its loan origination lifecycle processes, this included organizing and automating their data consistently across the organization, centralizing portfolio management, and improving portfolio analytics and reporting requirements.

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“Lending Cloud has made it feasible to get everyone across all portfolios in the organization on the same page,” adds Kayla Epsen, Senior Credit Analyst Manager.

To achieve these goals, Bremer first had to bring all its existing systems onto one platform, and over the last two years has replaced many existing systems with Moody's Analytics Lending Cloud centralizing portfolios on one platform. Its Ag, commercial, and small business portfolios are all on a single platform, sharing resources to capture hidden efficiencies.

## THE SOLUTION

**Moody's Analytics Lending Cloud improves loan origination efficiencies with a configurable solution.**

### **CENTRALIZED DATA REPOSITORY:**

Bremer achieves easier and more consistent access to data, with an automated data flow and the ability to reference the same data for multiple decisions, improving auditability and risk assessment. “Now, as I like to call it, cradle-to-grave information on the credit history of our clients is in the Lending Cloud platform,” says Rick Zinter, SVP, Credit Policy.

Achieving easier and more consistent access to data with Lending Cloud has also meant a smoother path to compliance with regulatory requirements. The data extract feature in Lending Cloud allows the team to pull relevant data and feed it into the bank's own regulatory reporting system. The bank has also enhanced its data capture and processes across multiple organizations, becoming proactively ready for Dodd-Frank requirements, “We are on track to meet all regulatory requirements,” confirms Nygaard, who is responsible for risk management and reporting.

### **EFFECTIVE WORKFLOW:**

Bremer gains workflow efficiencies and faster deal flow with the Lending Cloud workflow module, establishing visibility through each stage of the origination process. Quickly identifying bottlenecks that need addressing “As we monitor the flow of the deal and approval process in a workflow, we are assured of maintaining data integrity. This to us is one of the key benefits of this system,” affirms Christine Francis, SVP, Credit Process Director.

Transparency is achieved as approvers see the changes made and the impact on the metrics and documents such as copies of a tax forms, accountant-prepared statements, or signed applications. All documents can be uploaded to add consistency to the process.

### **ANALYTIC EXCELLENCE:**

Bremer drives growth using Lending Cloud's built in credit scoring to establish a consistent rating methodology, aligning the measurement metrics across portfolios allows the bank to compare and analyze the numbers, and identify efficiencies. “Looking back at where we were when we started, we can confidently say that Lending Cloud has helped us establish higher spreading standards,” says Christine Francis.

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“In addition to Ag and commercial lending, one of the big benefits for us was the ability to build small business credit and underwriting into the Lending Cloud platform. Prior to Lending Cloud we were using a B2B, Excel-based solution that was cumbersome,” says Rick Zinter, SVP, Credit Policy Director at the bank.

### Why Choose the Moody's Analytics Solution?

Bremer was already a satisfied customer of Moody's Analytics Lending Cloud platform for its Ag portfolio. The bank was aware of the capabilities of the Lending Cloud solution as they extended its use for commercial portfolios.

Stakeholders at Bremer identify different features of Lending Cloud as its key strengths:

- » Lending Cloud's scalability allows the bank to keep improving its processes by expanding the solution in line with the bank's evolution.
- » Lending Cloud is intuitive and flexible from an end-user perspective. “Although it is built as a standard product, its flexibility makes us feel that it is built to fit our needs. It regularly introduces new features but maintains the continuity of framework to make adoption easy.”
- » The configurability of the system has also contributed to this success. “It is intuitive,” agrees Francis. For instance, the bank can grant different levels of access to users and configure them with relative ease. In short, the credit application process is almost fully automated with consistent underwriting bank-wide and at regional centers.
- » Lending Cloud's SaaS technology allows for easier implementation and automatic updates and enhancements. Nygaard points to another success factor: “Being a hosted solution meant that we didn't need to mess with the technology, allowing us to focus on improving our processes instead.”
- » Moody's Analytics has developed a partnership with Bremer, continually incorporating client feedback to improve the product. This vendor/client alignment has helped maintain enthusiasm among Bremer staff for upcoming features, such as the implementation of new ticklers functionality. “Once we finish that we are hoping to add exception tracking for complex ownership structures,” notes Epsen.

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## About Moody's Analytics

Moody's Analytics, a unit of Moody's Corporation, helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. The company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research and financial risk management. By offering leading-edge software and advisory services, as well as the proprietary credit research produced by Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

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