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Pricing and Profitability
Management for
Financial Services

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Nomis Solutions Announces Pricing and Profitability Management Suite for Retail Banks

*Retail Banking Suite Leverages Strategic Pricing to Optimize the Customer Acquisition and
Portfolio Management Process for Consumer Lending and Deposits*

SAN BRUNO, Calif. December 2, 2008 -- [Nomis Solutions](#), a leader in best-in-class Pricing and Profitability Management for financial services companies, today revealed its expanded suite of solutions and services for optimal customer acquisition and portfolio management. Available immediately, the Nomis Solutions Pricing and Profitability Management Suite™ for Retail Banks capitalizes on Nomis Solutions' domain expertise within retail banking. Through a combination of advanced analytics, innovative technology, and tailored business practices and processes, the Suite for Retail Banks improves financial and operational performance on both sides of the balance sheet.

"In today's turbulent market, pricing has taken on a new level of importance," shared Kathleen Khirallah, managing director and practice leader of the banking practice at TowerGroup. "Consumer lending executives need to ensure they are appropriately pricing for profit and risk. Deposits executives need to price appropriately to achieve funding targets without 'giving away the farm.' These goals can only be successfully achieved by using an understanding of customer response to pricing -- a key insight that is missing from most pricing decisions today."

With a scarcity and higher cost of capital, unstable portfolios, and an unpredictable competitive landscape, bank executives need to be proactive and look for new approaches to pricing and profitability management. This begins with the rates they offer consumers for loans and deposits products. With the ability to quantify consumer response to pricing, executives can align pricing goals and a pricing strategy with business objectives and financial performance targets. Because they are able to forecast what new loans they can expect to acquire before putting actual prices into the market, banking and finance management can have an intelligent debate on the inevitable tradeoffs such as profit, volume and risk goals, tier/term mix, credit score distribution, and loan-to-value (LTV) that will occur as a result of a pricing action.

Once performance goals are set, prices can be optimized to achieve profit, volume and balance targets from the loan portfolio level down to the micro-segment level. Executives can measure the impact of a competitor price change or recent exit on their business. The benefits include: increased profits and/or market share, higher returns on assets, improved deposits balances, more control over risk, a cohesive view of key performance indicators (KPIs) and the use of a more structured, repeatable and efficient pricing process.

For lenders, the ability to predict the impact of price on consumer response enables them to optimize their credit and term mix within the context of their risk and asset backed securities

(ABS) conduit tolerances. For deposits executives, an understanding of consumer response to deposit rates at the point of sale and renewal helps drive incremental margin improvements and helps banks reduce its overall cost of funds.

“Although pricing is one of the most effective ways to immediately impact financial performance, it’s dramatically underutilized by most banks today,” said Frank Rohde, chief marketing officer at Nomis Solutions. “Our analysis shows that responsiveness to price is changing on a weekly or bi-weekly basis, which is the most rapidly changing consumer behavior that we’ve witnessed to date. Executives need to better understand and quantify how this changing behavior is impacting their performance and if and when to make price changes in order to meet their business objectives.”

Three integrated solutions comprise the Pricing and Profitability Suite for Retail Banking:

- **Nomis Navigator™**: Designed specifically for senior management responsible for one product, a line of business with multiple products, or multiple lines of business, the Nomis Navigator is an executive dashboard that provides enhanced visibility into critical banking metrics for financial services companies. This includes capturing actual and forecasted performance over time, highlighting areas of exposure in new originations and providing cautionary guidance and profit opportunities in the existing portfolio. It can be configured to meet the needs of a bank executive that is interested in better tracking KPIs such as volume, profit, credit mix, by product, geography and customer segment. In addition, alerts can be set up to quickly identify, diagnose and respond to emerging problems.
- **Nomis Price Optimizer™**: Created for executives responsible for pricing loan and deposit products who want to capitalize on strategic pricing to drive financial performance from the portfolio down to the micro-segment level. The award-winning Nomis Price Optimizer is the backbone of the Pricing and Profitability Suite and delivers a clear understanding of consumer response and how price impacts performance. By leveraging this information, pricing teams can quickly pinpoint which segments are incorrectly priced and better tailor pricing decisions to meet performance targets. Nomis Price Optimizer also helps build a more attractive portfolio mix to meet the “originations to order” requirements of the securitizations market.
- **Customer Portfolio Optimizer™**: Developed for mortgage executives that are responsible for managing the existing customer portfolio and achieving profit goals, asset targets, and return on equity objectives. Through a proprietary segmentation approach, Customer Portfolio Optimizer identifies which customers are at risk of prepaying their mortgage (remortgaging with another lender) and which ones pose an impairment risk (becoming delinquent because of rate shock or an increase in the loan rate). Through a deep understanding of customer motivations and behavior, Customer Portfolio Optimizer helps executives tailor optimized retention offers to the right customers in order to achieve their objectives.

Today’s announcement of Pricing and Profitability Management Suite for Retail Banks is complemented by the release of the Pricing and Profitability Management Suite for Auto Finance. The solutions were unveiled to more than 75 bank and finance executives at the [Pricing and Profitability Executive Forum](#) in New York, and at the [Pricing & Profitability Executive Summit in Europe](#) that was co-hosted by TowerGroup and Nomis Solutions.

About Nomis Solutions

Nomis Solutions enables best-in-class Pricing and Profitability Management for financial services companies. Through a combination of advanced analytics, innovative technology, and tailored business processes, the Pricing and Profitability Management™ Suite delivers quick time-to-

benefit, and improves financial and operational performance throughout the customer acquisition and portfolio management processes.

The Pricing and Profitability Management™ Suite of business solutions includes the award-winning Nomis Price Optimizer™, the Nomis Offer Optimizer™, the Customer Portfolio Optimizer™, and the Nomis Navigator™. These solutions are designed to meet the specific requirements of auto finance, home equity lending, personal lending, mortgage, and deposits executives. Select customers include Abbey, AmeriCredit, Bank of Montreal, Chrysler Financial, HBOS plc, and Royal Bank of Canada. Headquartered in San Bruno, CA, Nomis Solutions also has offices in London, United Kingdom. Visit www.nomissolutions.com or contact us at info@nomissolutions.com or 650-588-9800.

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