BRIEFING NOTE

ROCKALL
COLLATERAL MANAGEMENT TECHNOLOGY

Securities-Based Lending

- **Low-risk, profitable lending**
- **Rapid growth already being achieved in (U)HNW categories**
- **Significant potential with mass affluent**

Securities-based lending (SBL) is experiencing dramatic growth, presenting an appealing opportunity for banks looking to offer a wider product range to a significantly larger segment of their client base. SBL offers some important advantages:

Control	Lenders have complete control over the liquid collateral
Efficient	SBL is 2.5 times more capital efficient than traditional mortgage lending
Growing	Early adopters are experiencing growth of 25% – 40%
Strategic	SBL now extending its reach into the important Mass Affluent category
Retention	Availability of a full suite of credit products improves customer retention

Low-risk

SBL credit is secured against portfolios of highly-liquid securities. Lenders have complete control over the highly-liquid collateral used to secure SBL credit. Credit policies can be finely tuned to maximise amounts lent while tightly managing risk on a day-to-day basis with real-time marking-to-markets.

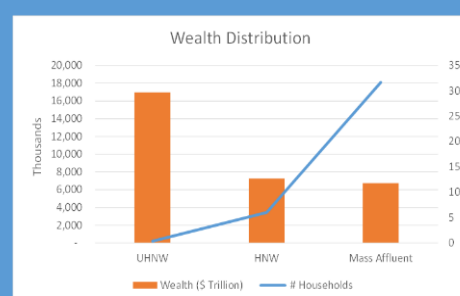
Risk is significantly mitigated through the application of multiple credit rules and daily valuations. FASTNET, Rockall Technologies' SBL solution, enables the array of calculations essential to control qualification, handle multiple credit policies and provide the information needed to manage day-to-day SBL operations and respond to severe volatility events.

A strategic opportunity

Uptake of SBL credit has typically been among the HNW and UHNW categories; there is a real opportunity to radically expand market base to the Mass Affluent category. This populous group has a high propensity to borrow and, with liquid assets of over $11T, is almost as wealthy as the HNW group.

While extending SBL to the Mass Affluent involves a vast increase in the number of loans, the lower per-loan value is compensated by the higher interest rate which can be applied.

FASTNET enables the rapid and large-scale roll out of SBL to the wider Mass Affluent market previously impeded by the inability of legacy systems to scale.



Mass Affluent Opportunity; $11 Trillion wealth

Rapidly-growing

SBL lending is growing at annual rates of 25% to 40% in value terms in the large-scale financial institutions which have exploited this opportunity to lend against under-utilized portfolio assets. The technology to support SBL of any scale or level and the business potential to extend SBL, even beyond HNW into the Mass Affluent, are aligning. Financial institutions now have a real chance to exploit the opportunity offered by SBL – to grow revenues, secure their client base and maximize income from capital on deposit.

If you are interested in securities-based lending, please feel free to contact us:
Email: info@rockalltech.com www.rockall.com

Capital-efficient

Banks providing SBL loans on an "accommodation" or "courtesy" basis typically categorise them as standard commercial loans. Due to the liquid nature of SBL collateral, the capital requirements for SBL credit are significantly lower than for traditional mortgages and commercial loans.

Loan Type	Loan Amount	Risk Weighting	Capital Requirement
Accommodation "SBL" Loan	500,000	50%	20,000
Formal SBL credit line	500,000	20%	8,000

SBL's lower risk-weighting results in a material reduction in regulatory capital requirements. In this case, SBL is 2.5 times more capital efficient than commercial lending.

More than a loan

SBL is a cheaper borrowing option for savers as it typically incurs a lower interest rate than traditional loans – e.g. car loans or mortgages. It also gives savers the chance to leverage their assets while maintaining their investment strategies. It offers an alternative to liquidating portfolios – avoiding disruption of investment strategies and any risk of triggering a tax event.

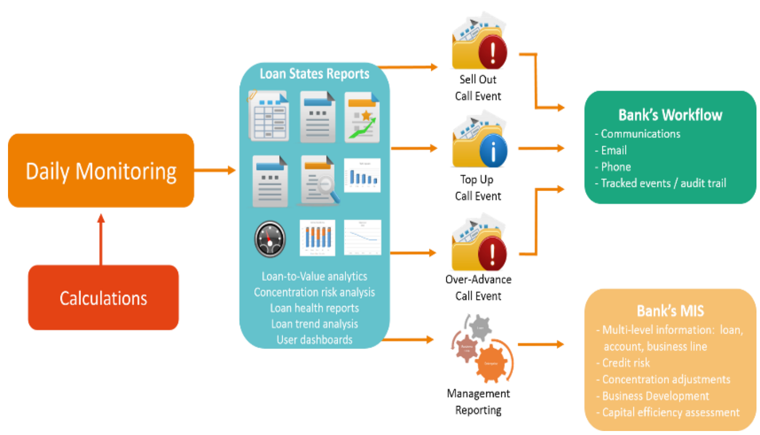
Clients taking an SBL credit line from a bank are usually encouraged to move their wealth management business to the institution offering the credit. There is a real risk of banks losing business where they don't offer a complete suite of credit products, including SBL.

FASTNET: a system for automating and scaling SBL business

SBL depends on the ability to monitor loan-to-value ratios when the underlying collateral is both liquid and volatile. FASTNET's robust portfolio evaluation engine fed with daily pricing data powers automated handling of qualification, monitoring and release.

FASTNET evaluates LTV ratios at portfolio level and can provide concentration analytics for defined ticker symbols, sectors and geographies, generating alerts by exception.

Rockall clients are achieving near real-time release approval and are seamlessly deploying SBL with limited up-front cost and internal disruption. They are also driving significant SBL business growth through the risk-managed scaling enables by FASTNET.



Portfolio evaluation, monitoring and release management in near real-time

About Rockall

Rockall is the global expert in collateral management technology for the banking book, enabling many of the world's top banks manage over $2 Trillion worth of collateral daily, helping them to handle the complexity required to drive high-volume and high-value loan books while safeguarding against risk. Rockall builds and integrates systems that enable financial institutions accurately manage and assess credit risk, supporting a deep understanding of the credit exposures that drive capital requirements and RWA. COLLATE is Rockall's Enterprise Collateral Management solution. **COLLATE** is highly configurable and delivers collateral data quality and integrity by ensuring that collateral is in place, properly accounted for and perfected. COLLATE's single repository for all collateral data provides a unified view of credit risk across the enterprise, helping to reduce RWA, satisfy regulatory demands and improve credit risk management; all of which can contribute to risk mitigation with capital and treasury savings.

FASTNET is Rockall's next-generation Securities-based Lending (SBL) collateral management solution. SBL depends on the ability to monitor loan-to-value ratios when the underlying collateral is both liquid and volatile. FASTNET's robust portfolio evaluation engine, fed with daily pricing data, powers automated handling of real-time qualification, monitoring and release. FASTNET supports concentration analytics for defined ticker symbols, sectors and geographies, generating alerts by exception. Rockall clients are seamlessly deploying SBL with limited up-front cost and internal disruption to drive significant SBL business growth with risk-managed scalability.

Rockall Technologies has 18 years of experience dedicated to collateral management and is included as one of the top 100 risk technology companies in the world in the RiskTech100®, globally acknowledged as the most comprehensive study of the world's most significant risk and compliance technology companies.

If you would like to learn more, please visit us at www.rockall.com