



## Market Volatility Increases the Urgency for State-of-the-Art Collateral Monitoring

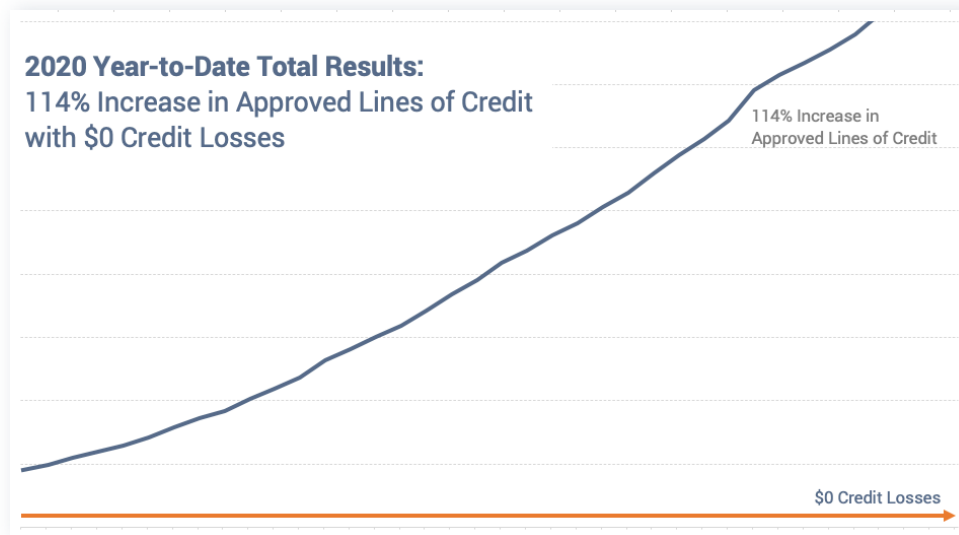


December 28, 2019 – October 30, 2020

## Market Volatility Increases the Urgency for State-of-the-Art Collateral Monitoring

As the economic impacts of the COVID-19 pandemic and stock market fluctuations continue, Supernova Technology™ has seen a surge in investors turning to securities-based lending (SBL) for liquidity. At the same time, many financial institutions have come to realize they need a more advanced collateral monitoring solution to be better prepared for uncertainties. The good news is:

- Despite the global pandemic, SBL is still among the safest credit products – 2020 year-to-date, Supernova’s clients have had \$0 credit losses
- Supernova’s SBL technology solution provides robust data, analytics, and transparency for advanced risk monitoring that few in the industry can match



Source: Supernova data December 28, 2019 – October 30, 2020

Supernova’s fully digital collateral monitoring and management solution gives advisors and risk professionals real-time insights at both individual loan and book levels. Supernova’s technology enables advisors to digitally collaborate with the investor/borrower if they should receive a call. Additionally, as part of our solution,

Supernova provides early warning signals such as collateral shortfall alerts and stress testing capabilities to help risk professionals get ahead of potential calls and work with financial advisors to mitigate risk early in the process.

## Easy-to-Use and Impactful Risk Management Tools

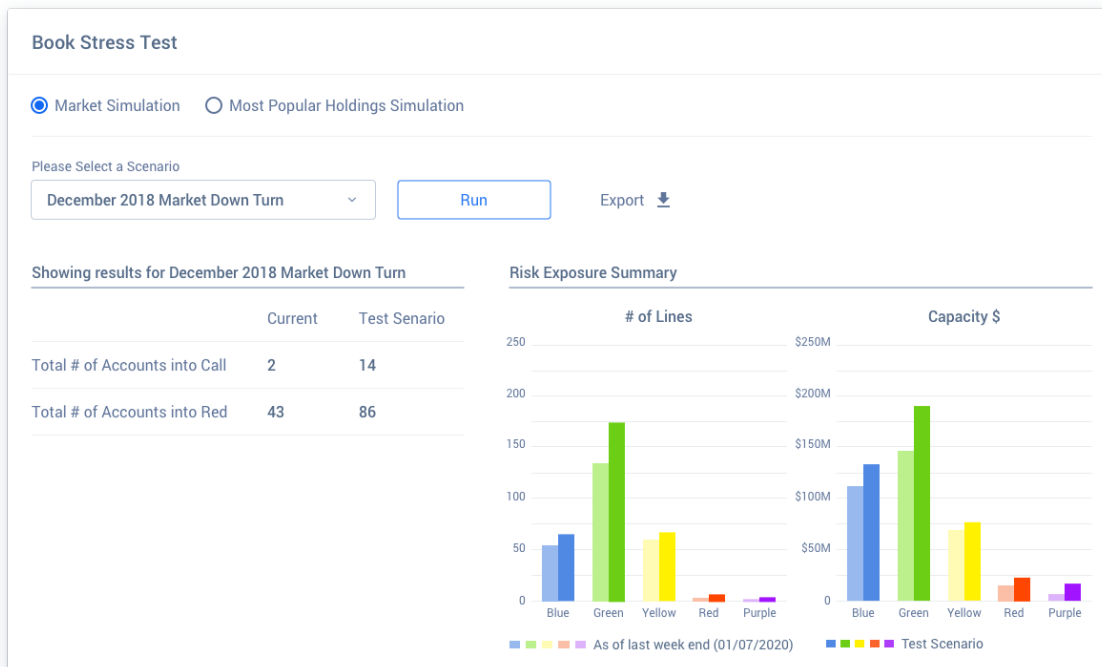
SBLs are unique in that they are secured by liquid investment assets that move every day with the market and investment decisions. At Supernova, our collateral monitoring capabilities provide comprehensive risk assessment rules that accommodate the sophisticated criteria of our clients' credit and eligibility policies. We offer state-of-the-art risk analysis using a collateral monitoring system that is easy to use and impactful. Features include:

- Daily comprehensive and actionable views of the loan book, individual loans, and collateral account holdings with multilayer charts, intuitive graphs, and well-designed reports
- Time-series, historic data sets combined with real-time snapshots for running simulations and diagnosing potential problems
- Portfolio risk statistics such as asset type, sector concentration, geo-exposure, and interest rate sensitivities that provide risk visibility on the underlying collateral assets
- Advanced analytics for stress testing and running what-if scenarios using macro market conditions or the movements of individual securities
- Early risk identification methodologies including Supernova's proprietary, forward looking 'Probability of Call' risk metric as well as collateral shortfall alerts that can be configured using an institutions' definitions

With Supernova's tools, risk officers no longer need to spend long hours at night and over weekends updating spreadsheets, especially when market condition change so quickly. Leadership can see configurable summary reports, delivered to their inbox and

risk teams have the ability to answer ad-hoc requests in minutes not days. With Supernova, SBL providers do not need to operate in the blind and can be prepared for whatever comes next.

### Supernova Risk Analytics Stress Test Snapshot



## Proactively Manage Risk, with Positive Customer Experiences

Supernova’s clients –and their investor/borrowers–benefit from our enhanced risk monitoring capabilities. Our collateral monitoring solution provides unprecedented visibility into the status and health of loans at both the individual and loan-book level. As a result, advisors can work proactively with their investor/borrowers to give them an early warning of a potential collateral call. In many cases, early warnings allow investors to take measures to mitigate calls before they happen.

One Leading Financial Institution's Results with Supernova's SBL Technology:

Despite the significant market fluctuations from March 1 – October 31, 2020, only **3%** of loans had collateral calls

Of the calls, **29%** resolved within 1 day, **19%** got resolved within 3 days, and the remainder resolved within a week

In the unfortunate event of call, we streamline communication around the process of returning an investor to good standing, making an otherwise unpleasant event as painless as possible. The Supernova technology solution provides:

- A collateral call workflow with secure messaging that enables risk officers, advisors, and investors to collaborate throughout the process to ensure satisfactory, prudent, and speedy resolution of the call
- Semi-automated call management to allow teams to handle more collateral calls at once during periods of increased call volume
- Notification messaging and stoplight color-coded risk visuals that offer all parties transparency into the loans

Our solution not only helps our clients better monitor the risk and health of their loan book, it also helps them provide better customer experiences, leading to increased adoption of SBL by advisors and their investors.

## Conclusion

With the global COVID-19 pandemic as the new normal, there is an increased investor demand for SBL for liquidity paralleling an increased institutional urgency for risk monitoring. Don't wait for another crisis to upgrade your technology to a better, more efficient way to manage your SBL book and investor/borrowers with Supernova.

On top of robust capabilities in collateral monitoring and management, our solution provides a broader set of digital capabilities that cover the life of a loan. SBL, powered by Supernova Technology™, results in a win-win-win: investors obtain favorable access to liquidity, advisors meet their customer's needs, while institutions gain a source of revenue.

To learn more about our SBL solution and how we can help you grow, email us at [info@supernovacompanies.com](mailto:info@supernovacompanies.com).