



Rebuilding Confidence in Banking:

Releasing Credit to Corporates & SMEs

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Mispriced "Risk" = G.F.C. and Bank Capital Crisis

•Sovereign-backed banking
(1.6- 5.5% cost of capital)

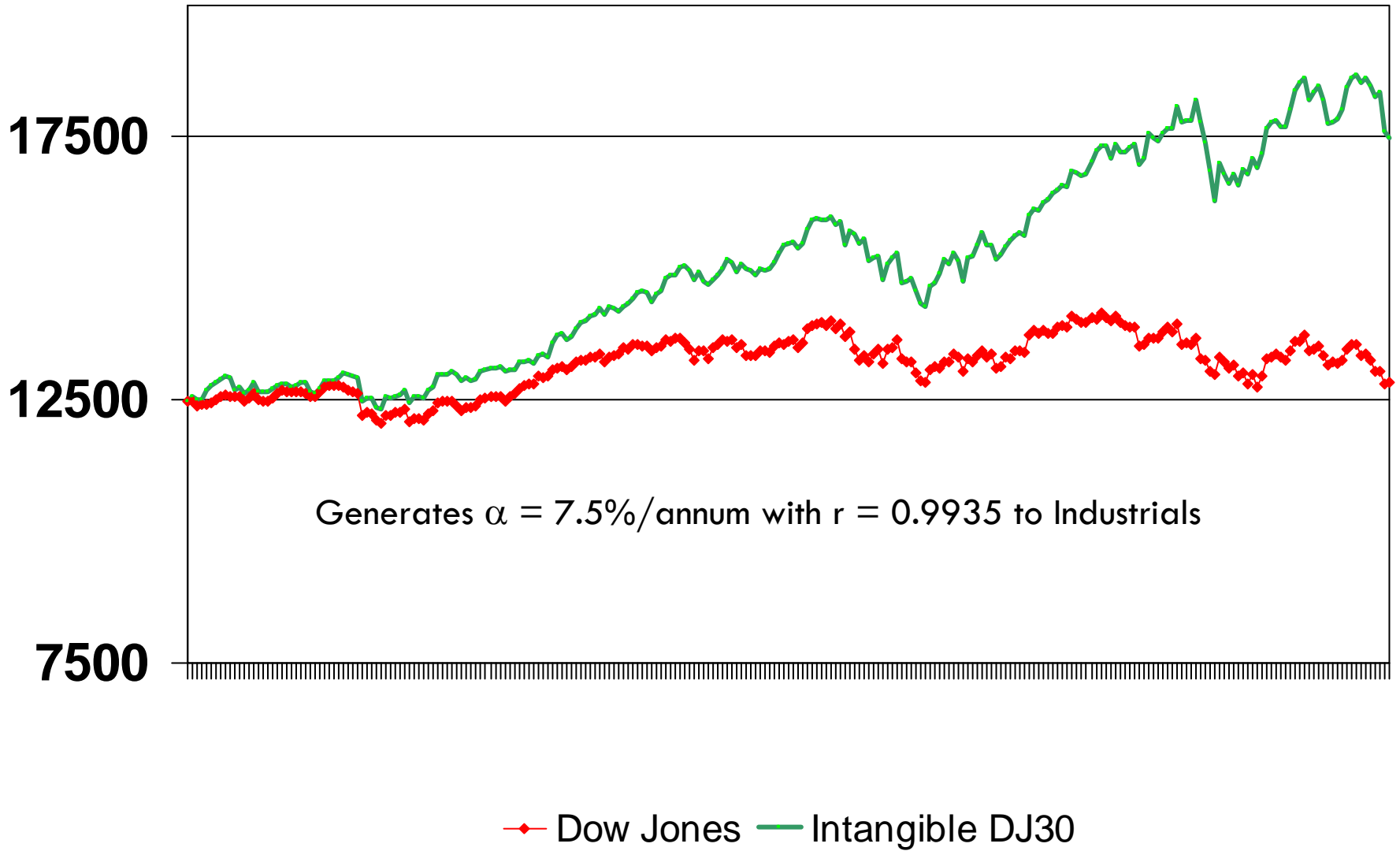
•Corporate Credit
•Short-term debt
(10-18% cost of capital)

•Public & Private Equity
•Derivatives
(30-40% cost of capital)

This 3000 basis point
"Ignorance Premium" harms
banks, investors and SMEs based on
lack of collateral confidence



KBC "GlobalInnovation30" 2007 to Present

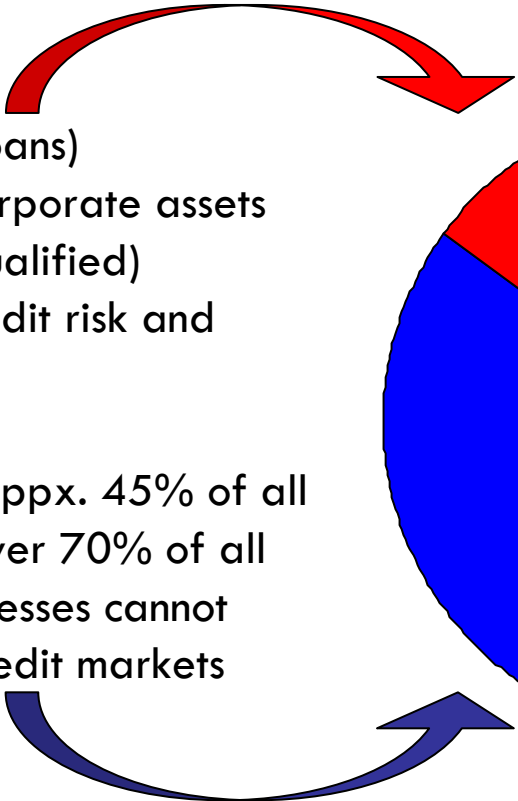




Over \$6 trillion in cash-flow intangible assets not counted for bank collateral!

Secured Credit (bank loans) can only use 15% of corporate assets for regulatory (Tier1 qualified) collateral mispricing credit risk and credit availability

Failure to incorporate appx. 45% of all corporate assets and over 70% of all SME assets means businesses cannot participate in global credit markets



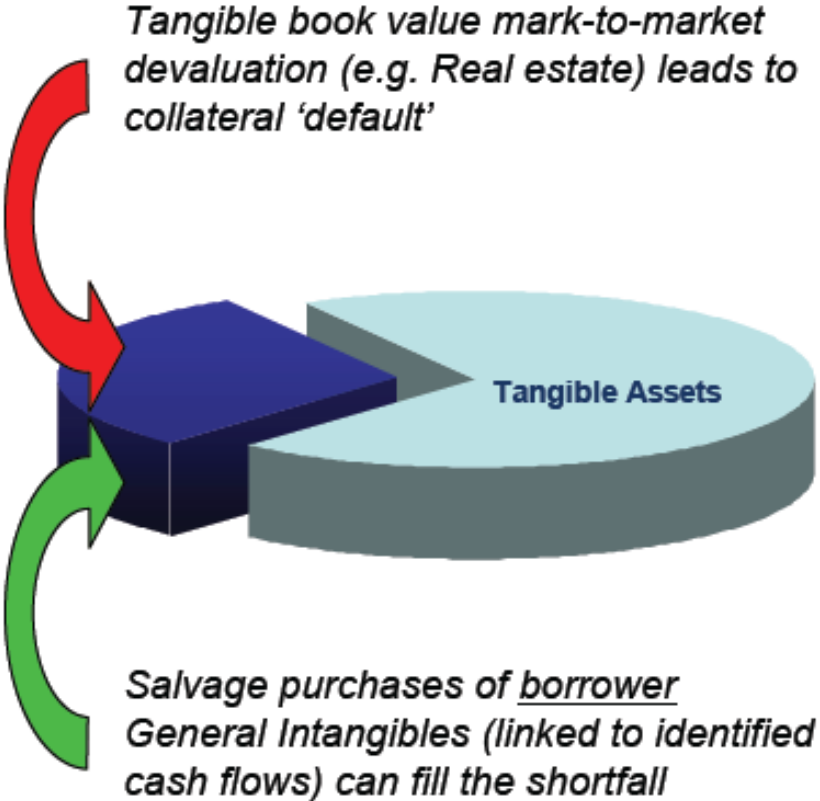
■ Goodwill ■ Cash-flow Linked Intangibles ■ Tangible Assets



Closing the Knowledge Economy Asset Gap

Using existing
borrower General
Intangible Liens, create
an investment grade
liquid solution to fill the

Collateral Gap





Challenges and Opportunities

- While Basel II and Basel III fail to include borrower intangible assets in bank's risk weighted asset calculations, insurers and investors are happy to provide 'salvage' value insurance
 - Providing uncorrelated liquidity in the event of borrower or bank distress
 - Introducing 'new' capital into the banking sector which **cannot** invest in bank common equity



The Model In Action: GM Case Study

Transaction Serialization to CAPP™

- **Braking Pod – ALV: \$16.5mm**
 - *DEP: 0.28; SPI: 0.82; OCF: 1.73*
 - **Sensor Pod – ALV: \$6.9mm**
 - *DEP: 0.30; SPI: 0.62; OCF: 0.65*
 - **Suspension Pod – ALV: \$47.6mm**
 - *DEP: 0.97; SPI: 0.85; OCF: 1.22*
 - **Wireless Elect. Pod – ALV: \$174.5mm**
 - *DEP: 1.00; SPI: 0.68; OCF: 1.16*
 - **Transmission Pod – ALV: \$38.5mm**
 - *DEP: 0.27; SPI: 0.82; OCF: 1.72*
 - **Remaining 7 Pods – ALV: \$271.5mm**
- **TOTAL ALV: \$555.5mm**

	Aircraft Avoidance	Motorcycle Suspensions		Traction Converters
Locomotive Braking	Automotive Sensors	Automotive Suspensions	Wireless Networking	Tracked Vehicle Transmissions
Automotive Braking				Industrial Equipment
Aircraft Ground Braking	Medical Sensors		Rail Car Suspensions	Automotive Wireless Electronics
			Mobile Electronics	
			RFID	Aircraft Transmissions



OECD Leadership

● Growth, Innovation And Competitiveness: Maximising The Benefits Of Knowledge-Based Capital

- *Innovation assets can stabilize the banking system*
- *SMEs and KB-Es actually add confidence to the banking sector if used appropriately*

● Public-Private Collaboration

- *Insurers have record cash and cannot otherwise support business growth*
- *Property & Casualty insurers, unlike synthetic structures, have a payment history at the time of stress / loss*
- *Innovation assets enjoy greater market optionality than tangible 'real' estate*