



Asset Backed LC Funding Program

STEP 1:
Confirmation from Client's Bank



STEP 2:
Engagement Fee | Application | Term Sheet



STEP 3(a):
Asset Backed LC set up using SKR or Asset Pledge



STEP 1: Client's Bank Confirms Possibility

Client presents the idea of using 3rd Party Underwriter to the Bank and confirms with them the possibility of lending against one of these asset classes:

1. Safekeeping Receipt, with full SWIFT confirmation from JP Morgan
2. Letter of Credit
3. Asset Pledge

STEP 2: Engagement Fee | Loan Submission

Underwriter confirms Bank's participation. Client moves forward and pays engagement fee and completes application. Package is submitted to the underwriter for review and risk assessment. If approved a non-binding term sheet is issued describing terms in the event that the 3rd Party Underwriter becomes the "Lender of Record" on the project. The term sheet is executed.

OR

STEP 3(b):
Bank LC set up using Letter of Credit



STEP 3(b): Letter of Credit backs Bank LC

1. If the issuing Bank has an affiliate Italian bank we work directly with them to pledge the asset. Otherwise the Letter or Credit is issued by UniCredit (Italy's largest bank).
2. The terms of the LC are established.

STEP 3(a): Asset Pledge/SKR backed Bank LC

1. SKR or draft Asset Pledge Agreement sent to bank to finalize terms of that agreement - counterparty or assignee etc.
2. Issuing Bank confirms the gold vaulted at G4S backing the SKR with JP Morgan London office.
2. Agreement is executed and an Irrevocable Pay Order is lodged with the Bank and is provided to the 3rd Party Underwriter with authority to verify all specifics with Client's bank directly.



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STEP 3(a): Asset Pledge backing Bank LC cont'd

3. The Client provides executed copy of Asset Pledge Agreement to their Bank Officer and 3rd Party Underwriter provides same to their bank.
4. Underwriter gets confirmation from their banker that the allocation and assignment per the Asset Pledge Agreement has been completed and confirms same to Client.
5. Client's bank confirms Asset Pledge on a bank to bank basis and works with Underwriter's bank to complete the blocking procedures for the Asset in favor of the Client's Bank. Both banks confirm with their respective clients the asset has been blocked.
6. The date is confirmed by both parties and their bank to insure the irrevocable pay order is within the expectation set by the bank.

STEP 3(b): 3rd Party LOC backing Bank LC cont'd

2. Letter of Credit is set up by local bank's Affiliate Italian bank and is fully backed by gold holdings vaulted at the Italian Central Bank.
3. LOC is transferred internally from affiliate bank to local LC issuing bank as they determine and receipt is confirmed.
4. Each bank officer confirms the completion of the transfer, and all parties are satisfied.
5. The date of the opening of the LC is set and confirmed by both parties and their banks to ensure the irrevocable pay order is within the expectation set by the bank.

Step 4: Loan Docs

STEP 4: The Loan Documents

1. The loan documents are prepared by the Underwriter and executed with the Client.
2. The Client's bank finalizes the set up of the Credit Line (LC).
3. The costs of the LC, for an agreed period of time, are set aside.
4. The Client's bank issues the Irrevocable Pay Order, previously lodged with the bank.
5. Client draws down their portion of the LC as outlined in the Loan Documents.