



SBLC PROGRAM MONETIZATION & FUNDING OVERVIEW

Our private lending group will issue clean, cash backed NEW ISSUE SBLCs from either Barclays or HSBC for the purpose of funding our client's projects. In order for us to leverage this program, we need third parties capable of either purchasing the SBLC or holding it as security and issuing a credit line against it. If you can offer our lending group one of the following monetization options, we'd be interested in working with you:

Option 1(a): Non-Recourse. Cashable Instrument. IMMEDIATE Payout.

Using this method the SBLC is "cashable" but the monetizer would simply pay out a 1-time non-recourse amount at close. With this method, our lending group is **targeting a 75-85% LTV**.

Option 1(b): Non-Recourse. Cashable Instrument. TRANCHED Payout.

In this case the SBLC would still be "cashable" but the monetizer would pay out over time, with a minimum of 50% at close and the rest within a few months. Using this method, our lending group is **targeting a 90%-95% LTV**.

Option 2: Recourse. Returnable Instrument. Loan or Line of Credit.

With this scenario the SBLC would be "returnable" at maturity and would be returned in full value in 12 months plus a day. Here the lending group is **targeting a 75-85% LTV** on the SBLC and they will be repaying these funds within the 12 month maturity of the instrument.

What Else You Need to Know?

Many groups working with SBLCs are typically dealing with existing instruments. However these are NEW ISSUE SBLCs meaning that the SBLC will be created specifically for the transaction. As a result, this new SBLC can have any verbiage the monetizer desires, and while the SBLC verbiage must always conform to ICC600 standard (International Banking Standard), our lender can tailor this SBLC to have any wording the monetizer prefers. In fact, our lending group wants the monetizer to provide their desired verbiage so that the SBLC will yield the BEST LTV POSSIBLE.

How to Proceed as a Private Monetizer:

For a private company monetizing the SBLC we will need a conditional written offer outlining what you are offering for the instrument which should include: LTV%, timing, structure, is it recourse or non-recourse, instrument language and if a credit line is being offered, the terms of the credit line. See additional information on the Steps at the bottom of page 3 and page 4.



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In addition to the offer we also need a proof of capability to demonstrate you have the financial wherewithal to execute the transaction.

The Monetizer's Receiving Bank:

As these instruments are transferred via SWIFT bank-to-bank communications, and due to specific "non-solicitation" rules in banking, our lending group's bank cannot initiate contact with the receiving banker. So to facilitate the setup process as a private monetizer, we will need an RWA email from your bank. In this case, the email only needs to confirm that the bank stands ready to receive the instrument on behalf of their client (the private company doing the monetization).

This email needs have to include the following elements:

- 1) RWA Paragraph. This paragraph will state that the receiving bank is "Ready Willing and Able" to receive a SBLC from HSBC or Barclays for that has the face value of the transaction to be considered.
- 2) Banker's Business Card. This will identify the banker handling the transaction, the bank, and include all their contact details such as email and phone numbers and their address.

How to Proceed with a Bank:

STEP 1: If it is the Bank themselves (and not a private monetizer) interested in either purchasing the SBLC or holding it as security and issuing a credit line against it. We will need the RWA email from the bank to also include details of their offer. Here is an example:

Dear [client name],

Further to our conversation on the subject, I note that [bank name] is ready, willing, and able to receive a clean, new issue SBLC from HSBC of up to \$1B USD. It would be possible to set up a Line of Credit upon receipt and confirmation of this instrument at a LTV of 90%, contingent upon satisfying our underwriting and compliance requirements, as well as any other condition precedent deemed relevant for [bank name], for a transaction of this nature. Following this, we would expect the process to begin with a MT799, followed by a MT760.



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Generally speaking, once an SBLC is received in line with established conditions precedents, credit facilities would be perfected and made available to the subject borrower for draws as agreed within a subject credit agreement within 5 business days.

Again upon condition of satisfying all compliance requirements, this would be a Non-Recourse Line of Credit to be perfected after [bank name]'s internal evaluation and adjudication. Any other line of credit terms to be determined by underwriting. The SBLC would be returned to the issuing bank upon full settlement of the line of credit.

[Bank Name] will also confirm within the final contract that upon ordering the issuance of the SBLC, that we will guarantee with full bank responsibility, that the cost for the issuance of the SBLC will be fully covered by [Bank Name] in the event that [Bank Name] backs out of the deal or fails to perform after the SBLC has been requested. That cost would not exceed 2% of face value.

Attached please find our preferred SBLC verbiage. Below is my contact information, as I will be handling this transaction on behalf of [*bank name].

[**bank name, banker name and contact details]

* If the bank's offer is different from the above, they should simply substitute in their offer *

The banker's RWA email in combination with the offer (whether the offer is from the bank themselves or is a separate written offer from a private monetizer) is the first step in the process. With this in hand, we will present it to our lending group to review and upon their acceptance you will be put in touch with them directly.

STEP 2: Lending group finds the offer from the receiving bank acceptable, and engages their banking compliance team to (a) confirm the offer with the receiving bank and (b) structure the contract between issuer/receiver to paper the deal appropriately.

STEP 3: Once all parties have signed off on the contracts, the issuing bank creates the new cash-backed SBLC for the transaction and issues SWIFT RWA MT799.



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STEP 4: Receiving bank issues their own SWIFT RWA MT799. Issuing bank sends the instrument via SWIFT MT760. Receiving bank initiates confirmation of the SBLC.

STEP 5: Receiving bank wires funds to the lending group's designated account in the time window agreed to in the contracts.

STEP 6: When funds have arrived they serve as the borrower project's Proof of Funds and the loan application and intake package are processed and sent for risk assessment.

STEP 7: Project is accepted for financing, and Term Sheet is issued.

STEP 8: Term Sheet is executed. Equity is negotiated. Loan contracts drawn up.

STEP 9: Loan contract executed. Funding begins in accordance with the Use of Proceeds.

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