

MIP6 APPLICATION

for



MONETALIS

Wholesale SME Green Growth DeFi Lender

25/10/2021



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REQUEST FOR VAULT

Dear MakerDAO Community,

Monetalis hereby requests a USD 400M vault. Monetalis will deploy the amount towards wholesale¹, green growth economy², senior³, secured⁴ credit originating from non-bank SME lenders⁵ in the UK.

Upon proven deployment of the above vault and emerging positive results within the next 6 months, we expect to be back for further vault requests to expand our and MakerDAO's position in the market.

We appreciate your kind consideration of this request.

Sincerely,

The Monetalis Team



¹ Wholesale = lending to lenders rather than direct

² Green Growth Economy = Supporting the target of Net Zero GHG emissions by 2050

³ Senior = Only financing up to certain portion of the loans and being senior in waterfall payments

⁴ Secured = Only loans secured by an asset

⁵ Non-bank SME Lenders = Lenders, not banks, focused on lending to the SME sector



PREFACE

Monetalis is a newly designed, from the ground up, wholesale lending business squarely focused on bringing the MakerDAO collateralization model into the traditional wholesale SME lending world, first in the UK and subsequently in the EU.

We have developed it to do so on an institutional-level scale, with a complete bond issuance and securitization model, and, importantly, with a strong green growth economy mission at the center of our business.

In the coming sections we will present our setup in more detail and hope to convince you that our business model is the right one for MakerDAO to support.

Whilst some of the designs are new, you will see several of these building on the many key contributions made by the active members of the RWA MakerDAO community.



READERS GUIDE

This is, on purpose, a lengthy document. Given the size of request and somewhat comprehensive design of our business model and interaction with MakerDAO, we felt it necessary to be as complete and transparent as possible. But, we can easily see why many won't want to read it cover-to-cover, so here is a few guidelines for where to look depending on your interests:

I just want the summary	Go to MONETALIS QUICK FACT SHEET
I want to know how you tackle the Green Economy	Go to THE GREEN GROWTH ECONOMY OPPORTUNITY and GREEN ECONOMY LENDING IN PRACTICE
I want to understand how you underwrite loans	Go to PORTFOLIO CONSTRUCTION & PROCESS
I want to understand why you need such a large Vault	Go to Financial Scale
I want to understand your Pipeline	Go to PIPELINE & DEPLOYMENT PATTERN and APPENDIX: PIPELINE PORTFOLIO ANALYSIS and APPENDIX: PIPELINE LENDER DESCRIPTION
I want to know how MakerDAO makes money from this	Go to FINANCIAL DESIGN & MAKERDAO ALIGNMENT
I want to understand your Legal Structure	Go to LEGAL STRUCTURE & GOVERNANCE



MONETALIS QUICK FACT SHEET

Vision & Logic We are of the opinion that MakerDAO collateralization real world financing can, and should be, projected, at scale, simultaneously for profit and for positive societal impact - without compromising either (i.e. profit and purpose).

We also believe MakerDAO has the potential to “Lead the Way” in seeding and developing attractive “Profit with Purpose” financial instruments that TradFi will participate in.

In fact, we believe, the necessary global financing of the transition to a global Green Economy⁶ will create one of the largest TradFi and DeFi platform integrations in the coming years: The vastness and urgency of the problems will dictate putting differences aside and finding solutions - and be the genesis of a TradFi/DeFi large scale collaboration. With equally vast potential for value creation to its participants.

At Monetalis, we want to build the global platform that allows MakerDAO and us to “Lead the Way” and integrate on a large scale with TradFi for Green Economy financing.

The foundation stone we are now laying down, in pursuit of this vision, is to build a profitable and impactful leadership position in Green Economy financing of UK SMEs through non-bank lenders and senior, secure, green economy conditioned, lending positions - and issuing certified, green bonds on the lending pools with TradFi participation.

⁶ “...low carbon, resource efficient and socially inclusive” - UN EP



Foundation Stone Business Model	• Act as wholesale lender for SME Lenders in the UK • Focus on high-quality Senior Secured Loan positions of shorter term • Mainly secured against real estate and vehicles • Motivate and ‘tool-up’ non-bank lenders to include a practical green-house gas emission reduction lens in their credit underwriting and continued emission monitoring of the borrowers. • Execute on a “Greening” lending strategy: ◦ Black Assets: Businesses and assets that are straight-forward not part of a Green Economy. Keep exclusion lending list of Black Assets: i.e. coal/oil etc. ◦ Grey/Transition Assets: These are businesses and assets with GHG emissions today, but with a path for reduction to zero - transitory businesses. Lend under a program to motivate for “greening” and monitoring. ◦ Green Assets: Promote lending to zero emission assets and businesses with straight-forward Green Economy credibility (EV, Solar, Renewables, charging stations etc). • Institutional-grade operations and set-up for large scale deployments • Issuance of listed Green Bond - infrastructure build for large scale deployment and TradFi participation. • Off-chain collateralization mechanism (MIP21) • Aligned economics, legal structure and governance with MakerDAO • Entrepreneurial platform allowing for credit asset class expansion through a program for onboarding entrepreneurs with green asset class expertise.
Targets for 6 months	• Deploy USD 400M • Portfolio projected loss within reserving • Projected profit share of MakerDAO of USD 10M+
Founders	• Allan Pedersen, CEO • Alessio Marinelli, CCO



THE GREEN GROWTH ECONOMY OPPORTUNITY

To put the opportunity into perspective. The OECD defines Green Growth this way:

“Green Growth means fostering economic growth and development, while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies” [OECD website](#)

The UN Environmental Programme, defines Green Economy even simpler:

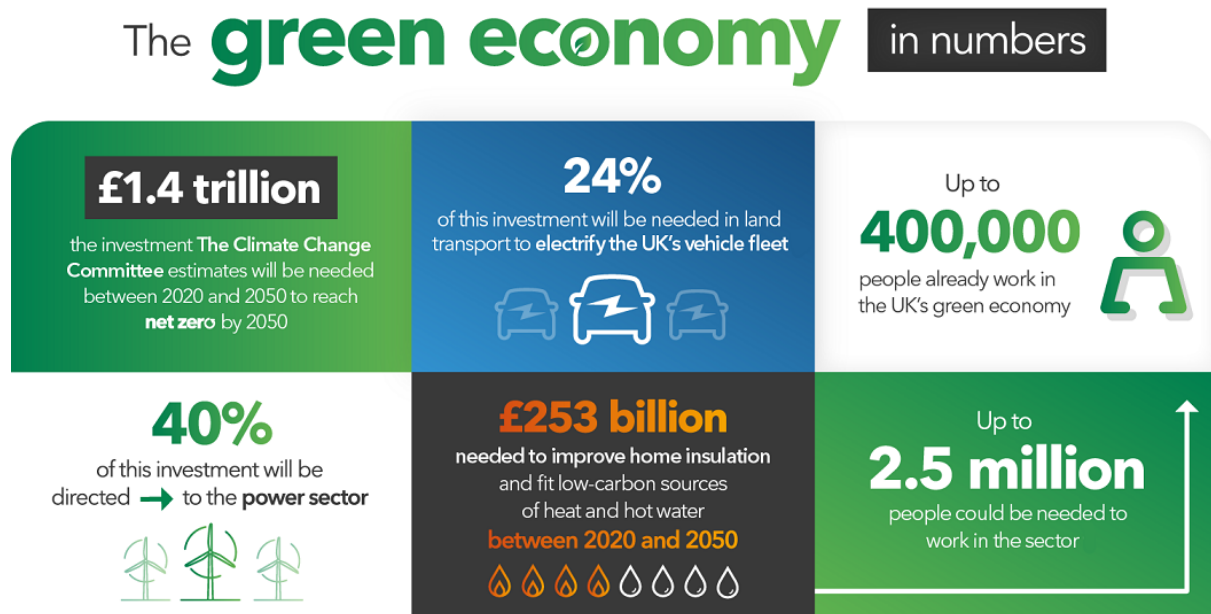
*“...the transition to economies that are **low carbon, resource efficient and socially inclusive**.”* [UN website](#)

Since 2009 many OECD countries have signed up to the [OECD Declaration of Green Growth](#) and followed up with plans of implementation. In particular, of interest to us, is the fact that the UK Parliament in 2019 developed a [10 Point Plan](#) for a Green Industrial Revolution in the UK, leading to a state of Net-Zero by 2050.

A good analysis on how to execute this plan was undertaken by Oxford Economics (commissioned by the Lloyds Banking Group) in July 2021 - [Green Growth: Opportunities in the United Kingdom](#). An easily digestible summary has been provided by Lloyds [here](#).



This infographics, also made by Lloyds, illustrates the size of the financing opportunity/challenge for a few key sectors in the UK alone (one summary estimate of total extra funding required per year for the coming 25 years is GBP 50B/year).



Lloyds and Oxford Economics, as we, clearly identify that nothing of this is going to happen unless the SME sector is activated and motivated towards a 'Greening' - the SME sector is the principal growth engine of the economy (UK: 6M SMEs, accounting for 3% of all employment and 1/2 of total revenue in the private sector).

But the reality is that SME funding in the UK has substantial structural problems:

- The big banks play a smaller and smaller role in the financing of SME (for several reasons: solvency capital, cost etc.) - best estimate today is about 70% of the SME credit market of GBP ~300B , whereas it used to be fairly constant around 85% - and it continues to decrease. Market share is generally taken by non-bank lenders (more than 1,000 in the UK alone of various sizes) and a few niche banks.
- A massive Credit Gap has persisted for many years for SMEs (demand for capital outstrips supply) - and will only increase with a push towards a Green

Economy with new assets and businesses that are hard to credit evaluate. One estimate for the UK is a current gap of GBP +50B and an EU gap of GBP +400B.

Monetalis wants to work via these non-bank lenders (who actually, from our direct pipeline discussions, wants to work with “green finance”, but have no real capital providers to work with on it or experience in working with the discipline), to provide profitable credit towards transitioning the UK to a Green Economy status and help fulfill its 2050 goal. The economy and government is primed for this transition, and we can play a major and profitable role in this by being one of the first movers with non-bank lenders in the UK.

We know very well that there are doubters in the community on committing MakerDAO RWA volumes towards areas such as the Green Economy challenges. We probably can't convince everyone that doing so is just straight-forward good long-term business, but as we have heard a lot of arguments against, allow us to respond to four common ones:

You're bringing a proverbial bucket of water to a wildfire! What's the point?

Correct - the financial challenge is immense. We surely can't lift even a smaller percentage of the financial challenge in the UK alone. But we do believe the private sector part of solving this problem will be through a lot of 'buckets of water' like ours rather than an exclusive public sector solution. We also believe there is no long-term role for financial institutions not aligning themselves with the change - and we believe there is a particularly long-term profitable role to play by being at the frontier of this challenge.

Government, Government & Government is needed to lift this - not us.

We agree that without government intervention the Green Economy transition is not going to happen - at least not fast enough - but we think the timing for these interventions is 'now'. And we think, as these take hold, our business model will only grow in attractiveness, profit and size. We also do believe that the private sector impacts the Government speed in making these interventions in a self-reinforcing manner. So by getting into the market, in a sustainable, profitable manner, we impact the government to make the market environment even better for this type of business. So yes, the Government is needed to lift this, but we can help get this move happening - and at the same time build a great business doing so.

Profit OR Purpose - you can't do both!

Yes we can. In this market (SME financing & non-bank lending) we have undersupply of



capital, inefficient pricing, no competitor concentration, and new asset classes emerging. We can most certainly add a Green Economy component to our underwriting and see absolutely zero reduction in profitability in the short or long-term. In fact we should see expansion of profitability and growth in the long-term as the full economy and government regulations clearly start backing the vision of a Green Economy - which we think is just around the corner. We do, however, agree that there are other markets where this 'zero compromise on profit' is harder to achieve - but this is why we specifically have chosen this market.

This is just Greenwashing...

It is not. We add capital to true green economy businesses and nudge transitional businesses towards a net zero situation through mandatory GHG measurements and credit advantages for investment into aspects of the businesses that bring GHG downwards. Our business model is genuinely set up to reduce GHG emissions. We have agreed to comply with a number of voluntary Green Economy reporting and target setting standards. In addition we have independent third-party audits of our Green Economy products, data, reporting and targets. The portfolio will not be climate neutral on day one but we actively support the necessary transition towards it. This is far away from Greenwashing.

We have put further logic and details concerning the UK SME lending market in: [APPENDIX: MARKET SELECTION](#) for the interested reader.

Next section concerns how we wish to share the economics of this opportunity with MakerDAO.



FINANCIAL DESIGN & MAKERDAO ALIGNMENT

MakerDAO compensation from Monetalis has two components (embedded into the bond designs):

- Principal and agreed Stability Fee. This paid to MakerDAO Vault.
- 50% of the achieved aggregate portfolio net profits at maturity of each portfolio we have with the non-bank lenders. This, we expect, paid to MakerDAO Surplus Buffer.

The achieved aggregate net profit is calculated as follows:

Gross Income	All Principal, Interest and Fee payments made by borrowers in portfolio from inception to maturity of credit facility
Reduced by the aggregate of the following cost	1. Principal 2. Stability Fee 3. Portfolio Operating cost (legal/admin/audit/account) 4. Monetalis Operating Fee (0.5%)
Portfolio Aggregate Net Profit	1. MakerDAO (50%) 2. Monetalis (50%)

This financial structure is designed to align the economics of MakerDAO and Monetalis - and address the situation that Monetalis will negotiate different interest rates and terms for each non-bank lender.

We will not delve into the financials of Monetalis, but, as can be imagined, the 0.5% Monetalis Operating Fee would only finance Monetalis at large scale deployment, here connecting to our request for a large scale vault from day one.

We also believe, as mentioned earlier, there will ultimately be material strategic and economic value for MKR holders for developing this larger scale position in this key credit market.

‘Skin in the Game’

Firstly, building this business, squarely for use with MakerDAO, is not an insubstantial amount of ‘skin’ put in the game - our success is intrinsically linked with the future of success of MakerDAO - and above equation hopefully shows we



understand both parties are required for its success and thus the 50/50 sharing of profit.

Secondly, at this scale of deployment, there is no way the management team can personally put up any meaningful percentage of said deployment - it is plainly too much cash.

However, to show our conviction and some 'skin', we will pledge 100% of the Founders shares in Monetalis, valued as at the most recent fund-raise, as a means of payment for any (extremely unlikely!) Monetalis shortfall against Vault principal and accrued stability fee.

Intelligent Hedging of DAI/USD/GBP Exposure

As DAI is soft-pegged to USD and our wholesale loans are in GBP, we have a clear currency exposure. We are working with a number of providers to find an appropriate solution that hedges sufficiently, yet doesn't take all margin out of our lending business. As soon as the solution is ready we'll be sharing it with the community.

Rest assured that the currency risk squarely lies with Monetalis, and we will make sure it can't realistically spill over to the MakerDAO Vault commitments.

Financial Scale

Our vault request admittedly is substantial compared to previous RWA vault requests and as such deserves some reasons why we believe this to be aligned with MakerDAO interests here:

- 1/ Size has substantive virtues in helping Monetalis secure and build-out the kind of high-quality, low risk credit positions that we believe serve the MakerDAO business model best. Very simply, most of the desirable portfolio's are of size and can only be put together in a diversified manner at scale - and usually only will be available to market participants with capital scale; Or put in another way, there is a minimal threshold for credit capital deployment that makes sense.
- 2/ We believe it is important to show that MakerDAO's RWA process and setup is at a robustness level where it can underpin the financing a rapid expansion and build up a substantive market position in a chosen strategic segment



(here: UK, Senior, Secured, Green Growth Economy lending) and start being part of setting direction for the focus segment. With USD 400M, Monetalis would be at the size of a mid-tier fund operating in the SME wholesale lending market - and on the path of becoming a market leading fund. We believe this to be a key strategic competence and advantage MakerDAO can make good use of.

- 3/ Size allows us to make a real, visible, impact on green economy growth in the chosen focus segment - providing a guiding light for other market participants to follow - and again, we believe, this to be a of strategic value to MakerDAO and, hopefully, aligned with the larger intentions of the MakerDAO Community;
- 4/ Size, very simply, also allows us to build a high-quality, modern, low-cost institution that can extend all the advantages of MakerDAO into the traditional finance world with material impact.

Next up is how we have, legally and governance-wise, structured ourselves to be able to compete in the market and appropriately align it with MakerDAO.



LEGAL STRUCTURE & GOVERNANCE

Our structure has been developed with the following desirable characteristics in mind:

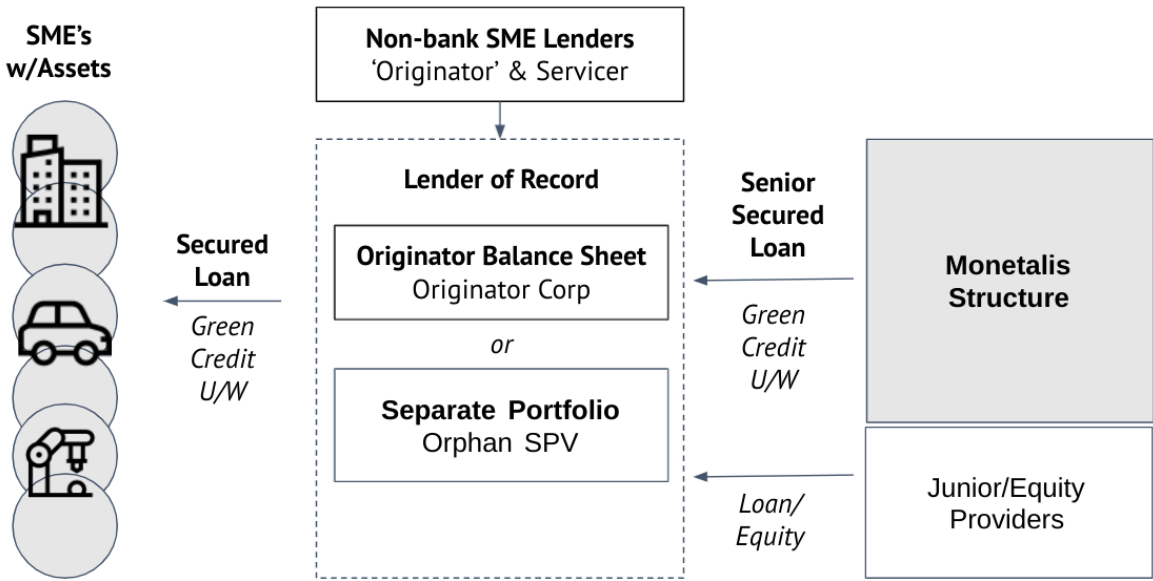
- Must mirror closely the usual UK structure employed for financing this type of lending, such that we can have simple integration into the wholesale lending market in respect of customers, banks, service providers etc.
- It must be a proven structure for minimizing tax leakage in the lending flow (to be competitive)
- Structure must be low cost in set-up and maintenance (to keep competitive)
- Require none or limited regulatory financial services/crypto licensing and oversight (to keep cost and constraints low - and speed up)
- Must allow for strong oversight and governance by MakerDAO
- Must be componentized such that each legal component of the structure can be replaced and/or extended should circumstances change (this area is a fast-moving legislative field and so flexibility in structure must be baked into it) without changing the general flow of the structure.

We have reviewed many more or less exotic offshore alternatives, but have generally found that any possible gains in structure accomplished by the more exotic offshore options are more than offset by the added complexity, cost and friction it creates in working with professional partners, institutions and lenders. So in the end we have gone very plain vanilla, and utilized a securitization structure very common among wholesale lending operations in the UK today - with some tweaks for MakerDAO governance.

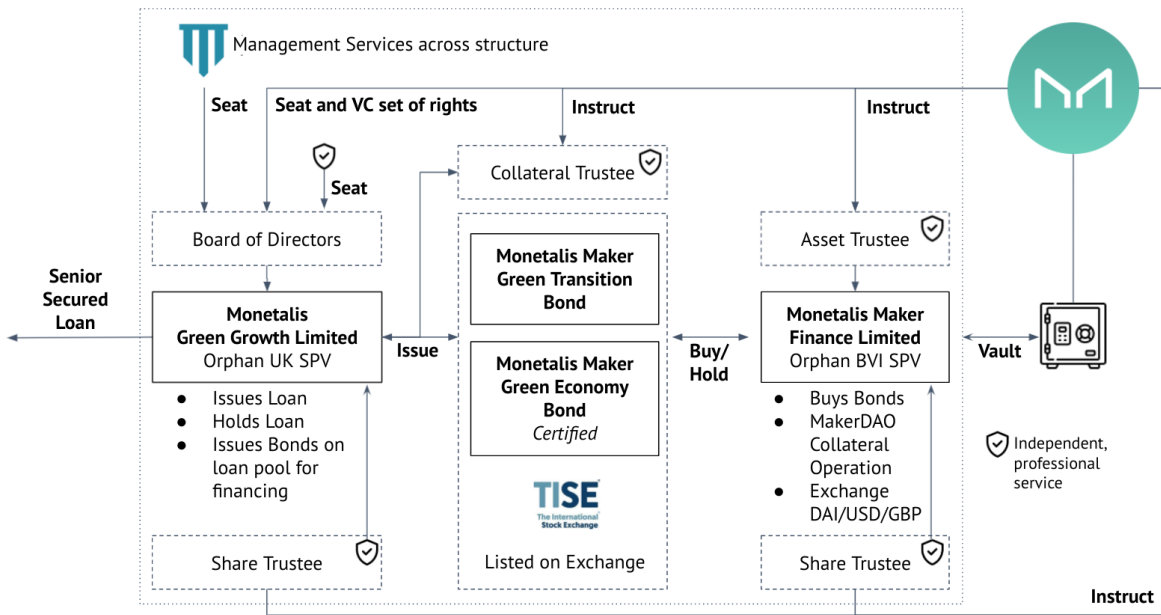
Before explaining the Monetalis structure, first a quick look at the general legal structures we acquire our senior secured lending positions from. It looks like this: For most MakerDAO RWA followers this structure should hold no surprises. The Monetalis structure acquires senior secured loans from either dedicated orphan SPV's setup under an agreement with a Non-bank lender, or from the Non-bank lenders balance sheet if it has set its lending operations up this way. Both have their



pro's and con's, but both are common and manageable in the UK. All of this is onshore.



Then the Monetalis Structure:



This structure accomplishes all our wishes set out above, and follows roughly a common UK CLO (collateralized loan obligations) securitization structure.

Briefly on the 3 elements:



1. The UK entity lends out, as expected, and is subject to a strict package of covenants, representations and oversight from both independent professional parties and MakerDAO representatives. Importantly the ultimate credit decisions on lending facilities are embedded into this entity. Note that all collateral of the entity (loans and bank account) is held on trust by an independent third-party trustee service for the benefit of the Bond holders.
2. The Bonds are issued firstly to avoid withholding tax leakage (20% withholding tax applies to interest payments by UK entities to foreign entities where an exemption is not available) and secondly because we believe it to be a vehicle for new external capital (we believe in the future other Green Economy funders will want to participate in the Monetalis Maker Bonds as we build them up). We expect to start our ‘bond issuance journey’ with a smaller stock exchange (and lower cost), but to potentially upgrade to a larger mainstream exchange if it makes sense to integrate external capital into the funding of the business.
3. The BVI structure plays the role of being the DeFi integration point and the ultimate MakerDAO seat of structural governance via a Trustee structure, where a third-party independent professional trustee acts on MakerDAO instructions. BVI was selected due to its no-tax regime, off-shore location, good set of services, well-known off-shore destination for this type of securitization and simplicity in working with crypto-currency related businesses. Please note that this structure is kept light-weight in operating scope, as fast moving regulation across the globe on crypto-currency may dictate it more efficient to place this element elsewhere. We closely monitor several other potential jurisdictions as alternatives.

To explain how this structure is governed, we have here listed the principal control parameters of the UK and BVI. We believe it to in combination build a strong, yet practical and flexible, governance structure more akin to a “Monetalis/Maker joint-venture” format, than “MakerDAO act as lender to Monetalis” format:

Monetalis Green Growth Limited (UK)

- The SPV is set-up as an orphan
- The SPV issues listed asset-backed securities (i.e. the Bonds), which are subject to strict eligibility criteria and covenants, and secured by a collateral



package held by a third party, professional security trustee.

- The ultimate governance body of the SPV is its board of directors (3 seats). This includes:
 - Monetalis CEO
 - 1 seat for a MakerDAO representative (elected by MakerDAO)
 - 1 independent relevant representative - to be mutually agreed between Monetalis and MakerDAO
- MakerDAO representative will have certain rights, following closely standard Venture Capital rights (change of business direction, Bond issuance, credit committee composition, etc)
- We expect the MakerDAO representative to operate under a letter of instruction by the MakerDAO community - including when a decision should require MKR holder voting.
- The Credit Committee (under BoD) sets Strategic Credit Guidelines and has final go/no-go decisions on all wholesale lending arrangements. The committee will consist of and all go decisions require unanimous agreement:
 - Monetalis CEO
 - Monetalis Head of Credit
 - 1 Independent Credit Professional
- Day-to-day operations provided by Monetalis UK under service agreement
- Compliance will be audited by an independent, bonafide professional third party on an annual basis per agreement by BoD
- Standard Audit and Accounting as agreed by BoD

Monetalis Maker Finance Limited (BVI)

- The BVI SPV is set up as an orphan
- The BVI SPV will declare a trust over all of its assets for the benefit of the MKR holders



- The BVI SPV (as trustee) will operate under instructions agreed by MakerDAO - including such issues as when should a decision require voting by MKR holders
- Day-to-day operations provided by Monetalis UK under service agreement

This structure, we believe, in sum accomplishes the following:

- 1) Sufficient checks and balances of the operation via a combination of independent external parties involvement and MakerDAO representation
- 2) Substantive powers vested in MakerDAO
- 3) Clear fiduciary responsibilities via the trust structure towards MakerDAO
- 4) Yet sufficiently smooth organization to allow large scale and fast execution
- 5) Legally and commercially robust underwriting and lending structures based on well established market principles to protect the interests of MakerDAO

We now in the next section move to how we practically develop a portfolio and keep it secure, profitable and diversified.



PORTFOLIO CONSTRUCTION & PROCESS

Our portfolio decisions are governed by a Credit Committee setting strategic and tactical guidelines.

Strategic Credit Guidelines

The Strategic Credit Guidelines are set by the Credit Committee under the Monetalis Maker Trust on, at least, an annual basis in collaboration with a relevant unit in MakerDAO. It provides the key guidance for how Monetalis should construct its credit portfolio in response to MakerDAO's financial/collateralization strategy, ALM thinking and resulting appetite for risk/return and ESG action-set.

As the Committee has not yet formed we have made a best estimate starting point for such guidelines and built our pipeline upon it. It may change as the Committee is formed. It reflects our market experience and understanding of MakerDAO's appetite for Real World Assets.

They are set as follows:

Return	Seek to build portfolio size rather than outsized profit, yet remain capable of paying stability fee plus achieve break-even of business (such that the portfolio does not skew wrongly in this growth period) Target: Vault Stability Fee + 2% net of expected losses
Risk	Seek lowest possible risk profile to accomplish return target. Key requirements: • Senior positions only - 85% max of loan • Secured asset only - and only where proven and clear liquidation methods/process exists • Loan to a maximum 85% LTV • E(loss) of any lender portfolio < 1% • Only Lenders with proven portfolio's, management and operations with commensurate long-term results (i.e. <1% loss achieved consistently) • Keep standard conservative industry exclusion list



Duration	• Min 60% of portfolio with less than 24 months of duration. • Max duration on loan of 48 months.
Green Economy	• Only work with Lenders willing to participate in our Green Economy Program (100%)
Diversification (UK only)	• Max 1% of a lenders portfolio per individual loan • Max 40% of a lenders portfolio for loans over 24 months • Max 10% of total Vault allocation per lender portfolio • Max 60% Average portfolio maturity for refinance • Max allocation per Asset Class: ○ Properties backed: 60% ○ Clean Transportation Assets: 40% ○ Equipment and others: 10% ○ Soft assets: 15% ○ Others: 15% • Max allocation per geography: ○ 10% Scotland ○ 10% NI ○ 15% Wales ○ 90% England • Max 20% allocation per allowed industry for non-specialised lenders

We expect this guidance to grow in sophistication over time.

With these guidelines in hand, the Credit Committee sets the Tactical Credit guidelines specifics that guide the day-to-day operations. They are found in [APPENDIX: TACTICAL CREDIT GUIDELINES](#)

For completeness in understanding, all credit facilities to non-bank lenders require the Credit Committee approval.

We have described our credit operation in detail here: [APPENDIX: CREDIT OPERATIONAL SETUP](#) and our underpinning IT platform here: [APPENDIX: IT ARCHITECTURE & TECHNICAL DESIGN](#)



We have analysed our Pipeline portfolio to show their match with both our strategic and tactical requirements and the results can be found here [APPENDIX: PIPELINE PORTFOLIO ANALYSIS](#)

Our next section is a deeper look into how we embed Green Economy into our lending approach.



GREEN ECONOMY LENDING IN PRACTICE

First step in becoming a Green Economy Lender is to commit ourselves in a transparent and verifiable way. We have chosen to make the following set of commitments:

1. We will set and commit to a net zero verified target via the [Science Based Targets initiative](#) following its [Financial Sector Science-based targets guidance](#), especially building on the calculation tools listed under p. 60. The pledge will be aligned with COP26 first objective to “Secure global net zero by mid-century and keep 1.5 degrees within reach”
2. Commit to the [Net Zero Asset Managers initiative](#) which is part of [Race to Zero](#), a UN-backed global campaign rallying non-state actors.
3. Our underwriting approach will follow the [UN PRI Screening Logic for Responsible Investment](#) involving Green and Sustainability-Linked Loans.
4. We will be a signatory to [UN PRI](#) and will do necessary reporting for this also.
5. We will also be a signatory to the [Impact Principles](#), the leading impact management framework including, for us, and every second yearly external verifications.

These commitments, in aggregate, provide a strong and transparent frame for our work with Green Economy Lending. We believe, well aligned, with the spirit of the MakerDAO protocol.

Now for the specifics for how we wish to integrate Green Economy lending into our underwriting practices with lenders:

Engagement with all Non-Bank Lenders.

As part of the Credit facility Agreement, we will require the lenders to:

- 1) Use our screening approach detailed below and;
- 2) Provide reporting on GHG emissions for all loans under our credit facility

1/ Negative screening: Black Assets & Businesses

Assets and industries that are not part of a transition towards a Green Economy will



be excluded from lending via our credit facility - i.e. primarily assets around fossil fuel. We are working on completing this exclusion list, but it will build upon generally accepted and well-regarded exclusion lists and logic (the principles by the [UN Global Compact](#), the harmonized exclusion list by the European Development Finance Institutions ([EDFI](#)) and the more hands-on exclusion lists such as the [sustainable and responsible investment exclusion policy](#) by Allianz Global Investors or [Nordea's sensitive industry guidelines](#).)

Generally, non-bank lenders see little of this type of business, so it doesn't cut them off - or us - away from much otherwise potential business.

We will constantly review new/update negative screening lists and logic to keep ours up to date.

2/ Positive Screening A: Green Economy Assets & Businesses.

Assets and businesses that have already made the transition to Green Economy status - i.e. zero or extremely low GHG emission status (electric vehicles, charging stations, renewable energy, etc). Our lending to this category will generally follow the [LMA Green Loan Principles](#). Again, as under 'Black Asset', we are building an inclusion list and expect to continually increase the size of the inclusion list as the economy changes with more Green Economy businesses being established. Our starting point is the eligibility list for green projects under [Appendix 1 of the LMA Green Loan Principles](#)), where especially relevant for us are green buildings, renewable energy, clean transportation (electric, hybrid, public, rail, non-motorised etc.), and the circular economy - and an alignment with the [six sector solution of the UN](#) (here most relevant for us is real estate, transport, energy and industry).

3/ Positive Screening B: Grey/Transitory Assets & Businesses.

The bulk of assets and business the lenders meet are in, one state or another, of transition towards zero GHG emissions. We believe it is important to engage with these businesses and nudge them towards transition progress. For this engagement we focus on providing a version of what, as a category, is called sustainability-linked loans (for an overview see the [article series by Herbert Smith Freehills](#) and the more formal description set out by the Loan Market Association [LMA](#)). More specifically:

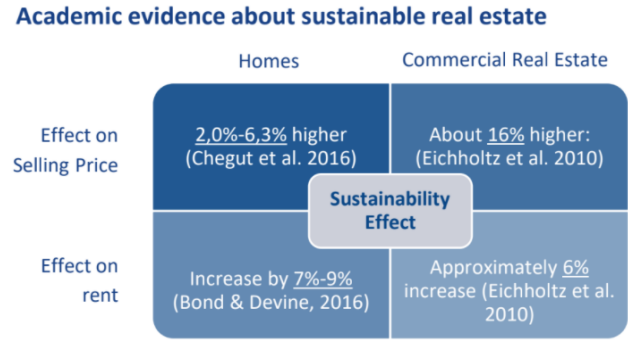
To gain credit via our credit facility with the lender, the business must provide and commit to a zero emission transitioning plan, and participate in our GHG emission



monitoring scheme. This is principally to ‘wake up’ the business and get in position for a transition towards the Green Economy.

We expect to provide this loan at something akin to market rate, but with a bonus scheme (in the form of rate reduction or interest holiday or such) based upon the company’s implemented actions to reduce GHG emission levels over the past 12 months (for instance real estate development could improve energy efficiency, connect to renewable energy etc).

At first hand this may appear a situation where we are actually “paying for purpose”, but we do not believe so: there is an economic link between Green Economy performance of a business/assets and its long-term value and resilience. In short, as a lender, we expect the bonus scheme to reflect the economic fact that the business/asset we are underwriting, has moved to a lower risk category (i.e. with more stability and/or higher direct value).



As an example, relevant to us, the [Green Real Estate Engagement Network](#) has collected academic research showing clear economic value in both the overall engagement efforts on Green Economy and the move of real estate reaching certain Green Economy standards.

Academic evidence about engagement

Authors	Result
Grewal, Serafeim, Yoon (2016)	Positive effect on ESG score
Grewal et al. (2016)	Positive effect on return
Dimson et al. (2015)	Positive effect on ESG score
Dimson et al. (2015)	Positive effect on return
Hoepner et al. (2018)	Mitigation of business risk
Barko et al.	Better operational performance

Collecting GHG Emission Data

We do not want a burdensome GHG emission data collection and verification required by the end-borrowers, so we are working with various external parties and providers to develop an appropriate set of tools to accomplish this. For example we believe a large part of the answer for real estate lies in a combination of the



[CRREM](#)-Tool⁷ and the Energy Certification system in the UK. As digitization and availability of GHG emission reporting are rapidly improving, we will focus on setting-up a system which can be changed easily.

We are working with lenders and external advisors to operationalize this entire Green Economy Lending framework in a sufficiently robust, yet simple way for both borrowers and lenders to be able to achieve. This area will be one of strong continuous improvement focus as this area grows. We hope to be able to continually be at the forefront of this, or rapidly follow anyone else setting the benchmark.

We will of course keep the MakerDAO community in the loop on this progress, and look for feedback on changes as we go along.

Reporting on GHG emissions, lending mix, etc will be part of the reporting package made available to the MakerDAO community.

Monetalis Maker Green Bond(s)

From our discussions with our non-bank lender pipeline, we believe 30% to 40% of the lending volume within the first USD 400M will be Green Economy Lending.

Monetalis Green Growth Limited will separate the loan pool into two: Green and Transition, and we will issue a bond for each. List both on an exchange and make a private placement to Monetalis Maker Financial Limited, which will be the offshore entity managing the MakerDAO Vaults and fund the bonds. We will pursue a certification on our Green pool based bond.

In this way MakerDAO, essentially, will be building and buying two listed bonds - one being a green certified bond.

We think, in the future, we will be able to allow other funders from TradFi to acquire parts of these bonds also - thereby truly starting to intermix DeFi funding with TradFi. Additionally it may also allow us to directly move externally well-managed Green portfolios into bonds - providing another avenue towards reaching very large scale within limited time-horizons.

⁷ The CRREM Decarbonisation Target Tool offers the possibility to assess country- and building-type-specific GHG intensity and energy reduction pathways aligned to limiting global warming to 1.5°C or 2°C. It is financed by and built for the EU, but continues to include the UK.



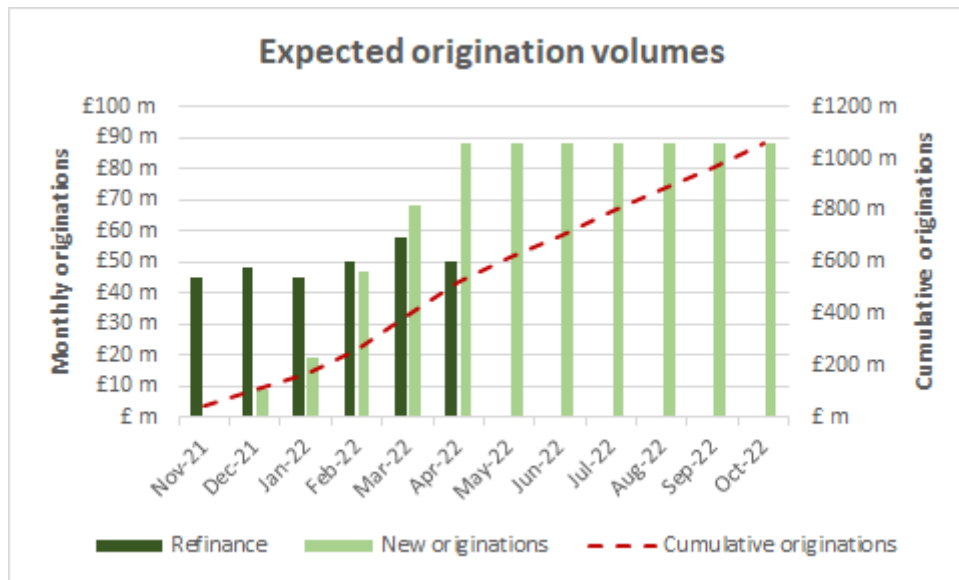
This structure also allows for further bonds issued for other Green Economy strategies - something we will dig deeper into in the next Vault application in 6 months time. (we are foreseeing an Agriculture bond etc).

Next section sets out how quickly we can deploy our capital given our current request.



PIPELINE & DEPLOYMENT PATTERN

The chart below provides an overview of the expected origination volumes. These are based on the pipeline presented in the previous section and consist of amounts needed to refinance existing portfolios as well as expected monthly disbursements.



The expected origination channels presented above is based on the following assumptions:

- All lenders in the pipeline will be funded
- The initial refinance estimates of existing portfolios is correct
- The monthly origination volumes provided to us by lenders are attainable

It is also worth noting that our pipeline grows on a weekly basis and that this does not yet include opportunities for Block Discount and Forward Flows facilities.

We have a description of a subset of the lenders we have in the pipeline here: [APPENDIX: PIPELINE LENDER DESCRIPTION](#)

That concludes our presentation of the business - all that is missing is the Team presentation, which is the next section.



TEAM

We are rapidly building out a core team and extending it with a set of high-quality advisors and contractors. Our intent is not for the company to grow into a very large team, but to keep it fairly light-weight and heavy focus on automation in the process. We will be finally done with hiring before any Vault decision has been passed.

Below is our current team hiring status - and use of advisors.

Role	Person	Notes
CEO	Allan Pedersen	https://www.linkedin.com/in/allanio/ Built multiple FinTech businesses as founder over the past 15+ years. Founded and co-ran Impact Private Equity Company. Recently CEO of SME Lending Portfolio Manager in the UK.
Chief Credit Officer	Alessio Marinelli	https://www.linkedin.com/in/marinellialessio/ Founder and CEO of technology-driven UK Alternative lender. Group CTO of Alternative lender operating in HK, SG, PH and UK. Head of Data Analytics practice for HK and in China in KPMG. Soon to be awarded PhD in Machine learning credit decision models
CFO	Closing with Candidate	Have hired a Finance Manager operating day-to-day financials
Head of Business Development	Closing with Candidate / Pending Vault decision	Has 15+ years in wholesale funding in the UK as Head of Business Development. Have built several market-leading and profitable wholesale lending portfolios beyond GBP 200M with no losses over the credit cycle.
Green Economy Officer	Dr Julian Frede	Julian developed the impact management framework for KfW DEG (the German



		Development Finance Institution), and implemented impact into action for almost a decade. With Evolutiq Impact, he now supports globally banks and funds - and now Monetalis - in setting up their impact strategy, measurement, and accounting.
CTO	'In training'	Working with a dedicated team at Lab577 to develop our platform and training a specific candidate as CTO.
Legal Counsel & Compliance	Closing with Candidate / Pending Vault decision	SME lender experience as general legal counsel. Compliance Officer experience from UK financial regulated entities. Substantive UK and EU transaction experiences Today we are working with ReedSmith as lead counsel for setup of our legal structures and agreements
Admin	TBD	Recruitment commenced. Looking for a person with wholesale lender experience in the UK.



APPENDICES



APPENDIX: MARKET SELECTION

Here below are a few more details about each component of the selected focus market - all, in our view, adding to the attractiveness of this situation.

Sweet-spot	Why?
First the UK, then moving to the EU	• The UK is a very large SME credit market. The overall UK SME lending market is in excess of GBP 300B outstanding. Probably the largest in Europe. • The UK has a mature non-bank lending and securitization financing market for SME lending - including underlying services and legal infrastructure. Non-bank lenders, when including niche banks, today probably take up as much as 30% of the overall SME credit market. • The UK market for non-bank lending is fragmented (more than 1,000), allowing for simpler entry and more lenders to work with and diversify across. • Relatively large and sophisticated Junior credit players and non-bank lenders with large own equity/junior exposures in the UK (a necessary trait to have a productive senior market) • The EU has great traction and growth in this market, but not quite as mature as UK - easier to build into from working in the UK
SME Market	• Lending Gap in SME of substantive size in the UK and the EU - one recent estimate was EUR 400B. I.e. substantial new demand available for unlocking. • The SME credit market is, generally speaking, not regulated and entrepreneurial in nature. Easier to work with for a new solution. • Non-bank lenders are playing a larger and larger role in the market as banks have retreated (due to solvency requirements and operational cost considerations primarily). Not many years ago big banks in the UK took more than 85% of the SME credit market - today it is closer to 70% and decreasing. • Diverse set of credit products and needs within the market - allows for diversification and strategic credit focus movements along most dimensions (duration, security, geography, risk/yield etc.). This is a very important feature to be able to operate with a platform such as MakerDAO



with potentially changing needs along these dimensions.

Wholesale/
Non-bank
lender

- To achieve volume and pace, the best strategy for deploying into this market via non-bank lenders rather than directly becoming a lender.
 - Also allows for quicker diversification
 - Allows for underwriting on portfolio basis rather than deep individual risk underwriting
 - Enough of high-quality non-bank lenders with strong management, history and portfolio's to work with
 - Credit funds and niche banks have been able to build large portfolio's in this market within short time horizons with good results (i.e. zero losses to senior positions).
-

Senior

- Our credit focus is, for now, on volume, low risk and reasonable market yields to suit MakerDAO and our operating expense levels. Senior positions bring these characteristics.
 - With a strong junior capital market - and non-bank lenders with positive histories - we can build out fast in this market. Worth noting that the maturity of this capital class helps tremendously in the due diligence we must carry out of the potential non-bank lender.
 - Senior takes the brother-part of any loan and so obviously allows for quicker deployment at volume than junior or mezzanine etc.
-

Secured

- We focus on over-collateralized security backed lending where there is a clean, simple and clear path for any potential collection requirements through the security.
 - Security and over-collateralization focus means a simpler view on underwriting and due diligence can be implemented - as the security takes away substantial information asymmetry between lender and borrower (i.e. borrowers knows more than lender about borrowers intentions and default risk) and so reducing moral hazard and adverse selection issues.
 - The vast majority of the SME Credit market today is secured.
-



Green
Growth
Economy

- Please see the sections The Green Growth Opportunity and Green Lending in Practice.

In the sections on portfolio and product design we will go a bit deeper into how we ensure we have an appropriate risk appetite and diversification within the above defined sweet spot.



APPENDIX: TACTICAL CREDIT GUIDELINES

From the strategic credit guidelines we have designed a set standardized products/credit facility we have taken to market and built out a pipeline. Please do note that the Green Economy Lending Conditions are under construction and so are not part of the following presentation Credit Guidelines.

Our products are designed around these 3 common wholesale lending structures:

- **Revolving credit facility (RCF):** This is a very flexible, interest-only, funding solution, where lenders can draw funds to disburse eligible loans within predetermined credit criteria. When funds are collected from borrowers these can be re-drawn to fund new loans. When used efficiently, RCFs can lower the effective cost of borrowing and accelerate the growth of Assets Under Management for the lender.
- **Block discount:** This is a fully amortised facility that immediately releases capital from loan agreements (a block). Unlike an RCF, a block of loans is sold by the lender at a discounted price and it is guaranteed by the future receivables of the underlying loan agreements. Principal and interest are paid back to the funder over the average term of the block. This is popular with some industry sectors such as purchase and leasing of auto-vehicles, as it has a simpler inherent structure and is supported by straightforward cash flow management.
- **‘Forward Flow’:** Very similar to an RCF facility. It has the same features and characteristics. The main difference is that the loan product is designed by the funder (in this case Monetalis) rather than the lender. Monetalis seeks to use this instrument to accelerate the growth of its Climate Change priorities.

PRODUCT Details	Revolving Credit Facility	Block Discount	Forward flow
Term	Up to 36 months rolling	Up to 36 months	Up to 36 months rolling
Repayment	Interest only + Bullet payment or 12 month amortisation	Fully amortised over the average term of the block	Interest only + Bullet payment or 12 month amortisation



Facility size per lender	Up to 10% of Monetalis portfolio	Up to 5% of Monetalis portfolio	Up to 2% of Monetalis portfolio
Lending covenants	Max loan term Max loan amount Max Borrowing base Other asset specific Min Climate vol	Min Climate vol Performing papers-only LTV on blocks	As defined by Monetalis
Operational Requirements	Back-up servicer	Back-up servicer	Back-up servicer
SECURITY Requirement	Revolving Facility	Credit Block Discount	Forward flow
Security	Underlying assets <i>...with recycling, these tend to be a higher than the borrowing base over a period of time</i>	Loan receivables and underlying assets	As per RCF
Measure	Borrowing base	Coverage ratio	As per RCF
Typical Measures	85% Loan to value or Borrowing Base	1.25 or more Coverage ratio (Receivables/Borrowing base)	As per RCF
Cure	Injection of capital to maintain borrowing base or replacement paper	Replacement papers	As per RCF
Event of default	• Take ownership of the book and its underlying assets • Instruct back-up servicer to continue collection on portfolio • Enforce collection on underlying borrowers on non-performing loans • Enforce on Lender cross-guarantee in the event of a shortfall		
General lenders' requirements	In order for lenders to access a facility and be able to keep drawing from it the following basic requirements will need to be met.		



At onboarding:

- Provide Monetalis with a full and floating charge on the SPV that owns or will own the underlying loan portfolio
- Provide a cross guarantee on the main group company

On a monthly basis:

- Provide read-only access to the SPV Bank account
- No later than 2 weeks after months-end, provide Monetalis either via APIs or pre-built templates:
 - Latest monthly loan data tape or equivalent
 - Latest management accounts
- On a quarterly basis provide access to our auditor for an on-site audit

Assessment of Non-bank Lenders

In order to define the facility terms and covenants, every lender undergoes a thorough due diligence. The outcome of the due diligence assigns to the lender and its portfolio an internal Monetalis Credit Rating.

The credit rating assignment determines:

- Funding decision
- Size and terms of the facility
- Lender specific covenants
- Pre-approved accordion limits (where applicable)

Our assessment is based on a proprietary credit risk framework, but generally it includes an evaluation of the following components:

Component	Description	Areas covered	Aims
Management	Meetings with the senior management team	• Mgmt skills • Product pipeline • USPs • Origination channels • Key partnerships	Assess strength of the team and its strategy

Processes	Review of all key processes relating to lending operations and portfolio management	• On-Boarding • Underwriting • Servicing • Collections	Assess completeness and robustness of processes. Establish coverage of key roles
Policies	Gather and review the business' key policies	• AML/KYC • Underwriting • Servicing • Credit collections	Ensure that the relevant policies: i) Exist and are up to date ii) Align with the established operational processes
Legal	Carry out a legal due diligence on the borrower contract and legal structure	• Legal structure • Loan contracts (and associated security documents)	Ensure that the borrower contracts can stand up in court. Ensure that the legal structure can support a new facility
Portfolio	Analysis of historic lending performance of the lender	• Portfolio maturity • Loan size spread • Loan term spread • OPD • Exposure • Loss given default • Expected loss • Risk concentration areas • Cohort analysis • Collection curves	Assess current and historic portfolio performance. Adherence underwriting policy Origination volumes and trends

Pricing based upon credit rating

Given a lender passes through due diligence, our pricing would be guided by the following table - variation being driven by the results of our due diligence assessments.

Monetalis Credit Rating	Pricing/Terms
MMM	• Coupon: 3.5% - 5% Apr • Borrowing base: 85% - 80%
MM	• Coupon: 5% - 7% Apr • Borrowing base: 80% - 70%
M	• Coupon: 7% - 10% Apr • Borrowing base: 70% - 50%

We will generally, in this first deployment, steer the portfolio only towards MMM and MM ratings.



APPENDIX: PIPELINE PORTFOLIO ANALYSIS

Executing on the pipeline will result in the following portfolio parameters - all within the strategic credit guidelines. The table below presents the current makeup of our pipeline and the composition we would like to achieve within the next 12 months with a £1bn AUM.

	Asset Class			
	Property	Motor	Equipment	Soft Asset
Refinance (£)	£111 m	£55 m	£10 m	£20 m
Monthly Originations (£)	£68 m	£4 m	£8 m	£10 m
<i>Current risk concentration</i>	<i>57%</i>	<i>28%</i>	<i>5%</i>	<i>10%</i>
Max risk concentration	60%	40%	10%	15%

	Credit Ratings		
	MMM	MM	M
Refinance (£)	£141 m	£45 m	£10 m
Monthly Originations (£)	£48 m	£35 m	£7 m
<i>Current distribution</i>	<i>72%</i>	<i>23%</i>	<i>5%</i>
Target distribution	60%	40%	10%

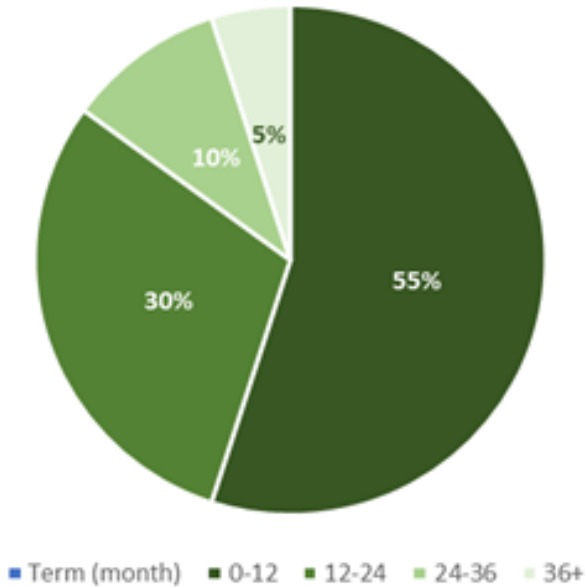
	Product type		
	RCF	Block	FF
Refinance (£)	£171 m	£20 m	£5 m
Monthly Originations (£)	£46 m	£22 m	£22 m
<i>Current distribution</i>	<i>87%</i>	<i>10%</i>	<i>3%</i>



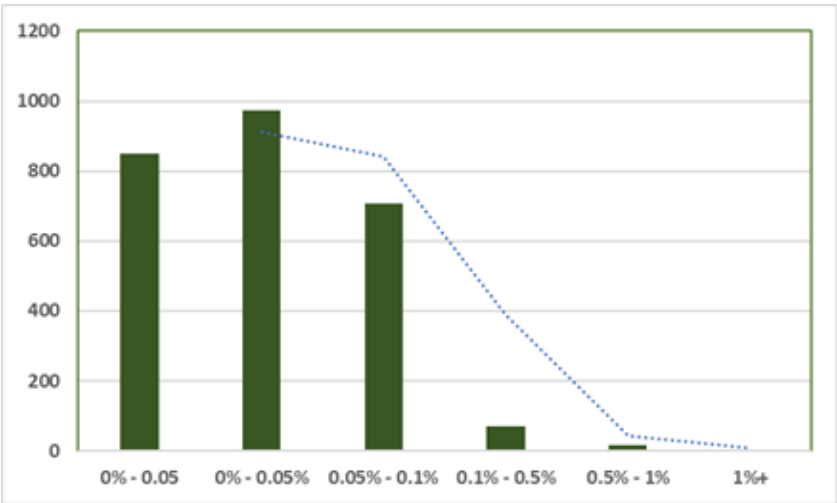
Target distribution	60%	7%	33%
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	Green Economy Portfolio Share
Pipeline result	33%
Target	40%

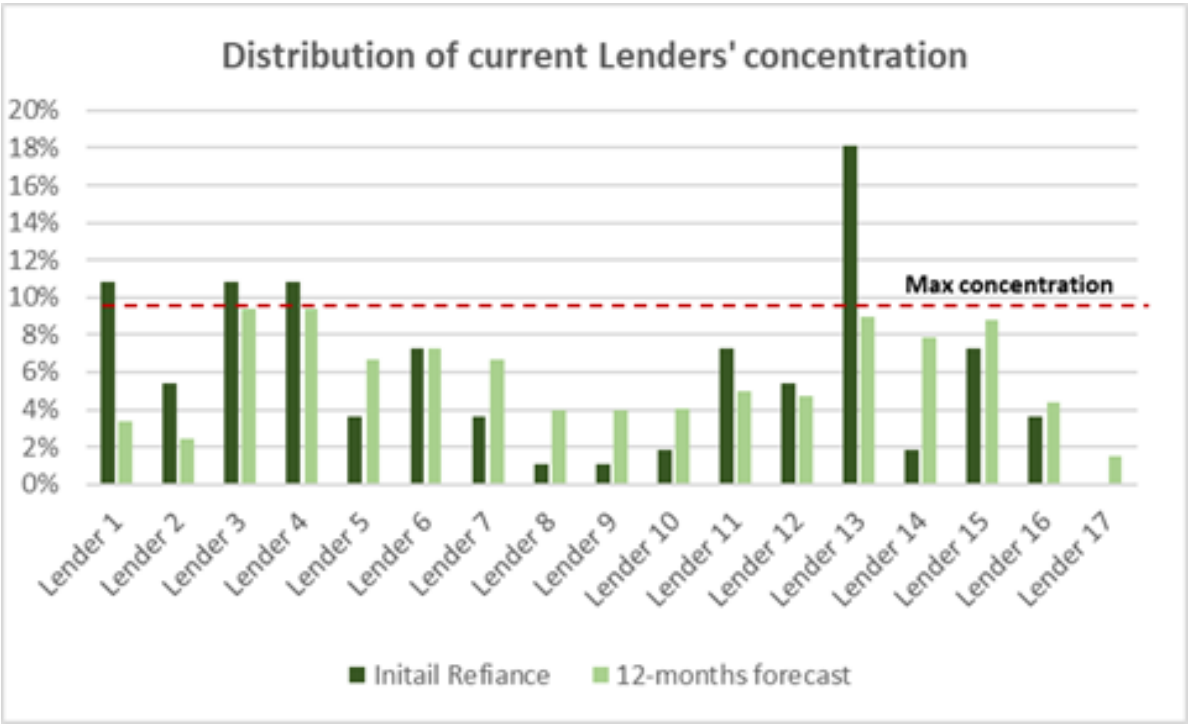
Loan Term Distribution
80% within 24 months and so well within our limits.



Historical Losses
All pipeline portfolio's historical results fall well within our highest category of rating.



	Average Loan Size
Real Estate-backed	400K
Other Asset-backed	140K



The current pipeline comprises initial portfolios refinance and subsequent monthly originations.

Once all lenders are on-boarded, and are disbursing as per forecast, we expect our portfolio to be within the maximum concentration threshold.



APPENDIX: CREDIT OPERATIONAL SETUP

Generally speaking our operational setup shares strong similarities with other large scale wholesale non-bank lending operations in the UK, excluding, naturally, our climate change operation, our legal structure, our MakerDAO collateralization and financial mechanisms, and our IT platform.

MakerDAO, and DeFi in general, come from a position of cost/operational/efficiency advantage compared to traditional finance. Our intention is to do our best to inherit this advantage into the operations of Monetalis - i.e. we focus on efficient operations and utilize automation as much as possible - whilst keeping the appropriate control and structures in place to ensure good lending practices. This way we are able to compete on price and terms for the absolute best risks in the market. As noted earlier, however, scale is needed to run truly cost-effectively.

We will set out key feature set here below:

CREDIT PROCESS

The total process of providing credit can be described as following this value chain:

Credit Process / Value Chain	Content
A/ Appetite and Limit setting	Strategies and policies
B/ Distribution & Positioning	Sales and planning Pricing
C/ Credit analysis and decision	Analysis Scoring and rating Application Decision
D/ Back office and loan administration	Contract and documents Collateral management
E/ Monitoring and early-warning system	Issue identification Action recommendation
F/ Collection and restructuring	Workout strategies Restructuring
G/ Reporting	Report generation Insight and analysis



H/

Workflow support

For completeness, each component are shortly described here below:

A/ Appetite and limit setting

Guided via Credit Committee decisions on Strategic Credit Guidelines.

B/ Distribution & Positioning

We have positioned ourselves as a wholesale lender innovator in the market in a number of ways:

1. We believe we are the first to practically address Climate Change in this type of wholesale lending to SME.
2. Our operating model is designed for automatic execution and monitoring in the actual day-to-day operations with the non-bank lenders. Provides us a cost advantage as well as providing the lenders a simplified and speedier way to work
3. Our pricing of our facilities are competitive - embedding in it the inherent advantages of our cost structure and the MakerDAO funding structure advantages.

In terms of acquiring business, we use our extensive network as well as trusted partners to gain access to lenders' management teams and prepare comprehensive investment cases. Thanks to this we have been able to build in less than a month, a pipeline that will be worth well over £500m within the next 6+ months.

C/ Credit analysis and decision

The credit analysis and funding decision are based on an extensive analysis of qualitative and quantitative variables as described in a previous section. Worth reiterating that the final decision on each facility is taken by the Credit Committee.

D/ Back office and loan administration

As mentioned under Distribution & Positioning, we have designed a customized lending system to automate and digitize all main processes (including documentation) in the lending flow between Monetalis and the lender. As mentioned this makes it easier for the lender to work with us and less costly for us.



Very importantly it also allows us to monitor and check all loans from genesis to maturity on a close to real-time basis. More on the design of this in the IT section of this document.

E/ Monitoring and early-warning system

Monitoring of our portfolio will be carried out by a combination of automated reporting from the above mentioned system - and regular onsite lender due diligence.

Digital monitoring

Generally, on a loan by loan basis, as a facility has been agreed with a lender, the system accomplishes the following key checks:

- Before automatic acceptance all proposed loans are automatically checked for (otherwise rejected):
 - Match with agreed facility credit criterias
 - Meets documentation requirements
 - Information is truthful (via third-party register checks)
- During the life of the loans and facility:
 - Lender loan 'tape', bank account and management accounts are matched to ensure validity of individual loan status (mainly digitally via open banking and open accounting standards) - issues
 - ...and as such keeps a current status of all loans in the portfolio in real-time (or near real-time)
 - We also perform regular third-party checks on the loans to ensure no core conditions have changed and would require attention.

These mechanisms in sum allow us to keep on top of all lenders and their activity within the portfolio and identify issues that require attention.

This system and process also generates the datasets from which we build all our reporting to all parties - including MakerDAO.

Physical due diligences

These are carried out on a quarterly basis on a sample of loans randomly selected from the portfolio. The aim is to validate that:

- The information provided in digital format is reliable
- There are no instances of fraud
- All operational processes are being followed in accordance with the underlying policies.

F/ Collection and restructuring



Payments are generally collected from lenders on a monthly basis for convenience. As mentioned, the underlying bank accounts of the lenders are monitored via Open Banking. The information collected is compared to the portfolio information submitted and the borrowing base balance (or coverage ratio for Block Discount facilities) for that month. In the event a shortfall occurs, Monetalis will:

- Request replacement papers: These are loans disbursed using the lender's own funds and assigned to Monetalis
- Request a payment for the outstanding liability proportional to the shortfall in the borrowing base or coverage ratio

The lender will not be able to draw more funds unless the position is fully compliant with the agreed limits.

Please note that during due diligence we have already reviewed and approved the individual collection and curing policies and partners of the Lenders. We keep monitoring these, but it is extremely unlikely we would ever get involved in individual loan collection.

In the extreme case of the lender defaulting entirely and can no longer manage the portfolio, we will request the back-up servicer (already agreed in facility documents at inception) to collect from borrowers on our behalf.

F/ Reporting

Monetalis' platform will:

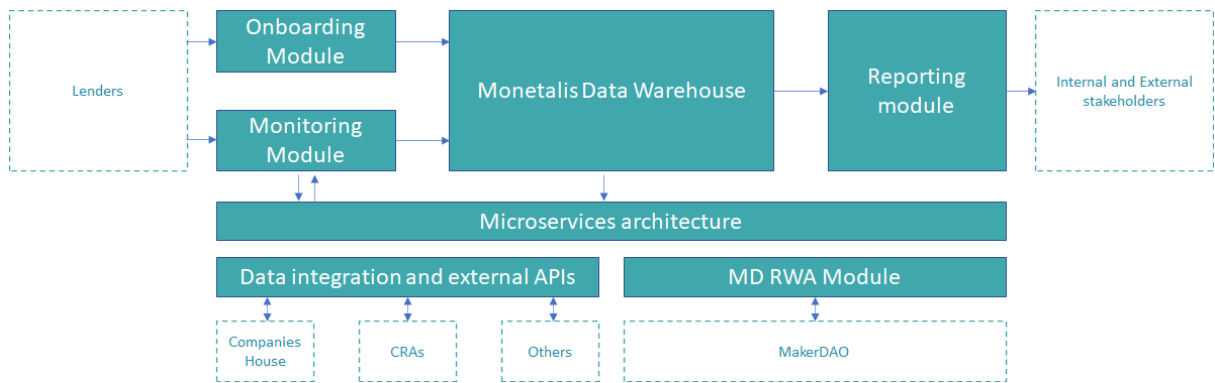
- Provide key stakeholders access to online dashboards and reports. These are built on denormalized data models which will enable users to access reports at a Portfolio level and drill down to loan-level information.
- Automated portfolio performance reports will be provided to internal and external stakeholders



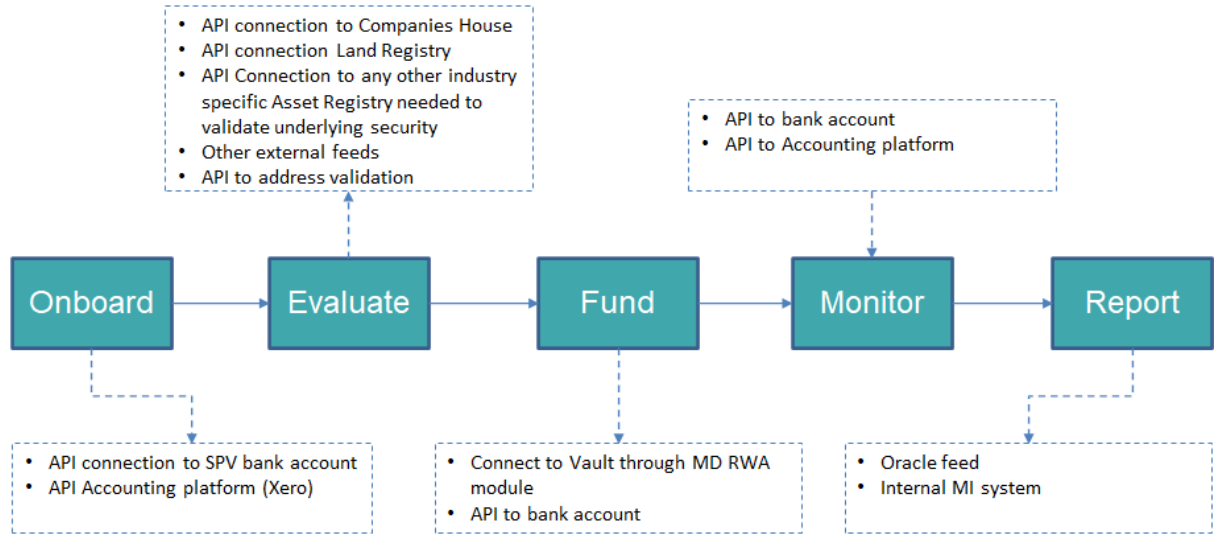
APPENDIX: IT ARCHITECTURE & TECHNICAL DESIGN

Our technology platform, which is in development and will be finished before the Vault approval process has concluded, will be a deployment on Amazon cloud, using Infura to access the Maker DAO vault(s) via MIP 21.

A robust and comprehensive solution architecture has been designed and is in the process of being developed. This will comprise the following building blocks.

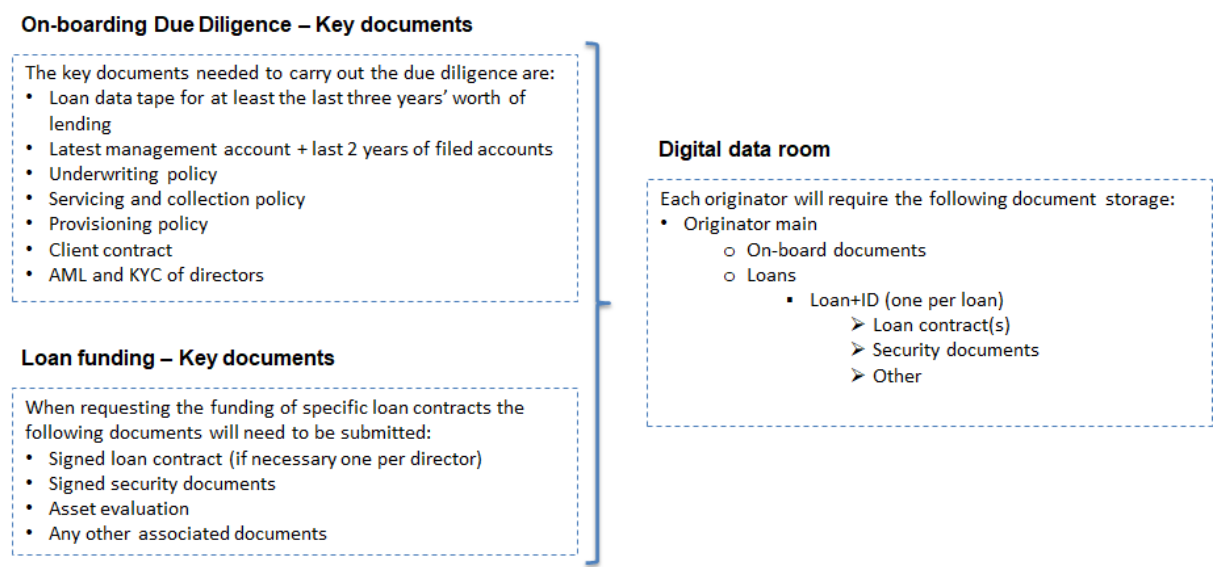


The above solution architecture is designed to support the following end to end process which covers the interactions with every lender in our portfolio.

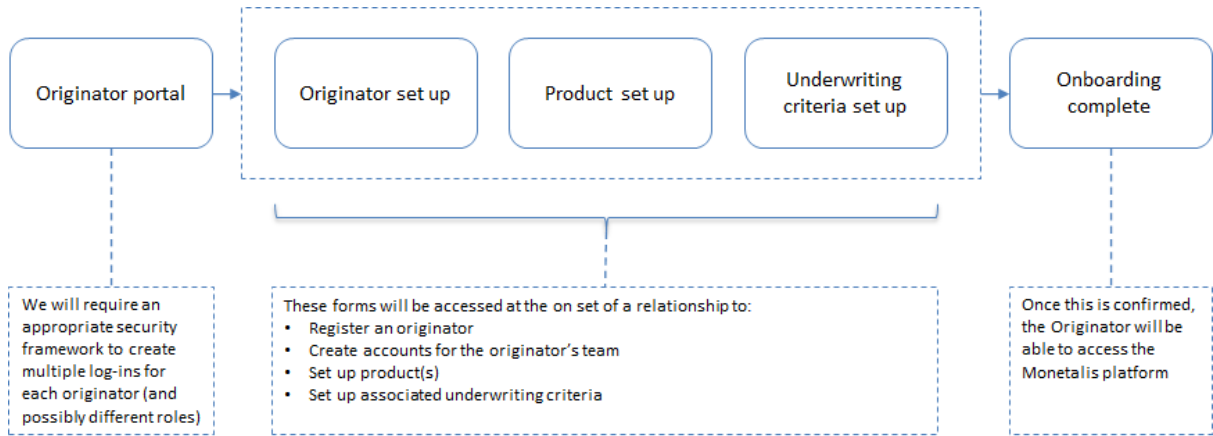


Onboard:

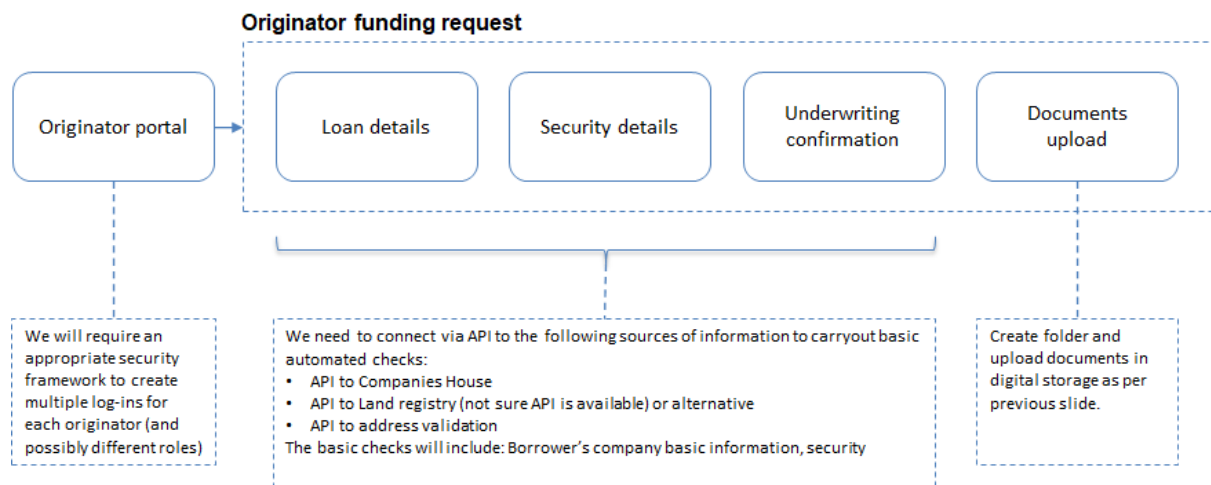
At this stage of the flow information and documentation used to assess a new lender is acquired and stored in our system.



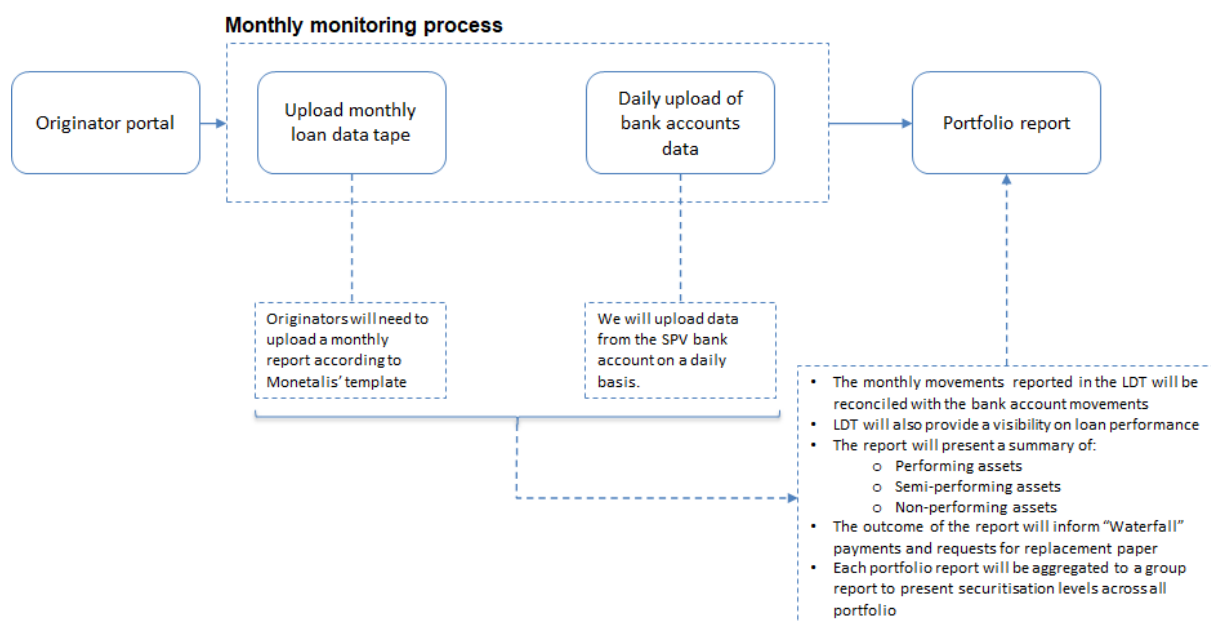
Once a lender has passed the initial due diligence and a decision has been taken to provide them with a funding facility, the lender will be set up on our platform as follows.



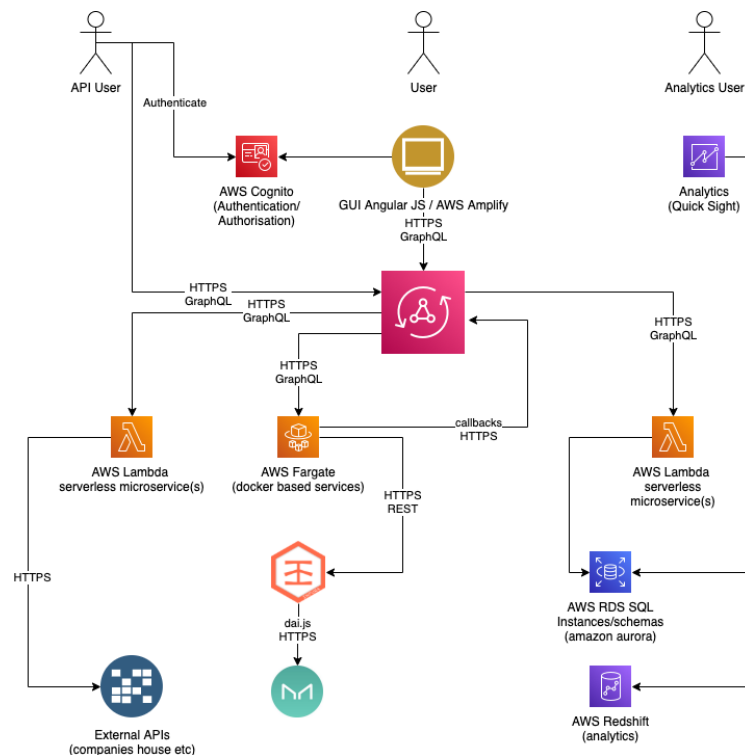
Once a lender is fully onboarded, they will be able to use our platform to submit funding requests for a loan or blocks of loans.



Lenders will be required to submit either via API or pre-built templates a set of information on a monthly basis. This will enable monetalis to monitor the portfolio through automated processes.



Technical Architecture Choices



- The deployment is 100% deployed in Amazon cloud (AWS) and aims to use as much 'out of the box' from AWS to reduce overall development effort.
- It is a microservice architecture which will use the AWS Serverless (lambda) wherever possible to reduce development and devops effort.
- We will use role based security using AWS Cognito which enables console based user management and also provides two factor authentication which will apply to all users. Four eyes control will be implemented for functionality which needs an extra level of diligence.
- We will use the dai.js library to access MakerDao functionality via the Infura network. Private keys will be held in AWS secrets and will be accessible to a very limited set of individuals.
- The service and UI components will be built with typescript
- We will use Graphql for all the APIs as this provides more flexibility than standard REST as well as being able to aggregate data easily across services.

- We will use the AWS Aurora SQL database for all data. This will be segregated into schemas that support each microservice.
- All actions on Ethereum will be via MakerDAO, we do not anticipate the need to write any solidity contracts as part of this first delivery.
- If there are changes required to Maker DAO Contracts or API code, these contributions will be open source.

Oracle module reporting

The Monetalis platform will communicate on a monthly basis to the Oracle Module the price associated with some agreed level of market value for the lending assets used as security.

Our platform will monitor every loan funded by lenders using our facilities, so that on a monthly basis the platform will have all necessary details to calculate a valid market value estimate automatically.



APPENDIX: PIPELINE LENDER DESCRIPTION

The table below provides an overview on some of the lenders we are currently assessing (we cannot name these lenders for confidentiality reasons in this document).

Lender 1	- Well established lender comprising of two businesses: - Purchase and lease of coaches - Finance purchase of second hand coaches - Looking to refinance current portfolio of circa £45m across the two companies - Seeking larger funding facilities to purchase (more expensive) green vehicles rather than diesel ones and with these bid for larger contracts - Excellent track record with no historic losses
Lender 2	- This lender provides a unique Climate Change opportunity. - SME equipment leasing and commercial finance + Brokerage - Focused on non-regulated activities - c.£150m portfolio - c.£200m debt facilities - c.£115m drawn 8 Block Discount facilities - New lending of £10m-£20m per month - Excellent track record with minimal (less than 0.5%) historic capital loss
Lender 3	- Asset finance & commercial loan provider to medical and legal professions - c.£55m of new lending originations per annum £3m per month funded on balance sheet £1.5m per month brokered of which c.£1m could be written on balance sheet if additional funding was available - Current funding - RCF - £15m with a request to increase to £25m (interest only) - RCF - £6m in documentation (interest only) - Potential refinance on day 1 = c.£25m+ - Excellent track record with minimal (less than 0.5%) historic capital loss



Lender 4	• Vehicle lessor with a current drawn amount of debt of c.£70m • Seeking to refinance entire portfolio • They are looking to purchase fleets of green vehicles to lease to car rental companies • They are experiencing enormous demand for green vehicles but are restricted by current facilities • Excellent track record with minimal (less than 0.5%) historic capital loss
Lender 5	• Asset finance & commercial loan provider to medical and legal professions • c.£55m of new lending originations per annum ◦ £3m per month funded on balance sheet ◦ £1.5m per month brokered of which c.£1m could be written on balance sheet if additional funding was available • Current funding ◦ RCF - £15m with a request to increase to £25m (interest only) ◦ RCF - £6m in documentation (interest only) • Potential refinance on day 1 = c.£25m+ • Excellent track record with no historic losses
Lender 6	• Property bridging lending • Trading for c.2.5 years • Current portfolio c.£20m • Wholesale debt facility of £15m+£10m accordion ◦ Drawn £9m ◦ c.6.5% COF • Seeking c.£100m facility for growth at lower cost of funds • Excellent track record with minimal (less than 0.5%) historic capital loss
Lender 7	• Property bridging lender with six years worth of experience • Seeking to refinance existing book of circa £10m • The lender believes that with access to larger and cheaper funding facility they will be able to disburse £5m pm • Excellent track record with minimal (less than 0.5%) historic capital loss





END OF APPLICATION

...and the beginning of an exciting journey...

