Put option process and timeline

1. Investor agrees in principle to key terms

2. DB completes due diligence on its loan

3. Investor & DB go firm on commitment and terms, with penalties for breakage

4. DB closes transaction & pays premium to Investor

5 (a). Loan repaid – *option expires*

Day 1 | + 1 - 1.5 weeks | + [4] weeks | Later

5 (b). Loan defaults

6. DB enforces on loan collateral

7. DB runs auction on Collateral

8 (a). Investor or other 3rd party wins auction and takes Collateral – *option expires*

8 (b). Auction fails and DB takes ownership of Collateral

9. *DB puts Collateral to Investor in exchange for the Strike Price*

10. Investor now owns the Reference Asset

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4