

Business plan of Money Lending in Philippines



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Rev. 1.1

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1. Investment summary



Philippines Money Lending Market is one of the most promising in Asia due to a number of factors:

- Large population with rising wages, with high portion of young spenders (53% of population under 25).
- High smartphone penetration and above-average for the region internet penetration levels.
- Majority of formal players (banks, financing companies) focus on products for upper- and middle-class customers, such that a significant portion of population is not penetrated by formal financial services.
- Unbanked are currently covered by low-tech and dispersed informal lenders ("loan sharks") and pawnshops.
- Money lending regulatory environment is very lenient if compared to the other markets in the region, with no interest caps and no specific advertising and other restrictions. This fact is proven by a set of online moneylending startups already recently launched in the market.

We can achieve outstanding results very fast because of next key success factors:

- New convenient product with fixed interest rate, which can replace Loan Sharks' and Pawnshops' products.
- Using innovative Pure online business model – which will allow customers easily apply for a loan via online and mobile application, receive almost immediate credit decision and get the money in minutes after approval through their bank account or at Payment partner's offline stores.
- New innovative advertising tools will allow us to reduce Marketing acquisition cost to as low as \$21.

Philippines lending market is one of the most promising in Asia due huge number of untapped population . Our main challenge, based on our market research, are lying in Risk area. We will manage this issue by using both innovative big-data scoring models (using external info and web-data), relatively tough verification process and wide usage of different indirect solutions like using secure disbursal channels with obligatory face-to-face identification.

1. Investment summary (cont)



Investments, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Portfolio investments	931	600	177	0	0	1 709
OPEX and CAPEX investments	753	182	0	0	0	935
Total investments	1 684	783	177	0	0	2 644

Volume indicators	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Number of loans issued, thsd	30	173	351	520	620	1 694
Amount disbursed, thsd USD	2 484	14 095	28 198	41 569	49 284	135 630
Net portfolio (EoY), thsd USD	680	2 287	4 038	5 555	5 942	18 503

P&L, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue	970	6 573	14 074	21 442	26 094	69 152
Provisions	-604	-3 003	-5 517	-7 373	-8 793	-25 291
Variable costs	-358	-1 264	-2 319	-3 372	-3 947	-11 261
Marketing acquisition costs	-221	-608	-1 112	-1 577	-1 775	-5 293
Salary (variable part)	-93	-352	-571	-812	-963	-2 790
Other variable costs	-33	-155	-268	-393	-466	-1 316
VAT	-11	-149	-368	-591	-743	-1 862
Fixed costs	-830	-1 012	-1 070	-1 288	-1 383	-5 582
Salary (fixed part)	-545	-619	-617	-833	-970	-3 585
Other G&A expenses	-284	-393	-454	-454	-412	-1 998
One-off expenses	-16	-16	-16	-16	-16	-79
Net profit before taxes	-838	1 278	5 152	9 393	11 955	26 939
Terminal value						56 916
ROE (annualized)						134%
ROAA (yearly)	-123%	76%	122%	147%	156%	138%

Break-even period, months	12
Self-capitalization period, months	18
Payback period, months	38

2. General Market Information



- Geography: 300 000 sq.km., more than 7000 islands
- Population – 102M (2015 est.)*. Urban/Rural population - 30/70%.
- Official languages – Filipino, English.
- Average monthly income – \$250 nationwide (2013)*, in Manila 750*.
- GDP Per Capita(Nominal) – \$3 000 (2014).
- Labors by Industry – 50% of the population work in service, 31% in agriculture, 16% in industry.
- Internet penetration – 41%.
- Mobile penetration – 103%. Smartphone penetration – 50%.
- Bank account penetration – 26.6%.
- Online banking penetration – ~4% (2014).
- Credit card penetration – 4%.
- Debit card penetration – 34%.
- Consumer lending reached the level of only 6.6% of GDP (\$17,9B).



Our target market size is only about 50M individuals, as almost 30% of the population is a poor people with income less than \$120 per month and almost 15% of the population is working overseas.

2. Consumer finance industry landscape



- Consumer lending last years showed considerable growth at the level of 10-15% every year. Banks are actively increasing their network - from 5.5K as of Mar 2014 to 6K as of Mar 2015 (Universal and Commercial Banks).
- Rural banks are expanding their businesses in consumer lending, many Filipinos continued to prefer these traditional players due to wide product line and attractive pricing and promotions.
- High requirements to the borrowers is a result of low asset quality and low credit bureaus' hit rate.
- Number of active licenses*:
 - 638 banks;
 - 598 financial companies;
 - 1637 lending companies.
- Major part of Financing and lending companies don't have wide branch network.
- POS-lending, Cash loans and Credit card market segments are at early stage of development.
- There are only few players (mostly established in recent 2 years) operating via Pure online business model.
- Most part of MFIs offer long-term loans as an alternative to banks' loans.

We see a niche in the market covered neither by banks (which are focused mostly on middle and above segments), nor by the Financing/Lending companies. We have opportunity to get this market niche with our innovative Pure online business model and “classic” PDL product meaning absence of significant modifications.

3. Licensing options



#	Parameter	Bank	Financing company	Lending company	Cooperative	PawnShop
1	Main purpose	Full-range banking activity for retail and corporate banking	Limited licence allowed to conduct consumer finance, allowed to borrow funds from more than 19 investors	Granting loans from its own capital funds (capital could be borrowed not more than 19 individuals)	Credit operations that are owned and operated by its members. Loans granted from owners funds.	Credit operations with pledge
3	Regulation	Banco Central	Security Exchange Commission	Security Exchange Commission	Security Exchange Commission	Banco Central
2	Minimum paid-in capitalization	\$54 000K	\$225K	\$22K	\$56K	\$2K
3	Max foreign capital share	40%	60%	49%	-	30%
4	Possibility to sell retail credit products	Yes , all the products	Yes, all the products	Yes, all the products	Yes, except credit cards	Yes, secured
5	Possibility to collect retail deposits from individuals	Yes	Yes, on condition of receiving additional BSP* approval	Not allowed	Not allowed	Not Allowed
6	Number of licences***	638	598	1 637	n/a	6 279

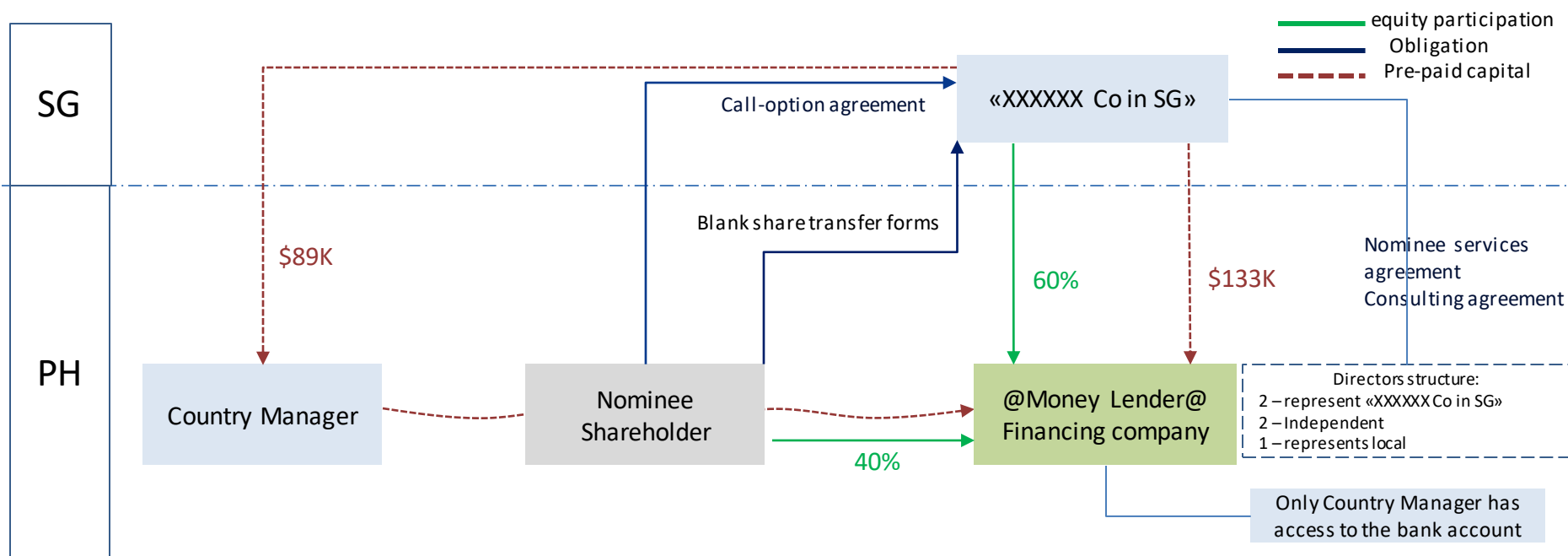
Among the available official licensing options Financing company (FC) is the best option, as it will allow us to be the main shareholder with 60% share and also gives us possibility to collect retail deposits to cover funding. Furthermore SEC regulation is much less strict then Banco Central's.

* BSP – Bangko Sentral ng Pilipinas, local Central Bank.

** Depends on the business model, PDL and Installment loans can be implemented.

*** http://www.bsp.gov.ph/banking/pbs_new/1.1.htm ; http://www.sec.gov.ph/investorinfo/registeredentity/lending/2014Dec31_List_of_Lending_Cos.pdf; <http://www.sec.gov.ph/investorinfo/registeredentity/financing/financin%20companies%20063009.pdf> ; http://www.bsp.gov.ph/banking/pbs_new/1.1.htm

3. PH Financing company legal setup



Legal defense

Nominee Shareholder:

Call-Option agreement with «XXXXXX Co in SG» or its designated person is the purchaser

By-Laws: The majority of commercial decisions should be approved by «XXXXXX Co in SG», the rest require 2/3 of votes as per local laws

Blank share transfer forms

Nominee Directors:

- By-Laws (important commercial decisions (reserved matters) are to be approved by «XXXXXX Co in SG»)
- Nominee services agreement (1 «XXXXXX Co in SG» copy): all Directors' decisions should be approved by «XXXXXX Co in SG»
- Consulting services agreement with Directors on their communication with the regulator on behalf

3. Key regulatory points



#	Sphere of regulation	The essence
1	New licenses issuance by regulator	Ongoing, no restrictions.
2	Allowed credit products	Instalment loans (including PDL), Revolving credit line, mortgage, credit cards (issued and processed by the bank).
3	APR/EIR interest cap	No
4	Advertising requirements	No specific restrictions, just basic requirements (the percentage that the finance bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation).
5	Necessity to obtain written customer's consent for processing his personal data	Not mandatory (can be done on a website or mobile application).
6	Face-to-face customer's verification (KYC procedure)	Mandatory, but may be outsourced by the third-party who will conduct face-to-face identification and ID check.
7	Remote contract signing	Online contract signing is possible (loan application can be signed by the customer's digital signature, issued to the customer in the form of 6 digit number and delivered via SMS, then we'll accept this offer by granting a loan).
8	Debt collection	No specific restrictions.

Philippines market can be characterized as one of the most suitable for using "Pure online" business model, which is fully feasible here. The only thing which needs attention is meeting requirements of conducting KYC procedure – which is mandatory, but could be done by the third party (our Payment partner).

3. Marketing regulation



Limitations

We've encountered few legal/regulatory limitations on the marketing of personal loans in the Philippines.

We seem to have a “free hand” in this market in terms of the marketing/advertising channels and content that we will use to promote the payday loan product.

The only restrictions are:

1. Mandatory necessity to inform customer about all the loan parameters
2. To care about privacy of personal data

What is BPI Personal Loan?

It is a multi-purpose cash loan with no collateral requirement and comes in affordable payment terms. With BPI Personal Loan, it's easy to get extra cash that you can use to provide for your needs today and fulfill your plans for tomorrow.



Market practice

As a result of the lack of limitations restricting the advertisement of lending products in the Philippines we see analogous business models employing all manner of methods to attract borrowers and no apparent restrictions on the verbiage used to solicit.

4. Market landscape

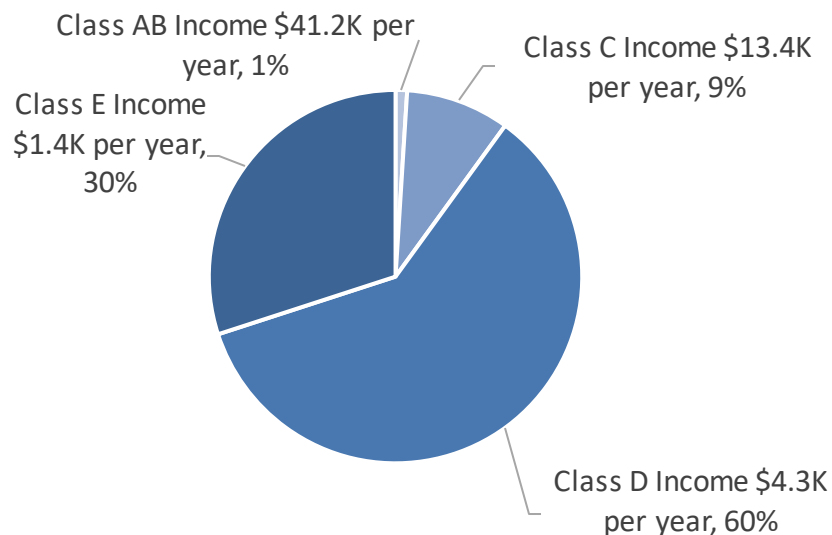


Type	Description	Product parameters	Comments
Banks	Three banks are dominating the market with 60% share. Owned by large conglomerates, these banks are avoiding aggressive pricing competition and focusing on the following spheres: - Bank of the Philippine Islands (BPI) – mortgage. - Metropolitan Bank & Trust (Metrobank) – car loans. - Banco de Oro (BDO) - credit cards.	- 12-30% per annum interest rate. - \$4K-45K average loan amount. - 6-60 months loan tenor. - Strict requirements for borrowers - working in TOP25K companies, necessity to present 2 IDs. - Average time-to-decision is 2-5 days.	Banking market faced with crisis in 2008, after their operations become very conservative in terms of loan granting. As a result just a small number of people have access to banking services. 7 retail banks are going to launch operations in Philippines till the end of 2016.
Financing/ Lending company (FLC)	TOP10 FLCs holds 60% of all portfolio 1st Valley Bank they are: 1st Valley Bank, CARD NGO, ASA Philippines, TSPI, ASKI, Valiant RB, BangkoKabayana, PBC.	- 40-120% per annum interest rate. - \$100-4K loan amount. - 12-24 months loan tenor. - Strict requirements for borrowers – necessity to present 2 IDs, home bills, proof of salary. - Average time-to-decision is 1-5 days.	Microfinance industry is very close to the banking one in terms of products and requirements to borrowers. Their main strategy is to be close to customers in provinces.
PawnShops	Pawnshops are widely presented in the country. The biggest players are M. Lhuillier, Cebuana Lhuillier, Tambunting Pawnshop, Palawan Pawnshop. They cover major part of the total number of 17,000 pawnshop branches.	- 36% per annum interest rate. - \$100-4K loan amount. - Collateral is a mandatory requirement.	Unlikely to the markets - PawnShops always had low interest rate and was a trusted quick loan source.
LoanSharks	Mostly Indians with “5/6” model – meaning receiving 5, paying back 6 and usually conducting without any licenses (Loan sharks market volume close to official market volume).	- 20% per month interest rate. - Less than \$100 loan amount - 1 month/week loan tenor. - Customers’ bankcards are often used as a collateral.	Usually work in residential areas, Alternative loan providers for unbanked population or clients with unofficial job. Loanshark services are very popular in Philippines.

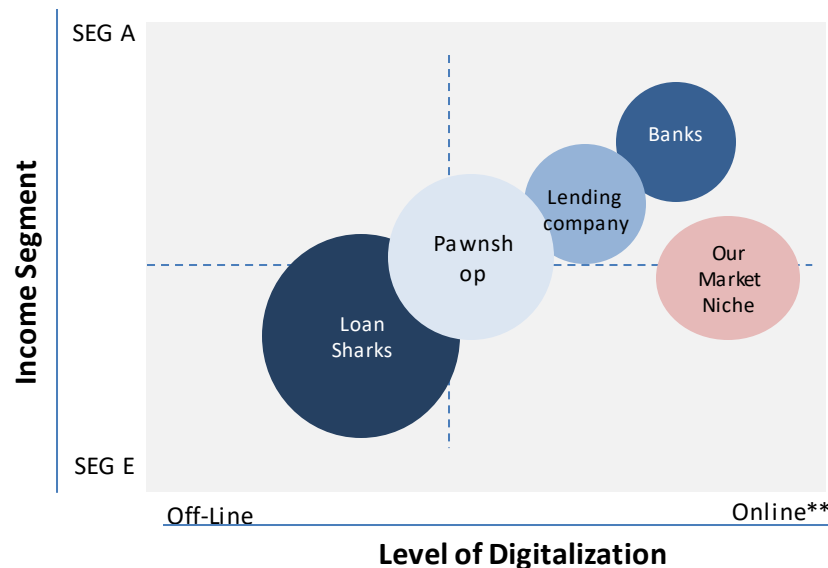
4. Consumer Finance Industry Landscape



Average Annual Income Segments



Current Market Coverage

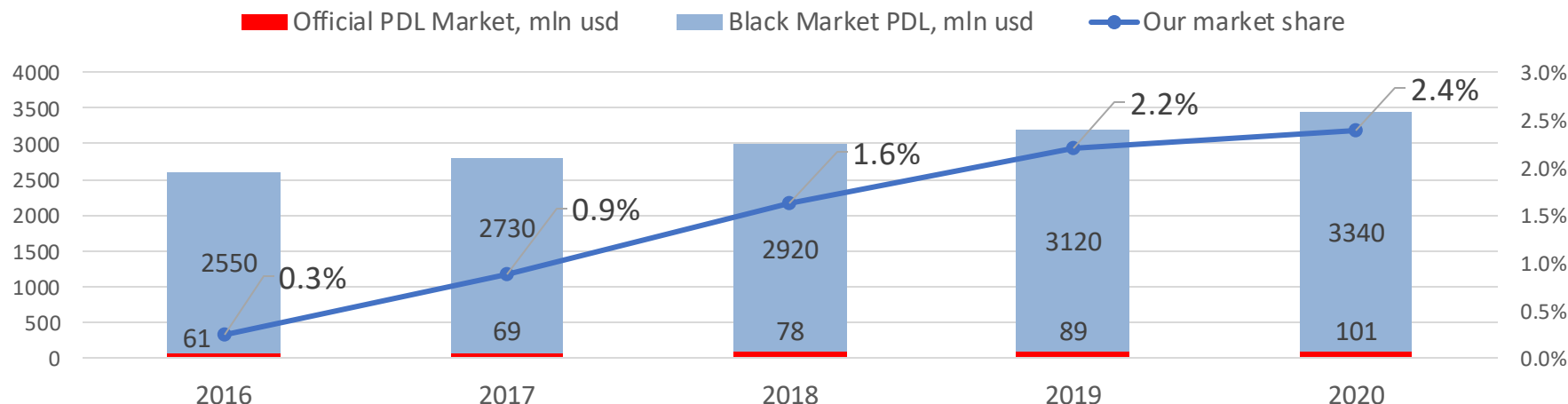


- We are going to operate mostly in Segment D – with customers having average monthly income of ~\$360.
- Among our main competitors we see Loan Sharks and FLCs.
- Our main competitive advantage – really quick decisioning and possibility for the customer to obtain the money by just applying online.
- We also will be more convenient than Loan Shark due to transparent product parameters.

4. Market Size Estimation



Current PDL market size and planned share









- Official PDL Market is relatively small if compared with the black market.
- 25% of population is using LoanSharks' services*.
- Yearly market size growth* – is estimated at the level of 7% in 2015-2017.
- Our market share as of 2020 is expected to be at the level of 2.4%.

Parameter	EOY2016	EOY2017	EOY2018	EOY2019	EOY2020
Our sales volumes, \$M	6,5	23,8	46,5	67,6	77,9
#loans sold, thsd.	42	144	273	389	441

* Euro Monitor Consumer Loan Lending

4. Our main online competitors



Type	Competitor	Currently operating	History	Business model	Sales volumes	Summary
Online		No	Launched in 2012	Uses pure online model. Application process is complicated due to long authorization process.	500 loans per month.	Widely known in the market and even abroad. Recently has stopped operations due to high credit losses. Owned by founders and venture investors
		No	Launched in in 2014 by Lending Corporation	Operates fully online with documents uploading.	n/a	Our mystery shopping showed that they currently don't operate.
		No	Est.by American investors and plan to launch sales in 2015	Plan to become a P2P platform under FC licence.	Not operating yet	Plan to cover small business.
Mobile		Yes	Launched by Telecom Globe and Bank BPI in 2014	Applying for a loan via mobile phone. In order to get the money customer needs to visit a branch to open a mobile money account.	\$500k credit portfolio	Mystery shopping showed that that applying process is very tough (so we could not even find an office to open an account).
		No	Launched in 2013 by Telecom Smart	Mobile advertising. Plan to deliver money and contract to customers by DSA	Does not operate currently	Plan to be the BankKO competitors.
O2O		Yes	Newly launched by 2GO investments	Online advertising, offline collateral collection and 2GO card delivery.	3000 loans per month	Average interest rate is 1,5% per month (twice lower then in offline pawnshops).

4. Lenddo case study



- General description – established in 2012, one of the most widely known pioneers among the moneylenders who is using Pure online business model. Stopped sales 1 year ago.
- Product – short-term cash loan with amount from 2,5K to 15K PHP (\$55-332) term up to 1 month. Interest Rate – 1% per day.
- Advertising – context advertising (Google AdWords through Finch).
- Application process — Login in Lenddo with Facebook (FB) account after filling in application
- Business process description:
 - From applying to obtaining credit decision – 1 hour.
 - From approval to loan disbursement – from online to up to 24 hours.
 - Money transfer speed – 1 working day.
- Main achievements:
 - Granted 11K loans during 2 years
 - Developed IT platform for customers verification and scoring in Facebook with hit rate more than 70%
 - 2 rounds of investments attracted
- Market players' opinion about Lenddo:
 - “Lenddo was no profitable due to high risks”.
 - “There were lots of requests to Lenddo from potential borrowers, but due to tough and complicated process conversion rate was very low, while delinquency was high”.
 - Paying too much attention to FB as a key source of information about the customer was obviously insufficient to manage credit risks properly”.

The company didn't succeed in micro-lending due to complicated applying process and lack of risk management skills&experience, which led to high credit losses. At the same time “Lenddo” have proved feasibility of the Pure online business model in Microlending.

4. BankO case study



- General description – established in 2014, under partnership of BPI and Globe. Currently is at the pilot stage, checking feasibility of the mobile bank (based on cash mobile wallet, providing savings, payment and remittance service, selling) with mobile wallet business model for BankO customers. Its necessary once to provide ID to BankO partner's office. Survey showed that its very difficult to find office to open an account.
- Products:
 - Installment loan: interest rate 56% per annum, max amount \$55, term up to 90 days.
 - Salary loan for accredited corporations (Payroll with BPI) employees: interest rate 24% per annum
 - Commercial Loans: interest rate 30% per annum
- Advertising – mostly via Globe menu and SMS, low activity in web.
- Application process – BankO require to open accounts for customers, that's why process is rather complicated. After application customer has to login with FB and make 7 steps via mobile phone, after approval he has to provide ID to partners.
- Business process description :
 - From applying to obtaining credit decision – 1 hour.
 - From approval to disbursal – from online to up to 24 hours.
 - Money transfer speed – 1 hour after signing.
- Main achievements:
 - Credit portfolio has reached ~\$500K.
 - Number of the customers exceeded 1 000 000.
- Market players' opinion about BankO:
 - "BankO currently is in the pilot stage with low portfolio, but they have big plans to increase sales".
 - "BankO is currently at the stage of the pilot with low number of clients".

BankO business model showed us complicated applying procedure and relatively small sales volumes. So it's too early to make any conclusions or outcomes. We will continue monitoring their development.

4. CashNow.ph case study



- General description – established in 2014, Our mystery shopping reveals that they are not currently operate.
- Product – short-term cash loan with amount from 2,5K to 15K PHP (\$55-332) and term from 3 to 6 month. Interest Rate – 10% per month.
- Advertising – context advertising (Google AdWords through the Fitch)
- Application process – Online application with requirements to upload proof of billing and proof of salary, if customer pre-approved - Skype interview follows.
- Business process description :
 - Applying to obtaining credit decision – online.
 - Approval to disbursal – Indeterminate.
 - Money transfer – 1 day.
- Market experts' opinion about the Company:
 - Head of CashNow – We are going to launch business in 2016.



CashNow.ph are going to launch in 2016 year, currently test advertising.

4. PawnHero.ph case study



- General description – established in 2015, Funded by 2GO Delivery
- Product – secured loan with amount based on ledger (average loan \$300). With low interest rate - 1.5% per month.
- Advertising – context advertising (Google AdWords)
- Application process – Online application with requirements to upload photo of item. 2GO couriers deliver pre-paid card and pick up item
- Business process description :
 - Applying to obtaining credit decision – online .
 - Approval to disbursal – Indeterminate.
 - Money transfer – 2 days.
- Main achievements:
 - 20% Growth each month (based on CEO words)
 - More then 3000 loans granted per month (based on CEO words)
- Market experts' opinion about the Company:
 - Head of PawnHero – “We have 20% growth each month with number of loans more then 3000 per month”.



PawnHero.ph –first online pawnshop in Philippines with good performance, they are going to expand operations to another Asian countries.

4. Competitors product parameters



#	Competitor	Interest rate	LA	LT	Time-to-Money	Loan disbursement channel	Comments
1	Loan shark	240-480% per annum	\$50-200	1 month (with weekly payments)	1 day	In cash during face-to-face meeting	Unsecured
2	Pawnshop	36-48% per annum	\$100-3000	1-12 months	1 hour - 1 day	At branch	Collateralized loans
3	FLCs*	33-240% per annum + Up-front fee 0-5% of LA	\$56-2K	5 days – 18 months	2 hours – 20 days	Transfer at bank account/Mobile wallet or at branch	Loans can be unsecured and Secured, with or without coborrower
4	Cooperative	30-410% per annum	\$89-17K	4-6 months	2 hours – 20 days	In office	Unsecured/Branch
5	Bank Credit Card	42% interest rate per annum + fee \$27 service fee per year	\$50-5000	Not limited	3-7 days	At branch	Unsecured/ Branches, online application
6	Bank Cash loan	17-40% per annum	\$3K-45K	6-60 months	3-5 days	Cash/Check/ Online	The customer has to come to the branch anyway. Also the customer has to be officially employed.

Our main competitors are Loan sharks and FLCs as there are no operating online PDL players on market at the moment (Lenndo, cashnow.ph stopped their operations due to high risk).

4. Closest competitors product parameters



#	Parameter	Existing unsecured loan products from lending companies and finance companies	Loan Sharks
1	Loan amount range	\$50-2K	\$50-200
2	Loan tenor range	5 days- 18 month	1 month (fixed)
3	Upfront admin fees	0-5% of the LA	0
4	Interest rate per year	33%-240% per annum	240%-480% per annum
5	Late interest rate	1% per day	-
6	Prolongation service	No	No
7	Time-to-money	2 hours- 20 days	1 day
8	Loan disbursal	At branch (in cash)	At customer's home (in cash)
9	Minimum requirements	2 IDs, proof of income, pay slip, character from church or home owners association	-
10	Application form	Offline	Offline

We are planning to poach customers from Loan Sharks and Lending companies with unsecured products due to our advantages: simple and transparent product, simpler requirements in terms of the documents to present, instant credit decisioning, online credit contract signing, convenient loan disbursement channels.

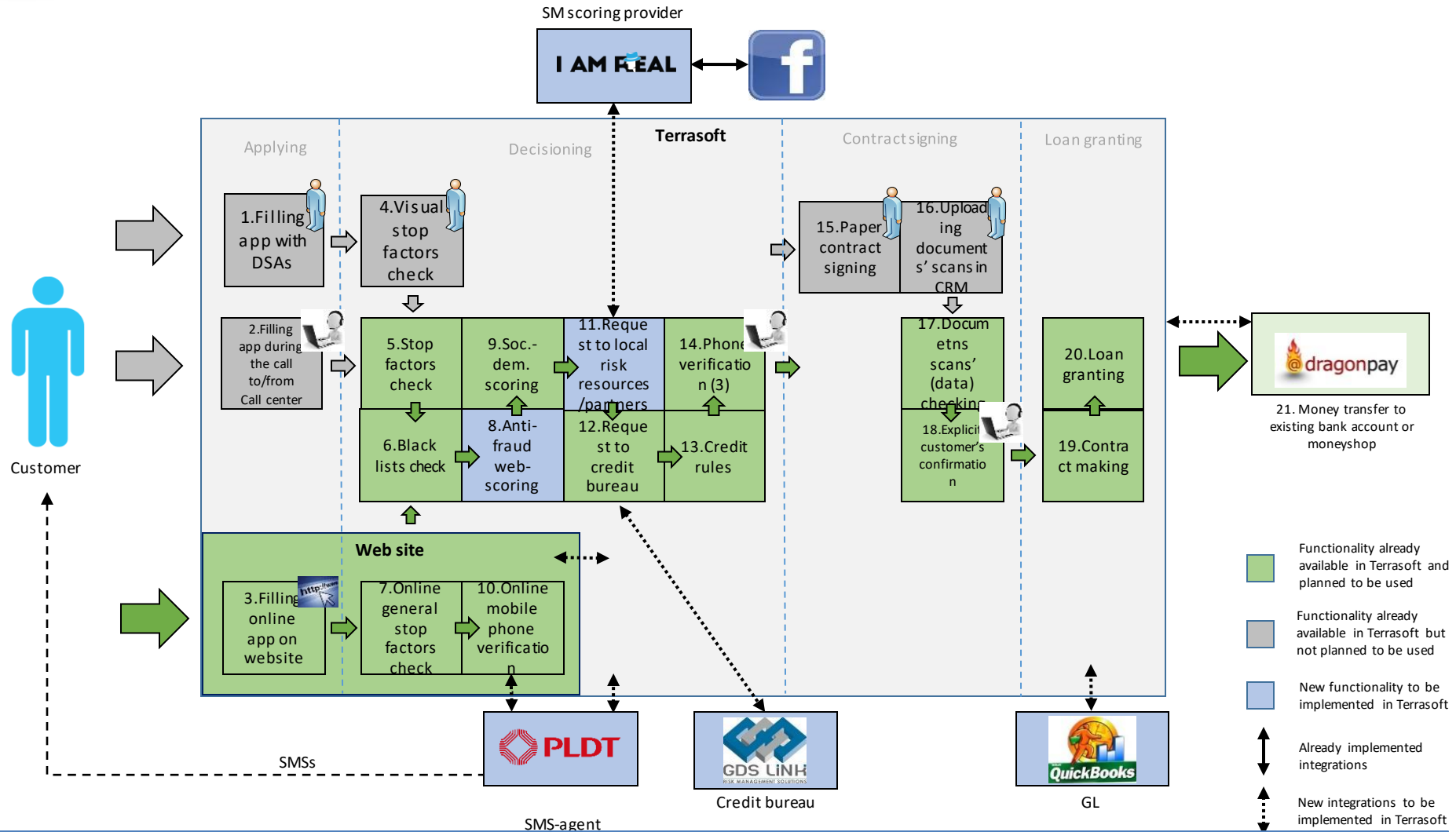
4. Our Product Parameters



#	Parameter	Value
1	Product type	Revolving credit line
2	Credit limit range, \$ equivalent in local currency	2 000 PHP – 23 000 PHP (\$44-500)
3	Initial payment period length, calendar days	7-30 (depending on customer's request)
4	Standard payment period length, calendar days	30
5	Interest rate, % per day	1%
6	Overdue interest rate, % per day	2%
7	Late payment fee (one-time)	920 PHP (\$20)
8	Disbursement fee (one-time fee charged in the beginning of the initial payment period), % of the loan amount	0
9	Credit line prolongation fee % of the principal	9%

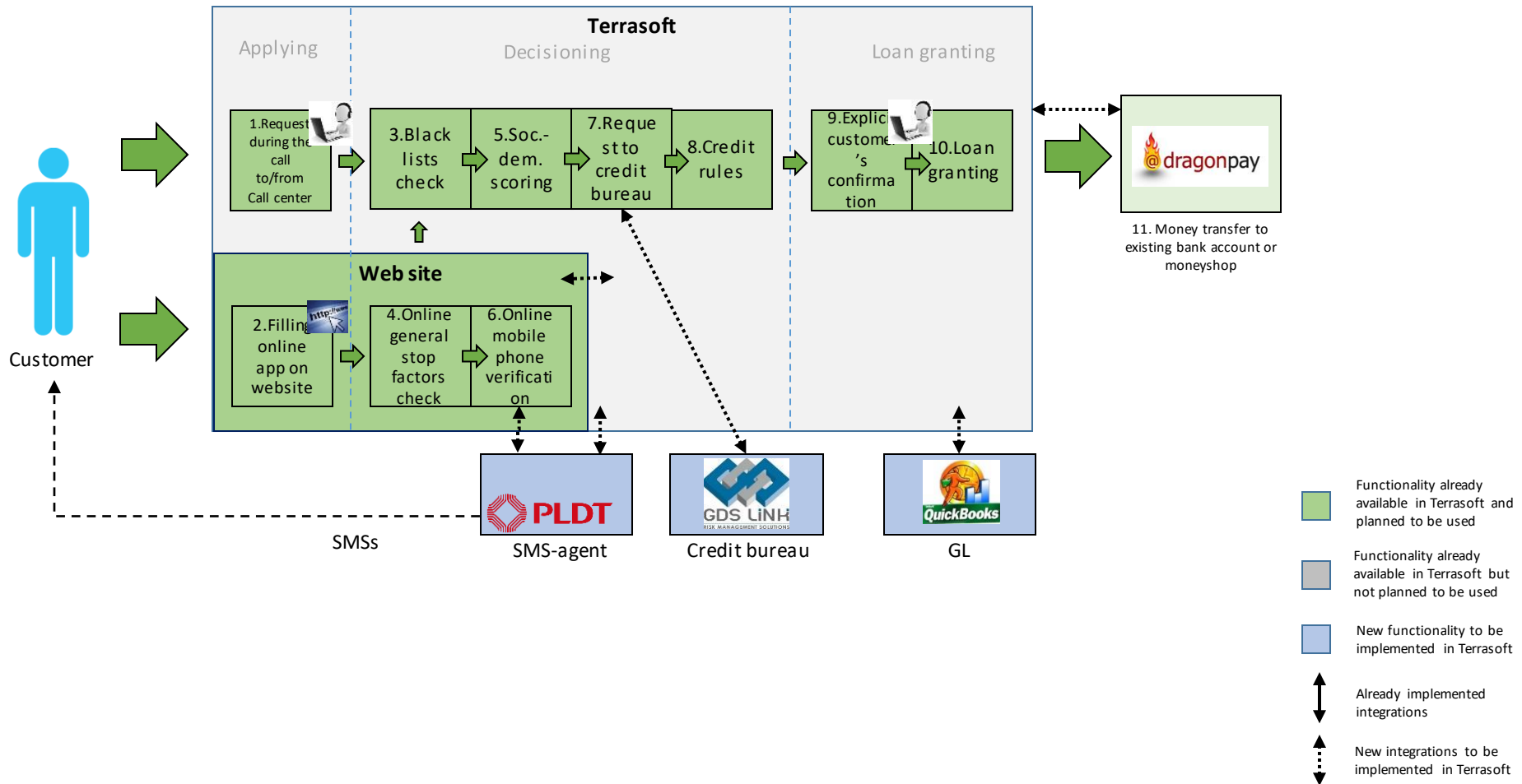
We plan to start with credit line, using completely standard product parameters. In addition to that we also plan to test Loyalty program of gradually decreasing interest rate for the every repeat loan taken and successfully repaid by the existing customer.

4. Initial sales business process (Phase 1)



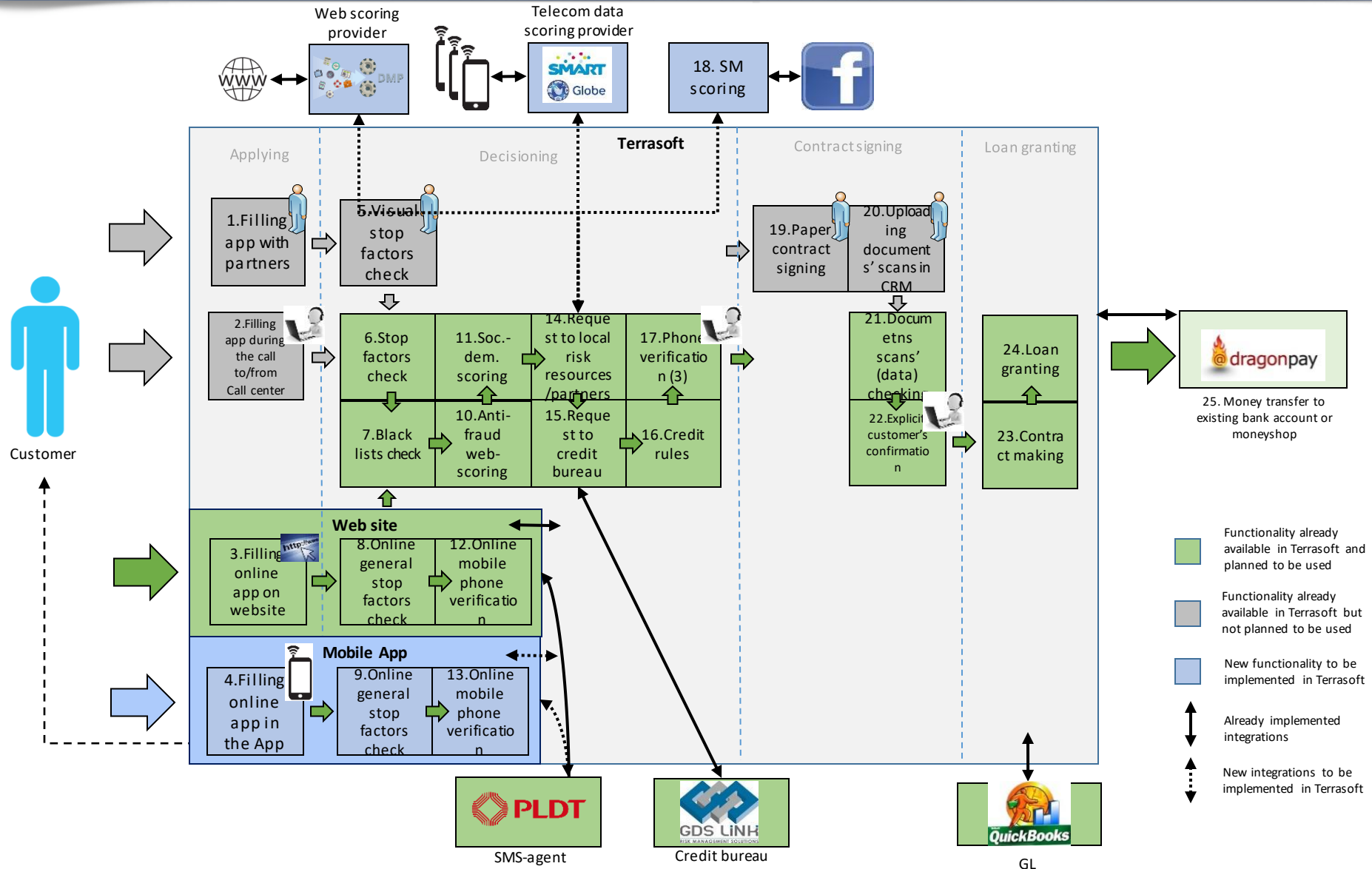
In the very beginning we plan to use only 1 (Website) out of 3 (DSA, Call center, Website) already implemented channels of customers acquisition. Meaning that we won't use #1, 2, 4, 15, 16 functionality blocks. As for the new functionality – we plan to develop new risk procedures (#8, 11) and make 6 integrations of Terrasoft with other systems and partners.

4. Repeat sales business process (Phase 1)



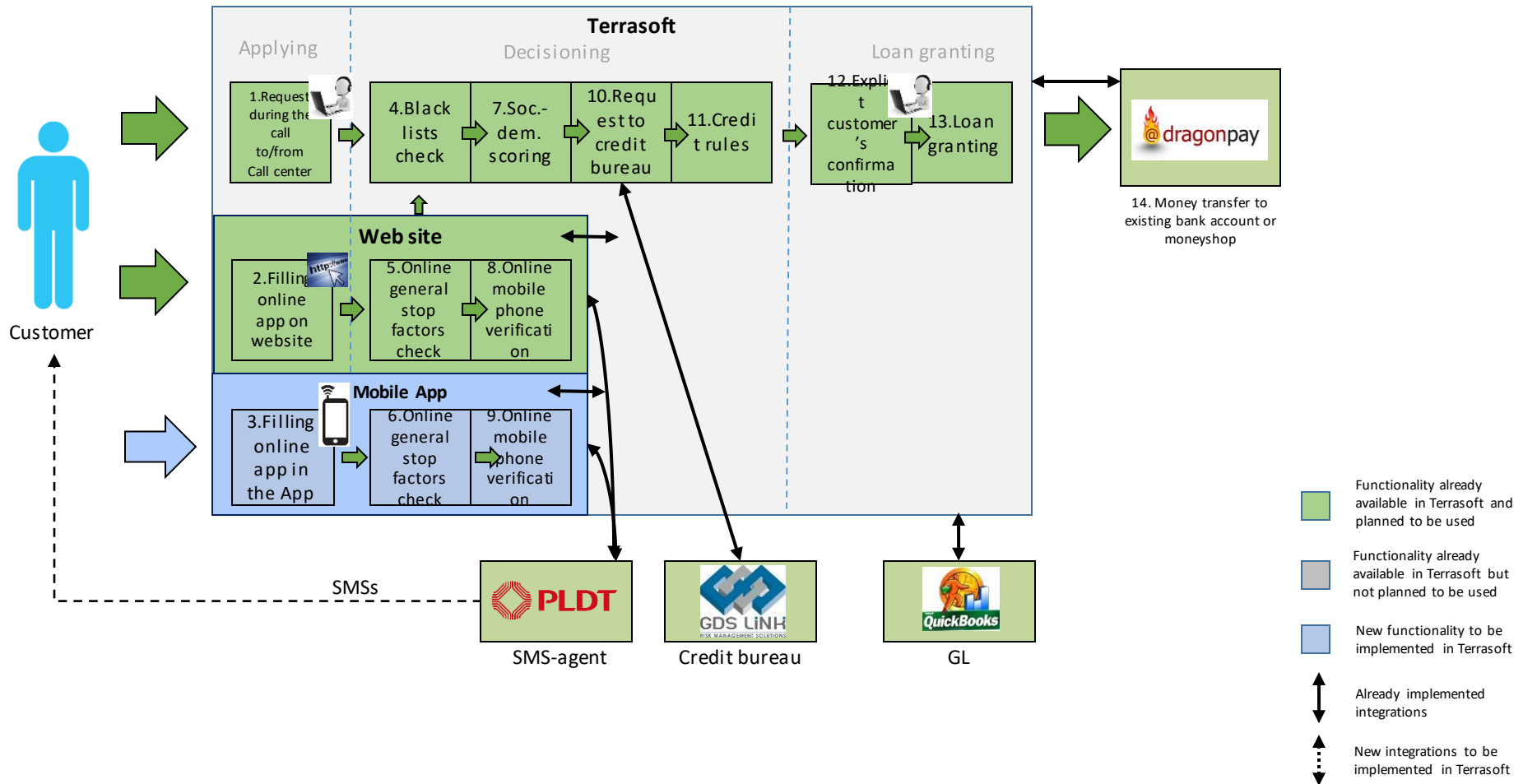
In the very beginning we plan to use all 2 (Call center, Website application) already implemented channels of repeat customers acquisition. No new functionality is needed for the start of repeat sales.

4. Target initial sales business process (Phase 2)



On the next phase we plan to implement inhouse SM scoring procedure (#12), make 3 new integrations of Terrasoft with partners.

4. Target repeat sales business process (Phase 2)

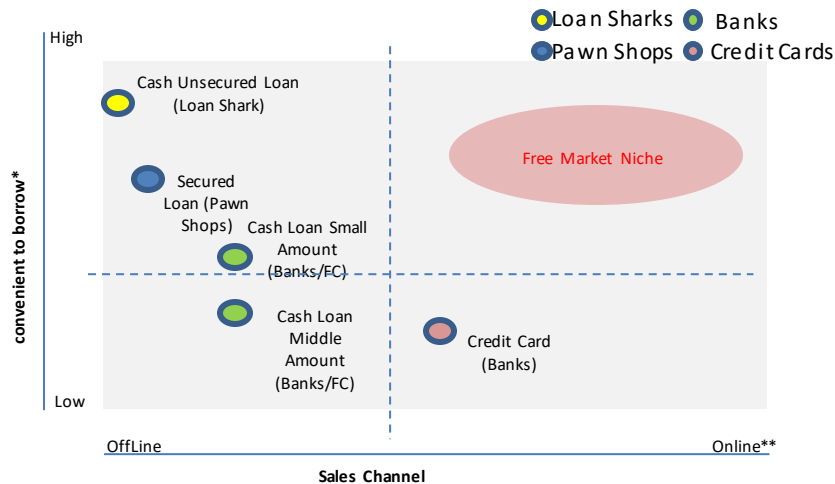


On the Phase 2 we plan to implement Mobile App(s) to provide customers convenient tool for “push-button” instant repeat sales and self-services.

4. Marketing Strategy of competitors



Competitors strategy:



Segment	Online share	Demands	Tools
		Permanent small loan needs	Stickers, Recommendations
		Average loan with no access to bank	Billboards, Leaflets
		Large average loan amount	Billboards, Leaflets, offices, online
		Infrequent Liquidity-gap	Online advertising, off-line shops, leaflets

Our advantages:

- Simple and transparent product parameters.
- Minimum documents required.
- Instant credit decisioning.
- Wide range of ways how to apply (online and offline).
- Various channels to receive and repay the loan (different channels provided by our Payment partner).

Most part of the market players, unlikely to us, are using old Offline business model. We will use advanced advertising technology and Pure online business process to defeat low-tech offline competitors.

*Requirements to provide documents and proof of bills etc
 ** Based on model of sales(Sales Channel)

4. Advertising Strategy



#	Channel	Basing	Advertising Model	Potential Partner	MCA*
1	Online Advertising	Have experience with one PDL online lender at Philippines	Google AdWords, SEO, Banners, FB	"Finch"	\$20**
2	Partners	Few number of pos-loans players	Off-line in points of sales	Agents	\$21
3	Mobile app and FB App	Fast growth of smartphone penetration with more then 90% Facebook Penetration	Mobile advertising and Facebook advertising	FB + "Globe"	N/A
4	Outbound Calls	Base of borrowers	Outbound calls to existing borrowers	Telemarketing	\$22
5	SMS	We can targeting to competitor DB		"Smart telecom?"	\$21
6	ATL	To supports sales volume	ATL with target to switch to remote channels	Advertising agency	N/A

- Some facts about the local market:
 - The market is at a relatively early stage of development – meaning that there is no “overpricing”.
 - Currently there is no any Online lender in the market – so this niche is empty.
 - Philippines is among the countries were FB is providing totally FREE internet access to FB to all the mobile internet users – that boosted FB penetration and simplifies us resolving “coverage” issue.

Our marketing strategy for the first year is to start with “standard” online advertising tools and “test, test and test” to identify and immediately scale up using the most efficient ones. Also we plan to “market” Mobile App in order to enter the market when it will be ready for that. Another idea is to test partnership with retail partners and full-scale ATL campaigns to be able to get targeted volumes. We expect average MAC to be at the level of no more than \$21.

*Marketing acquisition cost – acquiring 1 customer.

**Based on “Lenddo” experience (MAC=\$20).

4. Sales Plan



- Short term monthly sales plan:




	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Number of loans to new clients disbursed per month	300	600	900	1200	1500	1800

- Long term monthly sales plan:

Parameter	EOY 0	EOY 1	EOY 2	EOY 3	EOY 4	EOY 5
Number of loans to new clients disbursed per month	300	4000	9200	15000	18500	18500
Share of channels for new customers						
Online advertising	100%	90%	73%	67%	60%	60%
Partnership	0%	4%	13%	17%	20%	20%
OutBound telemarketing	0%	3%	7%	8%	10%	10%
SMS	0%	2%	7%	8%	10%	10%

4. Payment partners comparison



#	Partner	Network	Disbursement tariff	Money delivery time	Comments
1		5000+ cash-out branches: 15 banks + 2 non-bank partners	Average fee: 1. Banks accounts – 15 PHP (~\$0,3) 2. Offline pick up – 15 PHP (~\$0,3) 3. Existing Card- 15 PHP (\$0,3) 4. Door-to-Door 100 PHP (\$2,3)	1. Big banks – online. 2. Medium and small banks – 0,5-6h. 3. Lhuillier – 0,5-4h.	Wide network for payment Previously worked for loan disbursement. Better integrations with banks and Lhuillier
2		5000+ cash-out branches: 15 banks + 5 non-bank partners	Average fee: 1. Banks accounts – 15 PHP (~\$0,3) 2. Offline pick up – 80 PHP (~\$1.7) 3. Existing Card- 15 PHP (\$0,3) 4. Door-to-Door 120 PHP (\$2,6)	1. Big banks – online. 2. Medium and small banks – 0,5-6h. 3. Lhuillier – 0,5-4h.	Wide network for payment 7/11 Integration
3		7000 outlets	Could be discussed after registration FC	Don't have KYC covered outlets for cash-out	Medium network for payment

Coins.ph and DragonPay will allow us to get more than 5K (the highest number between competitors) branches for disbursement and repayment, all with one API. During portfolio development we are going to integrate directly with payment agents.

* Turn-around-time.

** For all partners Banking account transfer takes less than 24 hours, PawnShop the same day

All partners – technical platforms, not necessary to have license

5. Risk management summary



- Main risks lay in fraud and lack of credit bureau data areas. We plan to mitigate them using the following:

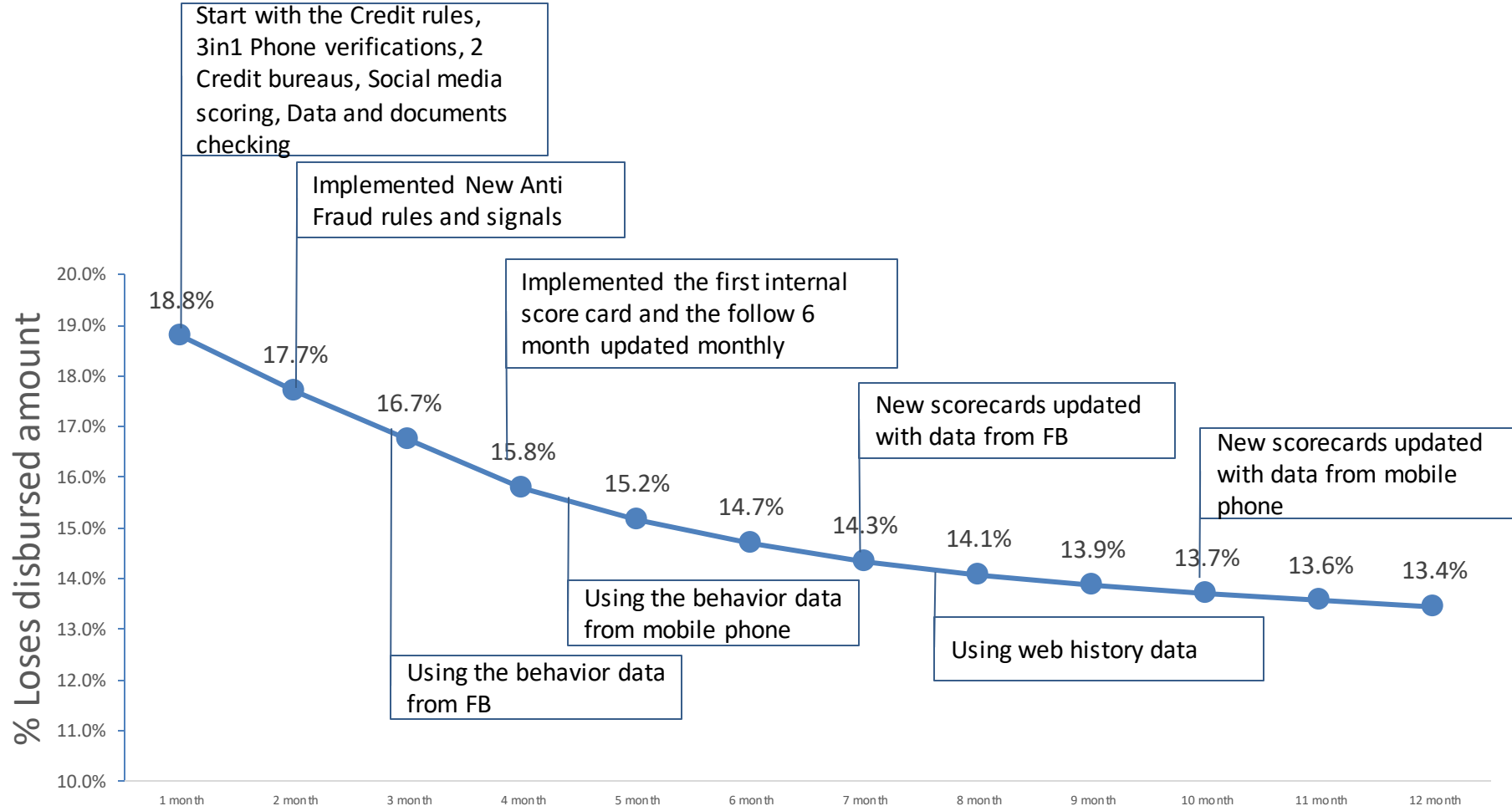
#	Area	Factor
1	Fraud	<ul style="list-style-type: none">There is no ultimate official identification document in Philippines and its easy to buy almost any fake document with the price as low as \$10 per document.
2	Low ability to manage risk	<ul style="list-style-type: none">Currently there are 4 credit bureaus in Philippines but number of records are small (Central Credit Bureau will be launched in Q4 2015)
3	Market players practice	<ul style="list-style-type: none">Loan Sharks (mostly Indians) operate in residential areas and manage risk using small frequent payments (daily/weekly) and by direct contact with borrower's relatives at his place of living.Most part FLCs use high requirements for the borrowers - necessity to present 2 IDs, a Proof of employment, a Proof of bills.

- Taking into consideration best local practices and our current experience in risk management will help us to get competitive advantage. We plan to obtain low default rate of less than 14% (after the first year) due to using the following risk mitigation tools:

#	Tool	
1	Identification	<ul style="list-style-type: none">Innovative identification procedures (Facebook, Web-data identification) combined with traditional procedures (phone verification)
2	Scoring	<ul style="list-style-type: none">Usage advanced scoring based on traditional data (CB, Application) and alternative data (FB, web).
3	Managing channel of disbursement	<ul style="list-style-type: none">Applying different disbursement channel depending on customers' risk profile.

We understand that the main specific risk lays in risk sphere and we plan to mitigate it using various tools such as ID verification, scoring, phone verification, managing disbursement channels, etc.

5. Risk Strategy



We will achieve the target % losses 13.4 % from disbursement volume at the end of the first year as a results of implementing new “big data” sources, developing scoring power and due to repeat clients.

5. Usage of Fake ID



There are more than 10 official IDs in Philippines:

Driver's License, Postal ID, Social Security System (SSS ID), Government Service Insurance System (GSIS ID), Tax Identification Number (TIN ID), Professional Regulation Commission (PRC ID), National Statistics Office (NSO) Birth Certificate, Marriage Certificate (NSO Authenticated), National Bureau of Investigation (NBI) Clearance, Police Clearance, Barangay Clearance/Certificate, Senior Citizen's ID Card, PhilHealth Identification Card (PIC), Alien Certificate of Registration (ACR I-Card), Consular ID, Permit to Carry Firearms, Passport

Falsification ID: It costs from \$10 for 1 ID, and takes from 1h-1week to produce ID

Responsibility for first time usage of fake ID: The criminal code of Philippines provisioning up to 12K PHP (\$300)

Requirements for bank account*:

- 2 photo-bearing government issued IDs (e.g. driver's license, SSS/ GSIS ID, voter's ID, PRC license, passport)
- 2 ID pictures (1x1 or 2x2)
- Accomplished Client Information Form, Account Information Form, Signature Card and Conditions Form
- Minimum initial Deposit 3K PHP (\$70)

Requirements for money transfer to Pawnshop:

- photo-bearing government issued IDs (e.g., driver's license, SSS/ GSIS ID, voter's ID, PRC license, passport)
- 10 digits code

Requirements for money home delivery:

- photo-bearing government issued IDs (e.g., driver's license, SSS/ GSIS ID, voter's ID, PRC license, passport)
- additional documents could be asked

Despite of relatively low cost of ID falsification, ID verification and tough Phone verification procedure allow us to control ID fraud

* BDO, HSBC, PNB etc

5. Sources of Data for Risk management



Type	Credit bureau/ data sources	Report cost	Type Of Data	Number of Records	Hit Rate	Launching Period
Credit Bureau	CIBI	Free in case data exchange	Credit history, ID Score, contacts, address, Employer,	30M	50% or Banks, 10-20% for MFI	Fast
	TransUnion	\$2.3	Credit history, ID Score, Credit score, contacts, address, Employer, On-line fraud detection system	11M	10-20% for MFI, 95% Credit Cards	Fast
	Credit Information Corporation (CIC)	\$1.6	Central Credit Berua(Agregator), Launched several month ago	1M	5%	Fast
	BAP Credit Bureau, Inc. (BAPCBI)	\$1.6	Mostly Buseness Records(unstrucltered)	No Data	No Data	Fast
Alternative Sources	Telecom	NA	Call Info, GEO	90M	NA	Investigati on
	Web Data	NA	Web site data	For all customers	NA	Fast
	I am Real	\$1	Network social score, ID Verification, data verification by documents and Facebook	For all customers	50% for All	Fast
Verification Data	Customer	Internal Procedure	Questionnaire	For all customers	100%	Fast
	Work		Questionnaire			
	Home/Relative		Questionnaire			

5. Initial decision making procedure

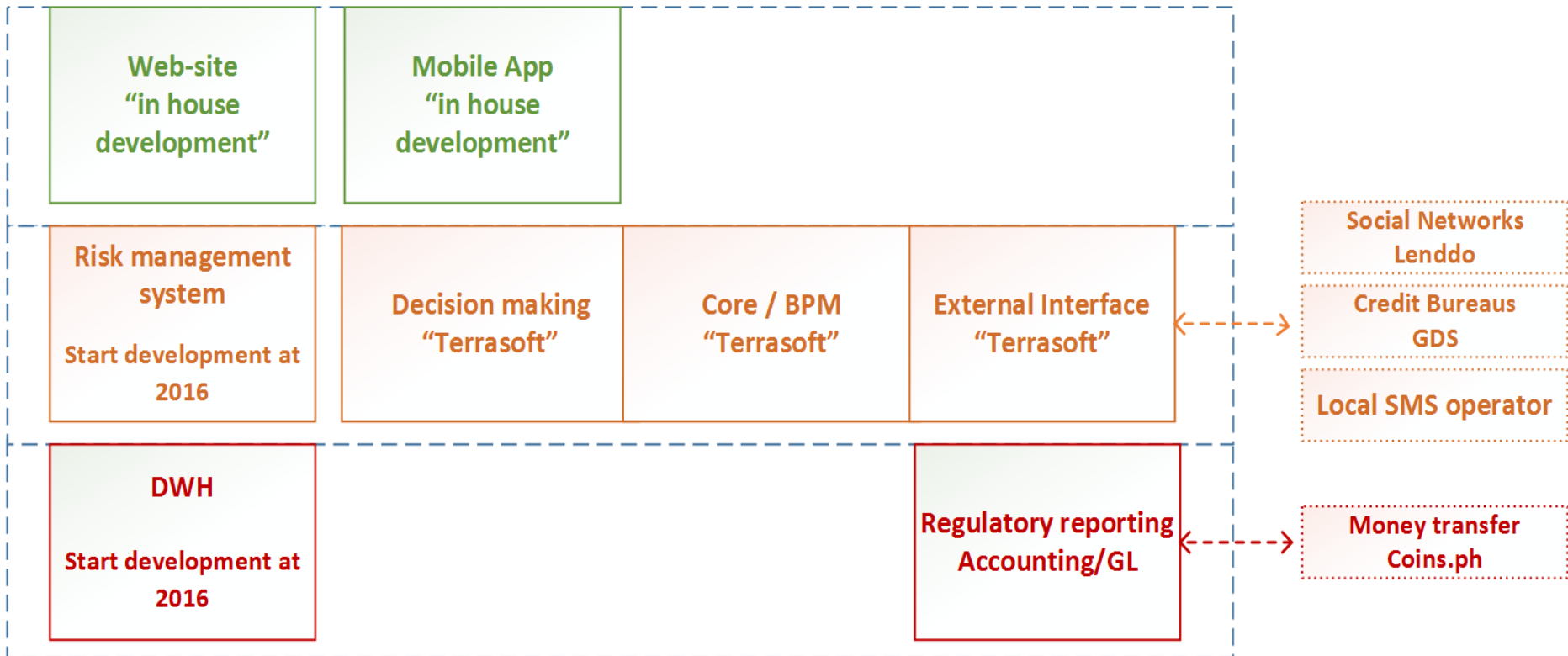


#	Stage	Tools for the risk reducing
1	Loan application check factors	<ul style="list-style-type: none"> • Application form filling in verification • SMS – code verification • Asking customer to upload id with photo • Internal black lists (phone, IP, ID)
2	Data auto-verification	<ul style="list-style-type: none"> • Fraud prevention based on web-data verification (IP gps comparing with home/work address, Operating system, e-mail) • Application fields stop-factors • Facebook account verification (using I am real for 6 months before our service will be developed)
3	Pre-scoring	<ul style="list-style-type: none"> • Using external black lists CIBI, BIP credit bureau (ID numbers, ID employer) • Check credit history • Check loans unmentioned in application
4	Verification	<ul style="list-style-type: none"> • Client verification - check application data and additional questionnaires' • Client work verification - check work place existing and getting feedback on customer • Client contact person verification (close relative) - check customer query questions
5	Verification stop factors	<ul style="list-style-type: none"> • Noncoincidence in separate verifications with application • Cross- verification Noncoincidence (customer work additional contact)
6	Scoring	<ul style="list-style-type: none"> • Reject high risk customers due to scoring based on application, verification, CB, external source data (FB,WEB) and channel of disbursement
7	Loan limit estimation	<ul style="list-style-type: none"> • Based of average salary for region and position
8	Choosing disbursement channel	<ul style="list-style-type: none"> • Based on scoring results
9	Uploading additional documents	<ul style="list-style-type: none"> • Asking customer to upload proof of billing, SSS payments based on score

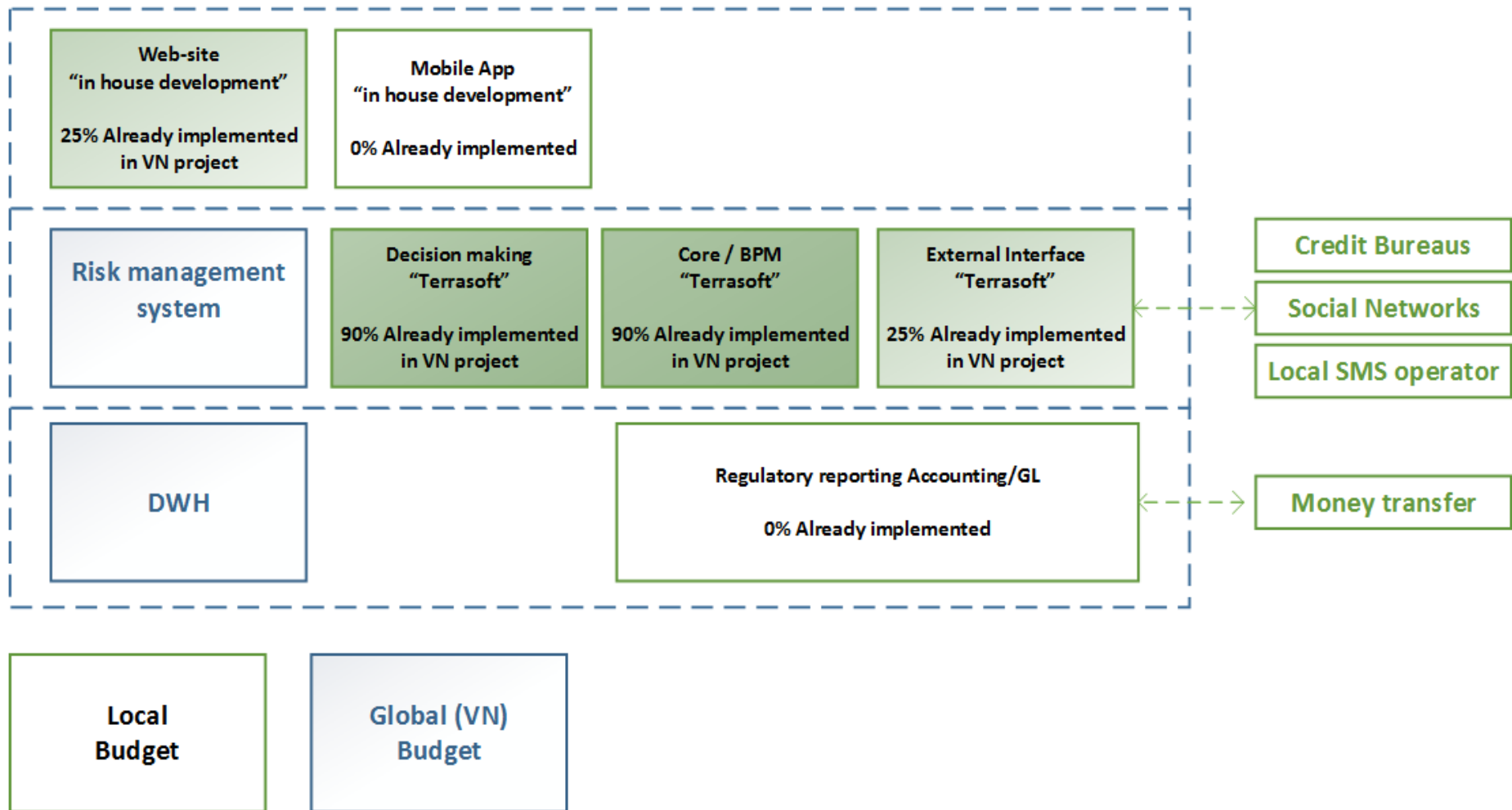
5. Collections procedure – standard approach



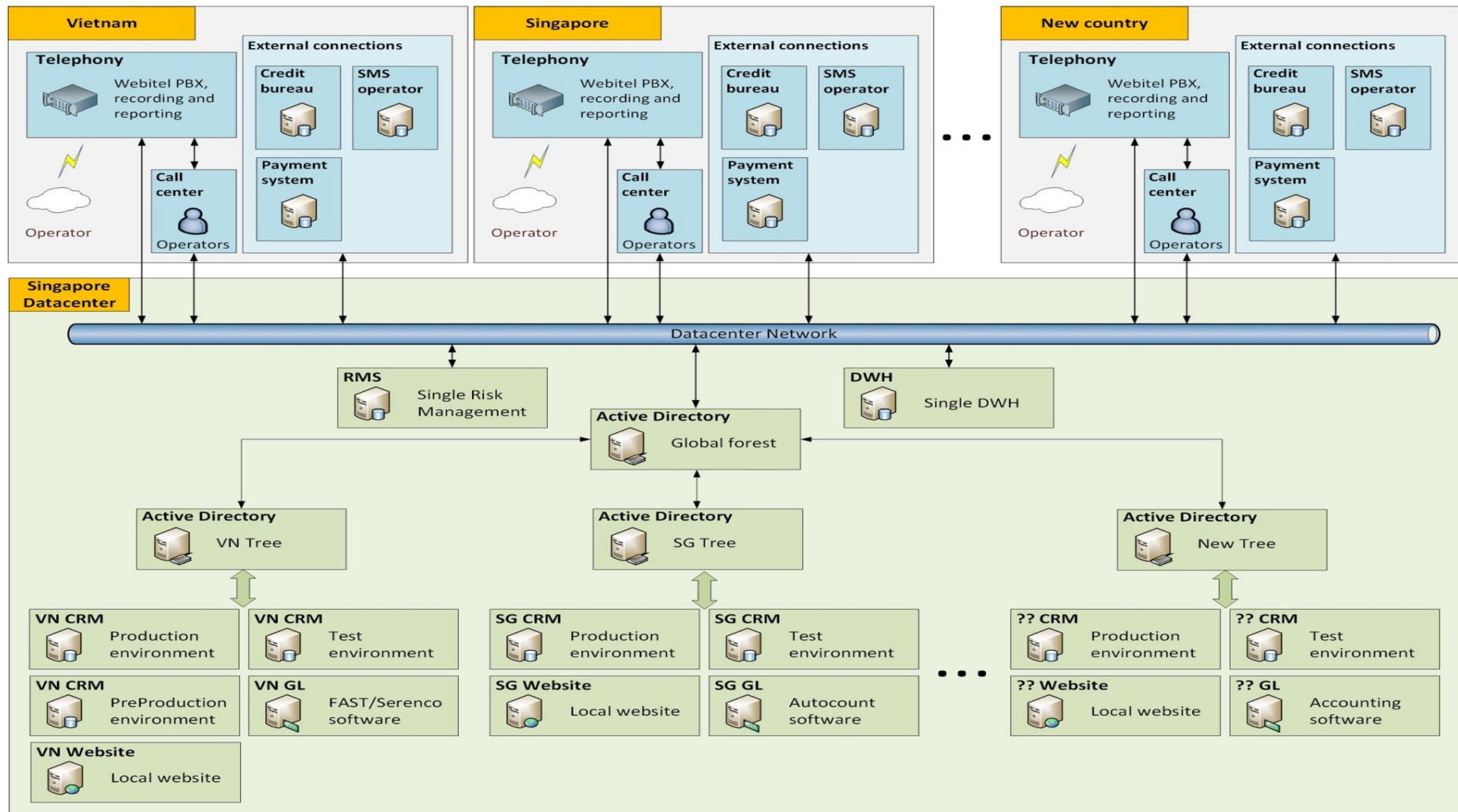
#	Stage	Short description	3 month after launch	Stage Period
1	Pre – Collection	SMS Notification borrower about payment	In-house	1 and 7 days before payback
2	Early Collections	Telemarketing, SMS and Email direct to Borrower – Notification about missed payment. Our Target co collect money, in case social default we offer loan prolongation for fee.	In-house	1-30 days after default
3	Middle Collections	Telemarketing, SMS and Email to Borrower and additional contacts, provided by customer during application. We notify him about consequences in case default.	In-house	30-60 days after default
4	Late Collection	Field visiting to living area, work, borrower's relatives.	Outsourcing(collection agencies and motorbike collectors)	60-90 days after default
5	Hard Collection	Home Visit, Preparation to Debt Sale	Outsourced/Optional	90-120 days after default
6	Debt Sale	After 120 Days of default we will sale debts.	Outsourced	120+



IT architecture- incremental view



6. IT architecture geo layout



We will use standard geo layout, adopted to full online process.

6. IT scope of work



#	Integration partner	Type of the partner	Comments
1	"PLDT"	SMS agent	Use biggest local provider
2	"GDS Link"	Access to Credit bureau CIBI, BIP, Transunion	GDS allow to integrate with credit bureau before we will get license
3	In-house decision for anti-fraud web – scoring	In-house	Allow to block ip –address from black lists
4	"I am real"	Facebook verification and social scoring	Later will be replaced by in-house decision
5	"QuickBooks"	Local GL system	Could be replaced with centralized system
6	"DragonPay"	Local payment partner	Allow us to have one integration for cash-out

#	New functionality	The essence
1	Customer notification	Integration with local sms agent for customer information
2	Local GL system	Required for reporting to government agencies(BIR,SSS)
3	Local Payment partner	DragonPay offer one integration to get wide cash out/in network
4	Connection to PH Credit Bureau	Use GDS Link to get access to credit bureau before incorporation
5	Risk partner I am real	Improvement credit process due to Facebook data
6	Online antifraud	Let us to decrease fraud in online applications

We plan to accomplish preparing IT platform within 8 weeks starting from 23.11.2015

Financial model assumptions



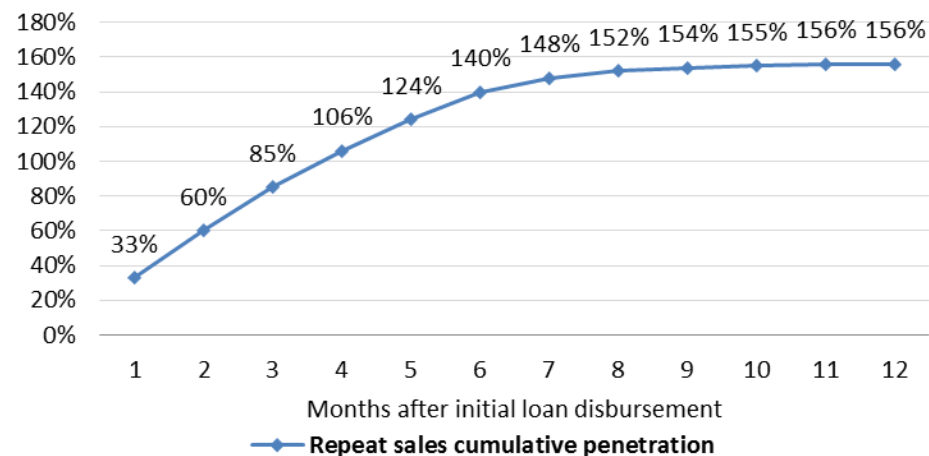
Loan type	Avg term, days	Avg ticket, USD	Losses, %
New	26	85	14.8%
Repeat	26	125	11.3%
Prolongation new	30	85	25.0%
Prolongation repeat	30	125	25.0%

Year of project	1	2	3	4	5
MAC, USD per loan	48	10	10	10	10

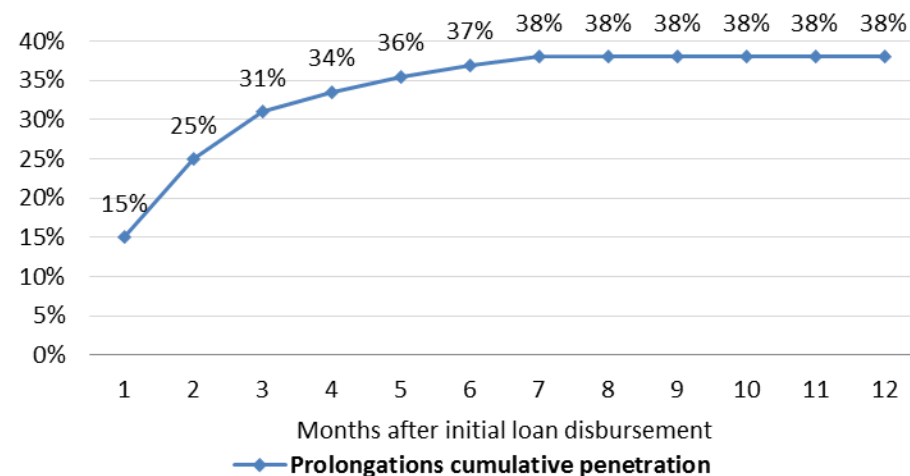
Repeat sales per new loans	156%
Prolongations per all loans	38%

Product parameters	Value
Normal interest rate, per day	1.00%
Late penalty interest rate, per day	2.00%
Handling fee	10%
Late payment fee, USD	15

Repeat sales curve



Prolongations curve



Investment summary



Investments, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Portfolio investments	987	710	160	0	0	1 857
OPEX and CAPEX investments	1 114	197	0	0	0	1 310
Total investments	2 101	907	160	0	0	3 167

Volume indicators	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Number of loans issued, thsd	30	173	351	520	620	1 694
Amount disbursed, thsd USD	2 484	14 095	28 198	41 569	49 284	135 630
Net portfolio (EoY), thsd USD	680	2 287	4 038	5 555	5 942	18 503

P&L, thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Revenue	958	6 573	14 074	21 442	26 094	69 140
Provisions	-600	-3 003	-5 517	-7 373	-8 793	-25 287
Variable costs	-517	-1 317	-2 430	-3 539	-4 146	-11 948
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-97	-355	-575	-817	-969	-2 813
Other variable costs	-43	-211	-383	-565	-672	-1 875
VAT	-8	-143	-360	-579	-729	-1 820
Fixed costs	-1 033	-1 193	-1 235	-1 450	-1 543	-6 454
Salary (fixed part)	-682	-752	-745	-959	-1 095	-4 233
Other G&A expenses	-351	-441	-490	-490	-448	-2 221
One-off expenses	-57	-17	-17	-17	-17	-126
Net profit before taxes	-1 249	1 043	4 875	9 063	11 594	25 325
Terminal value						55 122
ROE (annualized)						120%
ROAA (yearly)	-184%	70%	116%	142%	151%	130%

Break-even period – 12 months

Self-capitalization period – 19 months

Payback period – 39 months

Total investments – \$3,1M

Unoptimized Yr5 corporate tax – \$2,9M

Terminal Value– \$55,1M (Gordon growth model with discount factor 15% and growth rate 0%)

Balance Sheet (EOY)					
thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5
Assets	852	2 682	4 678	6 406	6 833
Liquid assets	102	343	606	833	891
Loans to individuals (net of provisions)	680	2 287	4 038	5 555	5 942
Total loans	1 280	5 891	13 158	22 049	31 229
Risk provisions	-600	-3 603	-9 120	-16 494	-25 287
Other receivables	69	52	35	17	0
Shareholders' equity	852	2 682	4 678	6 406	6 833
Contributed equity	2 101	3 007	3 167	3 167	3 167
Retained earnings	-1 249	-206	3 450	10 247	18 942
Dividends paid	0	-119	-1 939	-7 008	-15 276
Equity+Liabilities	852	2 682	4 678	6 406	6 833

P&L Statement



P&L						
thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Interest Income	958	6 573	14 074	21 442	26 094	69 140
Primary sales	467	2 463	4 788	7 004	8 121	22 843
Repeat Sales	490	4 110	9 287	14 438	17 972	46 298
Risk provisions	-600	-3 003	-5 517	-7 373	-8 793	-25 287
Primary sales	-348	-1 300	-2 139	-2 737	-3 108	-9 632
Repeat Sales	-252	-1 703	-3 378	-4 637	-5 685	-15 655
Variable costs*	-517	-1 317	-2 430	-3 539	-4 146	-11 948
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-97	-355	-575	-817	-969	-2 813
Other variable costs	-43	-211	-383	-565	-672	-1 875
VAT	-8	-143	-360	-579	-729	-1 820
Operating profit (before fixed costs)	-159	2 253	6 127	10 530	13 155	31 906
Fixed costs*	-1 033	-1 193	-1 235	-1 450	-1 543	-6 454
Salary (fixed part)	-682	-752	-745	-959	-1 095	-4 233
Other G&A expenses	-351	-441	-490	-490	-448	-2 221
One-off expenses	-57	-17	-17	-17	-17	-126
Profit before Taxes**	-1 249	1 043	4 875	9 063	11 594	25 325

* See slides 56-57 for details

** Estimated amount of profit tax for 5th year is \$2,9M

Cash flow statement



Cash flow thsd USD	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Loans issued	-2 484	-14 095	-28 198	-41 569	-49 284	-135 630
Principals received	1 471	11 051	24 064	37 296	45 581	119 462
Interest received	691	5 007	10 941	16 823	20 617	54 079
Loan fees received	0	0	0	0	0	0
Fines & penalties received	0	0	0	0	0	0
Total CF from business activities:	-323	1 963	6 807	12 551	16 914	37 912
Commissions to agents & payment systems	-8	-54	-114	-173	-208	-558
POS costs	0	0	0	0	0	0
People costs	-769	-1 050	-1 203	-1 600	-1 850	-6 472
Marketing & Acquisition costs	-378	-665	-1 230	-1 753	-1 989	-6 015
Support costs	-18	-65	-103	-150	-165	-501
Office costs	-186	-355	-478	-554	-569	-2 142
IT costs	-154	-70	-70	-70	-70	-434
Professional services	-40	0	0	0	0	-40
Other income (expenses)	-115	-108	-108	-108	-108	-547
Profit tax	0	0	-1 219	-2 266	-2 899	-6 383
VAT paid	-8	-143	-360	-579	-729	-1 820
Working Capital required	0	0	0	0	0	0
Total CF from operating expenses:	-1 676	-2 510	-4 884	-7 254	-8 587	-24 911
Total CF from operating activities:	-1 999	-547	1 923	5 297	8 326	13 000
Financing received	2 101	907	160	0	0	3 167
Financing returned	0	-119	-1 820	-5 069	-8 268	-15 276
Interest expense	0	0	0	0	0	0
Total CF from financing activities:	2 101	788	-1 660	-5 069	-8 268	-12 109
CAPEX	0	0	0	0	0	0
Total CF for the period:	102	241	263	228	58	891
Cash balance beginning:	0	102	343	606	833	833
Cash balance ending:	102	343	606	833	891	891

Expenses detailed



Variable costs, thsd. USD						
Expenses category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Marketing acquisition costs	-369	-608	-1 112	-1 577	-1 775	-5 441
Salary (variable part)	-97	-355	-575	-817	-969	-2 813
Other variable costs	-43	-211	-383	-565	-672	-1 875
Telecommunications - acquisition	-11	-43	-74	-108	-127	-362
Outbound SMS - acquisition	-6	-32	-64	-94	-110	-307
Payment system fees	-8	-54	-114	-173	-208	-558
Telecommunications - support	-15	-67	-102	-147	-175	-506
Outbound SMS - support	-3	-15	-30	-43	-52	-142
VAT	-8	-143	-360	-579	-729	-1 820
Total	-517	-1 317	-2 430	-3 539	-4 146	-11 948

Fixed costs, thsd. USD						
Expenses category	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Salary (fixed part)	-682	-752	-745	-959	-1 095	-4 233
Salary	-462	-481	-481	-481	-481	-2 384
Bonuses	-220	-272	-265	-479	-614	-1 850
Other G&A expenses	-351	-441	-490	-490	-448	-2 221
Rent/office expenses	-124	-209	-266	-264	-231	-1 094
IT expenses	-113	-124	-115	-119	-109	-580
Miscellaneous	-115	-108	-108	-108	-108	-547
Total	-1 033	-1 193	-1 235	-1 450	-1 543	-6 454

Expenses category	Total, thsd USD
HR expenses	-40
Recruiting	-40
IT expenses	-86
CRM development	-56
Collection system implementation	-19
Web sites	-7
Mobile sites&app	-4
Total	-126

8. Main identified risks and their mitigation 1/2



#	Risk type	Risk	Mitigation tool
1	Target license	It will take longer than our expectation time to get license from SEC	Accelerating SyCip lawyers Cooperating with local lobbyist with connections in SEC
2	Licensing	Regulator will reject nominal president or director	Change directors
3	Target business model	Negative legal opinion on remote contract signing process	Uploading sign contract via site Hiring in-house lawyer and developing with SEC target business model of signing contract
		Negative legal opinion on legitimacy of KYC and AML procedure, which we are going to do in money pick up points (our partners)	Hiring in-house lawyer and developing with SEC target business model of KYC in remote partners pick up points Sign contract with each partner, for KYC outsourcing
		Non-achievement target volumes due to advertising channels limits	Developing alternative sales channels: application, partnership, ATL
4	Operational	Invalid and/or incorrect personal data in online application (on web site or in CRM)	- Built-in auto online checks - Obligatory mobile number SMS-verification procedure
		Loose customers application data	- Saving all signature in CRM and everyday back up.
		Technical bugs during process	- Every week testing process with staff and IT

8.Main identified risks and their mitigation 2/2



#	Risk type	Risk	Mitigation tool
5	Fraudulent	Fake ID using for application	<ul style="list-style-type: none"> - Mandatory requirement of the second document in addition to ID - Using CICI bureau to match id with black and white lists - Using Phone verification to identify person - Using Lenddo to identify person in Facebook
		Using robots for mass application fulfilling	<ul style="list-style-type: none"> - Obligatory mobile number SMS-verification - Using Facebook verification - Developing mobile app for better verification and scoring
		Fraudsters attack	<ul style="list-style-type: none"> - Automated black lists check (lists are both internal and external) and Phone verification - Low initial loan amount (to minimize losses) - Taking into consideration place of signing contract and desirable way of money transfer (will be taken into consideration by automatic scoring) - Analyzing IP address and cookies during web application (to identify and reduce high risk)
		Customers will apply for 2 nd loan to close 1 st loan	<ul style="list-style-type: none"> - Frozen possibility to apply 2nd loan during first loan existing
		Telemarketing and verification staff will be in cahoots with borrowers	<ul style="list-style-type: none"> - New employees' obligatory check for criminal records - Analyzing performance of each person - Cross-check and randomizing areas (districts of country) which staff cover in operations
6	Collections	Customers unavailability in case of delinquency	<ul style="list-style-type: none"> - Mandatory request of providing contact person's mobile number in application in case of collections necessity - Providing work and home phone numbers - Application with gps tracking setting up to customer's phone
		Denying loan receipt in case of not repaying	Sending a copy of documents to customer.
		Low responsibly for loan repayment fail	Getting check from customer (after check payment fail we can put customer to prison)

9. Project plan



Activity	Planning end date	Comments
Hiring CEO		HR agencies started searching process.
Licensing		Documents filed to SEC
Renting office		Signing contract
Creating team		We have regular candidates screening
IT settings, product settings		We identified all key partners
Official documents		Documentation preparation for customers and regulator
Start sales		We plan to start sales at the end of November- beginning December.

Activity					
Hiring CEO					
Licensing					
Renting office					
Creating team					
IT settings, product settings					
Legal Setup for our business process					
Start operations					

We are planning to launch operations at the XXXXXXXXXX 201.

9. Next steps



Activity	Sub activity	Planned date
Hiring CEO	Obtaining short list of candidates	30-Oct-15
	Final interview	11 -Nov-15
	Contract sign	15-Nov-15
Licensing	Filling all documents for SEC	30-Sep-15
	Bank Account opening and pre-paid capital transferring	18-Sep-15
	Application to SEC	30-Sep-15
Renting office	Negotiation Lessor	14-Sep-15
	Signing Contract	18-Sep-15
Creating team	Obtaining short list of candidates for Legal, Accounting, Risk and IT	01-Nov-15
IT settings, product settings	List of partners creation	04-Sep-15
	Technical task preparation	11-Oct-15
	Contracts sign with partners	10-Nov-15
	Development	23-Nov-15
Legal Setup for our business process	Structure approval by lawyers	17-Sep-15
	Development of internal documentation	3-Nov-15
	Development of documentation for SEC	3-Nov-15

The most difficult and time-consuming process is the acquisition of license

Requirement	Act	Section / Article	Implementing Agency	Comment
Confidentiality & Use of Credit Information	R.A. No. 9510	Section 6	SEC	The Corporation, the submitting entities, the accessing entities, the special accessing entities and the duly authorized non-accessing entities shall hold the credit information under strict confidentiality and shall use the same only for the declared purpose of establishing the creditworthiness of the borrower.
KYC	R.A. No. 9160	Section 9	Anti-Money Laundering Council	Covered institutions shall establish and record the true identity of its clients based on official documents.
Data Privacy	R.A. No. 10173	Entire Act	(DICT)	Processing of personal or sensitive, personal information requires the consent of the data subject. The data must be used only for authorized purposes, retained, and disposed of properly.
Electronic Documents	R.A. No. 8792	Section 6 & 7	DTI	Information shall not be denied legal effect, validity or enforceability solely on the grounds that it is in the data message purporting to give rise to such legal effect, or that it is merely referred to in that electronic data message.
Electronic Signatures	R.A. No. 8792	Section 8 & 9	DTI	An electronic signature on the electronic document shall be equivalent to the signature of a person on a written document if that signature is proved by showing that a prescribed procedure, not alterable by the parties interested in the electronic document, existed...
Usury	R.A. No. 386	Article 1413 & 1957	NA	Interest paid in excess of the interest allowed by the usury laws may be recovered by the debtor, with interest thereon from the date of the payment. Contracts and stipulations, under any cloak or device whatever, intended to circumvent the laws against usury shall be void. The borrower may recover in accordance with the laws on usury.

Main regulations of company management



Requirements	Act	Comment	Primary document for SEC
Financing company ('Company')	R.A. No. 8556	"Stock corporations at least forty percent (40%) of the voting stock of which is owned by citizens of the Philippines. Shall have a paid-up capital of not less than Ten million pesos (P10,000,000) in case the financing company is located in Metro Manila".	
Company shareholders	R.A. No. 8556 Sections 6 and 16, Corporation Code	XXXXXXXXXXXXXXX PTE LTD (Singapore) – 60%, Philippino citizen – 40%	Articles of Incorporation By-Laws
Company shareholders Rights and Restrictions	Articles III, IV of the By-laws	1) Article III Restrictive covenants – non-compete, non-solicitation 2) Article IV Reserved matters that require either 2/3 of shareholders' approval as per local laws (amendment of the By-laws, denial of pre-emptive right, distribution of dividends, any M&A deal, etc) or majority approval (any material change in the nature of the business, formation of subsidiaries, granting or taking any loan in the excess of 50 000 USD, etc)	By-Laws
General Meetings of Shareholders (GMS)	Article II	1. on last Friday of June of each year 2. Special meetings with 2 weeks notice from directors or majority shareholder	By-Laws
Special Restriction on Local Shareholder		1. Call-Option enables XXXXXXXXXXXXXXXX or its designee to buy shares of local shareholder at a nominal price 2. Call - Option could be realized on demand of XXXXXXXXXXXXXXXX	Call-option
The Board of Directors	Article VI of By-laws, Corporation Code	The Board shall be composed of five directors, who are elected by the shareholders. The Corporation shall have 2 independent directors, 2 representing majority shareholder and 1 representing local shareholder	Articles of Incorporation By-Laws
The Board of Directors Rights and Restrictions	Article IV of By-Laws	1. The Board of Directors supports the execution of business plan and company operations 2. The Board should observe the reserved matters that are for shareholders to decide on 3. No decision can be approved if number of directors who voted was less than 4 overall or 2 directors from XXXXXXXXXXXXXXXX were absent	By-Laws
Election of The Board of Directors		1. Board of Directors should be elected during GMS and hold office for one year 2. In case of any vacancy it should be filled after approval of XXXXXXXXXXXXXXXX	By-Laws
Access to Bank Account		Only the Country Manager has access to the bank account of the Company	

#	Concentrations	Short description	Systems
0	By customer IP	Block all applications from computer with high level of fraud	In-house system, Own statistic
1	By addresses, places, district, GPS coordinates	Block all applications from place with high level of fraud	CB, Own statistic
2	By contacts	Block all applications with contacts with high level of fraud	CB, Own statistic
3	By Facebook friends	Block all applications if friend with high level of fraud	I am Real
4	By money transfer way/ bank/ payment system	Block all applications I payment system with high level of fraud	In-house system, Own statistic

Calculate concentrations every week and block fraud areas