



FINANCEPEER BUSINESS MODEL

1. BACKGROUND

- 1.1. Visionary Financepeer Private Limited ("**Company**") carries on business under the brand name of "Financepeer".
- 1.2. The Company has an online platform, www.financepeer.com ("**Platform**") that serves to connect individual borrowers to lenders digitally. It eases each individual's access to capital and in-turn improve his/her standard of living. It uses an algorithm that quantifies risk from credit and non-credit bureau channels by leveraging artificial intelligence (AI). This analysis helps individuals and institutions to understand and invest in people. The Company looks forward to spearheading a truly revolutionary impact for millions of people. It's a step to reduce economic disparity in the long run. The Platform helps borrowers in need gain access to personal loans.

2. BUSINESS ACTIVITIES

2.1. The Platform facilitates the following:

- 2.1.1. Verification of Participants' details supported by KYC documents of the respective party.
- 2.1.2. Analysis of the credit information for the borrowers and assignment of a suitable Financepeer Score on that basis.
- 2.1.3. Matching of borrowers and lenders, based on return expectations and risk appetite.
- 2.1.4. Diversification of lender's investment across multiple loans.
- 2.1.5. Documentation and execution of loan agreement and any ancillary documentation.
- 2.1.6. Disbursement of loans to borrowers through a stringent escrow mechanism.
- 2.1.7. Automated EMI collection and transfer to lenders on a monthly basis.
- 2.1.8. Providing updated information to Lender on loan performance and portfolio returns.
- 2.1.9. Providing recovery services on best effort basis.

2.2. The Company does not at any point of time carry out or intends to carry out any of the following activities:

- 2.2.1. Lending activities by the Company, i.e., invest its own funds in loans on the Platform.
- 2.2.2. Provide any form of credit enhancement or credit guarantee to Participants.

- 2.2.3. Commit any rate of return to lenders.
- 2.2.4. Take any security from borrowers.
- 2.2.5. Cross sell any other product.
- 2.2.6. Earn any differential in interest rate between lenders and borrowers.
- 2.2.7. Raise deposits as defined under Section 45 I (bb) of the Reserve Bank of India Act, 1934 or the Act.
- 2.2.8. Hold on its own balance sheet, funds received from Lenders for lending, or funds received from Borrowers for servicing loans.
- 2.2.9. Permit international flow of funds.

3. TYPES OF LOANS

The Platform provides access to the following types of personal loan products to its customers:

3.1. Short term loans, the salient features of which are:

- For a loan amount ranging from INR 5,000 to INR 60,000
- Maximum loan tenure is 6 months
- Pay only INR 26 to INR 32 per INR 1,000 monthly
- Lend from as low as INR 5,000
- Unsecured collateral free loans
- Pay back in simple monthly EMI's on a monthly reducing balance model

3.2. Long term loans, the salient features of which are:

- For a loan amount ranging from INR 60,000 to INR 10,00,000
- Tenure range of 6 months to 36 months
- Pay from 13.99% to 19.99% per annum
- Lend from as low as INR 5,000
- Pay back in simple monthly EMI's on a monthly reducing balance model
- Zero prepayment charges

4. BORROWER AND LENDER FLOW

4.1. A customer can register either as a lender or borrower using his/her email id and mobile number.

4.2. Borrowers can place personal loan requests whose interest rate is decided based on the credit rating and amount requested.

4.3. The borrower has to go through the following process:

- 4.3.1. Provide detailed demographic details

- 4.3.2. Pay registration fees for loan application
- 4.3.3. Upload both Aadhaar and PAN card for E-KYC verification
- 4.3.4. Upload 6 month bank statement with all the transactions and details on the bank
- 4.3.5. Based on the borrower's transactions in the bank statement, the Company decides the maximum possible loan amount the borrower is eligible, based on the tenure selected
- 4.3.6. Credit information and credit bureau score is extracted for the borrower using his/her PAN details
- 4.3.7. In addition to credit bureau score, the Company requests access to social media profiles of borrower
- 4.3.8. Combining the additional social, demographic and bureau information provided by the customer, the Company provides a customised credit score to the gauge the borrower's willingness to pay back
- 4.3.9. This Financepeer score determines the interest rates of the borrower based on the loan type chosen as shown in the following table:

Buckets	FINANCEPEER SCORE	Short Term Loan (Monthly %)	Long Term Loan (annually %)
-	$x < 630$	Application Rejected	Application Rejected
1	$660 > x > 630$	3.2	19.49
2	$690 > x > 660$	3.1	18.49
3	$720 > x > 690$	3	17.49
4	$750 > x > 720$	2.9	16.49
5	$780 > x > 750$	2.8	15.49
6	$810 > x > 780$	2.7	13.49
7	$x > 810$	2.6	12.49

- 4.3.10. Once the borrower score and interest rate is finalised, the borrower is asked to verify and confirm the loan application, post which his/her profile is showcased on the borrower listing page
- 4.3.11. Borrower can check the fulfilment status of funds on the borrower dashboard
- 4.3.12. Post approval of 100% of funds from lenders, a loan agreement is created for the borrower to E-sign
- 4.3.13. Borrower also agrees to an E-mandate, which allows bank to auto transfer EMIs from borrower's bank account to the borrower escrow account
- 4.3.14. Post E-sign and E-mandate, the loan agreement is sent for lenders' approval

4.3.15. Processing fees is deducted from the loan amount and is disbursed into the borrower's bank account, once all the lender approvals are received

4.4. Lenders are provided access to the borrower listing, where the profile of each borrower and loan details are showcased. A lender can choose multiple borrowers and invest in their loans, on which monthly EMIs are paid back. Lenders have to go through the following process to invest in loans:

4.4.1. Provide basic demographic details

4.4.2. View borrower listing page which has a list of available loans, borrower demographic, credit score details, loan amount required, amount funded, interest rate etc.

4.4.3. Details of lender's escrow account are provided to the lender

4.4.4. Lender transfers the amount he/she wants to lend into the lender's escrow account

4.4.5. Lender selects the borrower, loan ID and the amount he/she wants to lend in a particular loan

4.4.6. Lender confirms the loan amount to the selected loan applications

4.4.7. Lender dashboard shows details of all the loans in which the lender invested

4.4.8. Once the borrower E-signs the loan agreement, the Lender is asked to sign it

4.4.9. On completion of lenders E-sign, money is disbursed into the borrower's account

5. REVENUE STREAMS

5.1. Registration fees

Each borrower is charged an upfront registration fees of INR 500 for any new loan application. There is no registration fees charged to a lender.

5.2. Processing fees

Processing fees is charged on the loan amount before disbursing it to the borrower. The amount charged is 3% of the loan amount on short-term loans and 2% of the loan amount on long term loans.

5.3. Convenience fees

A nominal convenience fees of 2% (two Percent) of the EMI amount on short term loans and 3% of the EMI Amount on long term loans is charged