



## #04 Solved

How do you offer a regulated, risk-managed product?

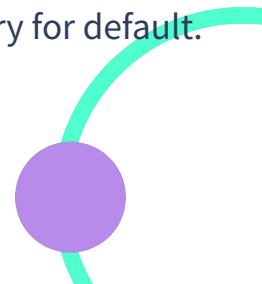




## Our Savings Circles are built to be better at mitigating risk

StepLadder has  
world-class insight in  
making digital  
ROSCAs work

- We control for adverse selection by using random selection in StepLadder Circles
- There is no financial interest in the mechanism: cost competitive & Islamic finance compliant
- The Circle host is independent and can provide insight & support for the members
- Funds from some Circles can only be used for stated purposes, yielding commercial uplift and superior recovery
- We mitigate the main default risk (change in personal circumstances) via reserves & liquidity pools (where applicable)
- Custody of funds: money paid in to the Circle can be held in a client money account and only released for certain specified purposes
- StepLadder has a mandate to administer and maximise recovery for default. This is also transferable to a specialist, if best for resolution

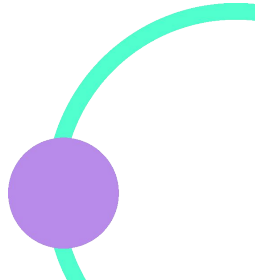




## Example: Regulatory Oversight in our Home Market

Benefit from our 6 years experience operating under the UK's world-class regime

- Since 2017, StepLadder Solutions Ltd (FRN: 783003) is an appointed representative of More Lending Solutions Limited, which is Authorised and regulated by the Financial Conduct Authority
- Integrated e-money payments means never handling cash and AML confidence
- Member funds held as Client Money in ringfenced Barclays account
- Two-way Equifax data flow to mitigate risk and deliver consumer benefit





## Carefully curated Use Cases

Fuse personal financial goals with superior risk mitigation - both probability of default and loss given default

### Example: UK primary residential default loss

- Model Circle: 30 member circle, £1,000/mo, 30 month term, 3 month lag to purchase from draw
- Average Loss per default, uniform probability distribution:  $(50\% \times (24+0) \times £1,000) \times 33\% = £4,000$
- (Assuming 33% eligible for waiver cover; then 50% recovery on remaining defaults)
- Benchmarking expected number defaults from primary residential default rates:

#### Stress inputs:

Repossessions - <0.3% 2018, 0.4% in '09, 0.8% in '91

Arrears - 1.2% 2018, 3.0% in '09

#### Goal dedicated Circles:



Home



Transport



Electronics



Interiors



Wellness