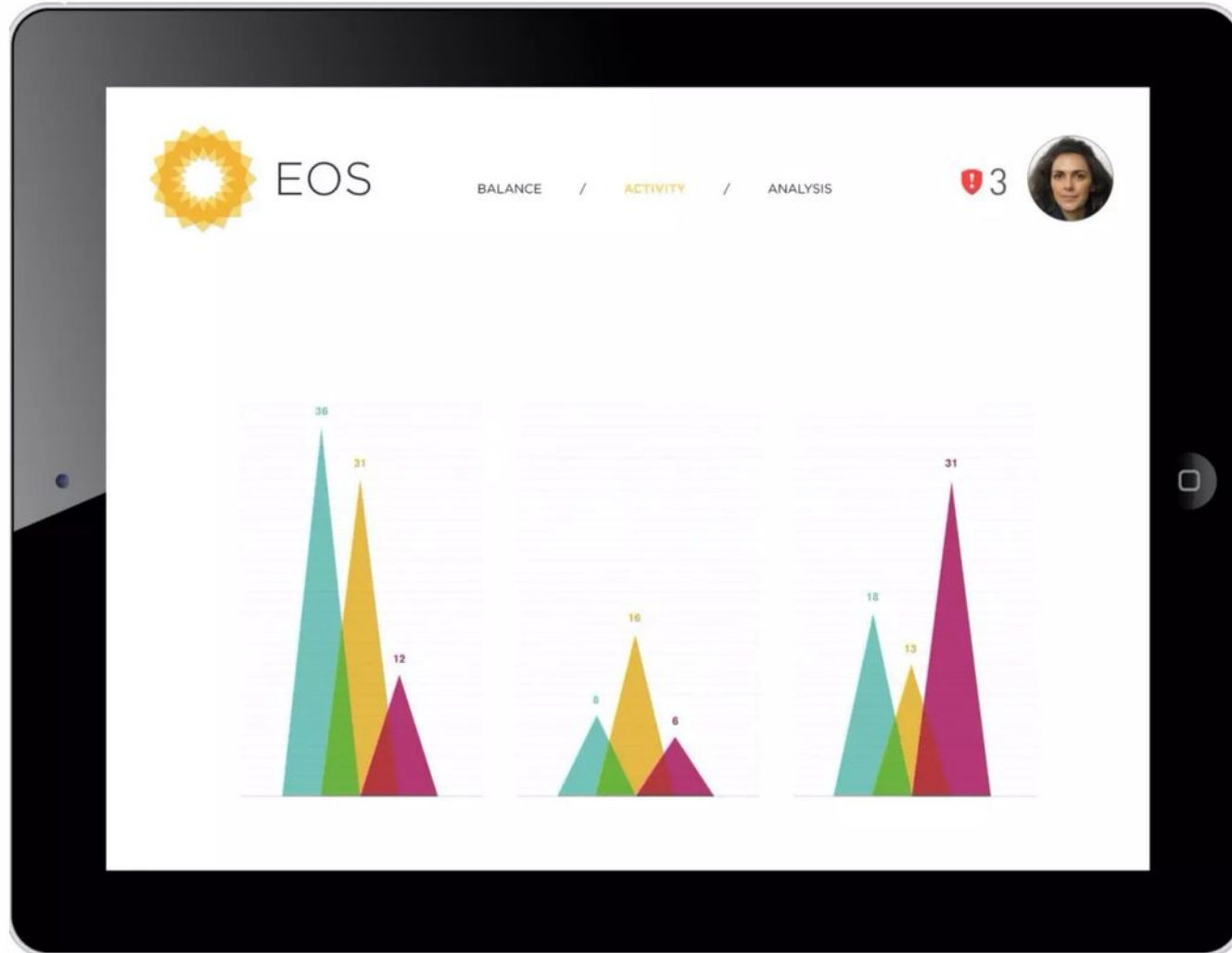




EOS - THE FUTURE OF BRAZILIAN CONSUMER BANKING

EOS's Purpose: To build a consumer-centric bank in Brazil



The Big Picture – EOS, the “anti-bank”

Brazilian Banks Today



Ethos:	<i>“Bank”</i>	<i>“Technology company”</i>
Culture:	Inertia; leverages complexity to confound	New, young, contrarian; leverages simplicity to create loyalty
Distribution:	Offline (branches)	Online (online, mobile, telephone)
Focus:	Process	Customer experience
Product portfolio:	“One size fits all”	“Right product to the right person at the right price”
Market:	Everybody, everywhere	Smart, technology-savvy consumer
Organization:	Bureaucratic, Hierarchical, rigid	Lean, flat, fast-iteration, agile
IT organization:	12 – 24 months development cycles; 2-3 new products per year	12 – 24 days development cycles; 2-3 new products tested per day

Conclusion: Large industry bound for disruption



SOLUTION

Capture the hearts of the consumer

“Brain” = Analytical backbone

- Data-driven culture of a *technology company, not a bank*
- Sophisticated credit analytics; real proprietary underwriting
- Full product customization
- Fast product introduction and iteration; continuous testing
- Complete integration of Credit/IT/Operations/Marketing
- *De-novo* architecture built for flexibility, scalability and speed

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“Heart” = Emotional appeal

- Brand ***“is young, contrarian, breaks with the status-quo, and starts a revolution”***
- Completely customer-centered
- Simple and intuitive product design
- Complete transparency; no “hidden fees”
- Internet and mobile channels drive convenience, loyalty

WHY NOW?

Unique confluence of factors opening a crack in the armor

Macro shifts

- Consumer interest-rate sensitive for first time (lowest interest rate environment ever)
- Highest concentration of banks ever (internal complexity is paralyzing)
- Big banks looking inwards
- Government is an ally

Technology shifts

- Internet/mobile decrease largest barrier to entry (capital)
- Explosion of data commoditizes internal banks data
- Beginning of “virtualization of cash”
- Cloud-computing/big-data increase underwriting power

Consumer tastes shift

- 50% of Brazilians are under 29yrs
- Enough trust on the online channel to transact (ecommerce now a \$24bn mkt.)
- By 2015, there will be 80mm people with mobile internet access
- Brazil: “The Social Media Capital of the Universe” (WSJ)
- Consumers → control

BUSINESS MODEL

Business Model

- Appropriate pricing will be a discovery process; initially we don't plan to compete on price:

Revenue source	Type	% of Portfolio	Price
Interest income	Installment loan	70 – 80%	0%
Interest income	Revolving loan	10% - 20%	8% (month)
Fee	Initialization Fee	-	R\$100 – R\$300 (once)
Fee	Maintenance Fee	-	R\$100 – R\$300 (yearly)
Fee	Interchange from merchant	-	~1%

- However, there might be an opportunity to disrupt by changing pricing structure (ie. lowering revolving rate)

Main Risk

- 60 – 80% of credit card transactions are for interest-free installment payments
- “Base case” scenario we operate with similar portfolio of credit card loans (60 – 80% installments)
- “Upside case” we decrease interest rates on revolving, providing incentive for consumers to revolve (as customers globally do)

Inception

Raising \$2mm seed investment

- Recruit core engineering team
- Develop front-end product
- Design back-end architecture
- Develop three initial credit models and customer acquisition strategy for each
- Set-up legal and securitization structure, and close partnership with bank



EOS

THANK YOU