EZ FineAnts

Bank to the Future

by Koenraad Dom
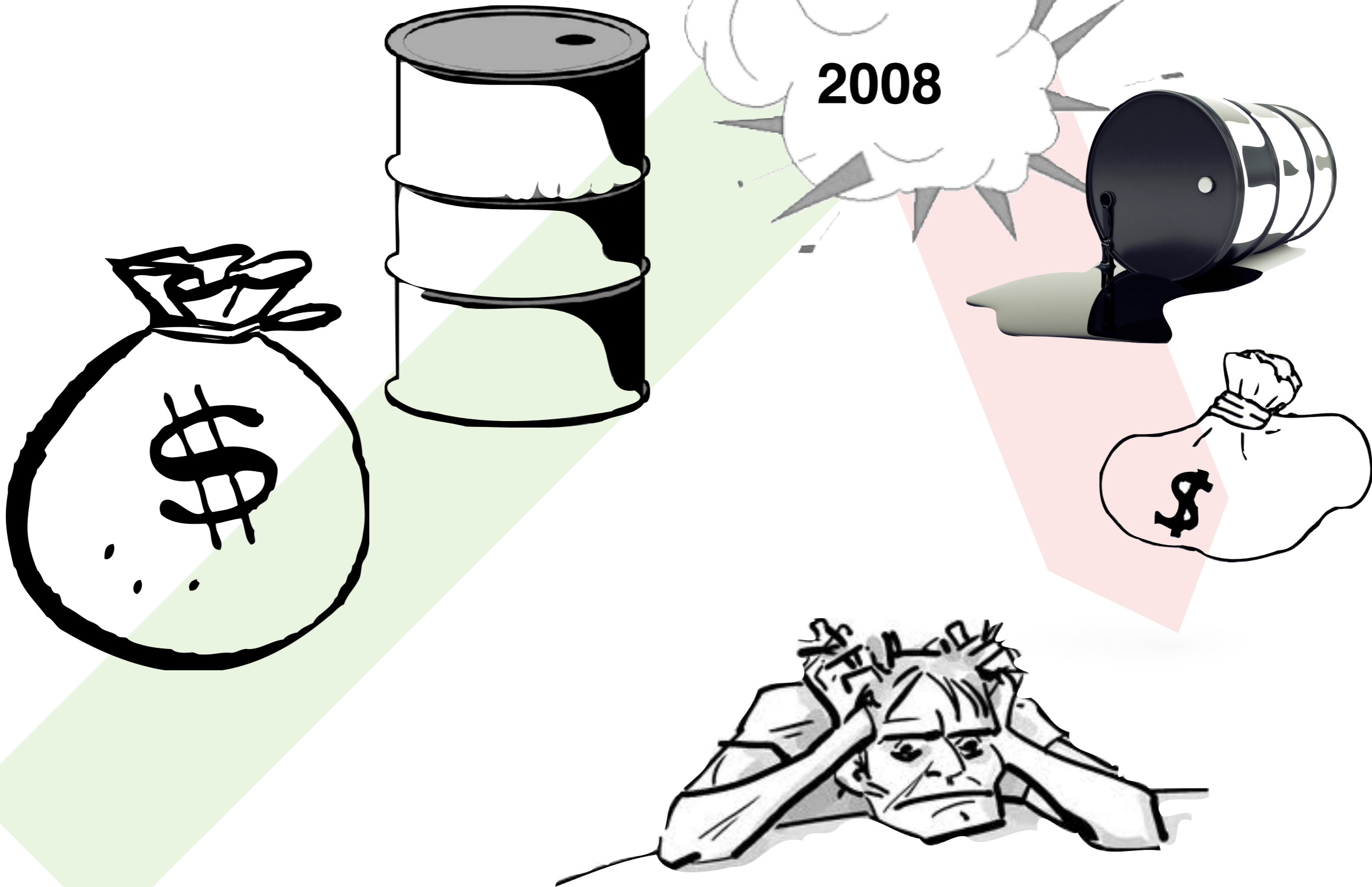
EZ FineAnts

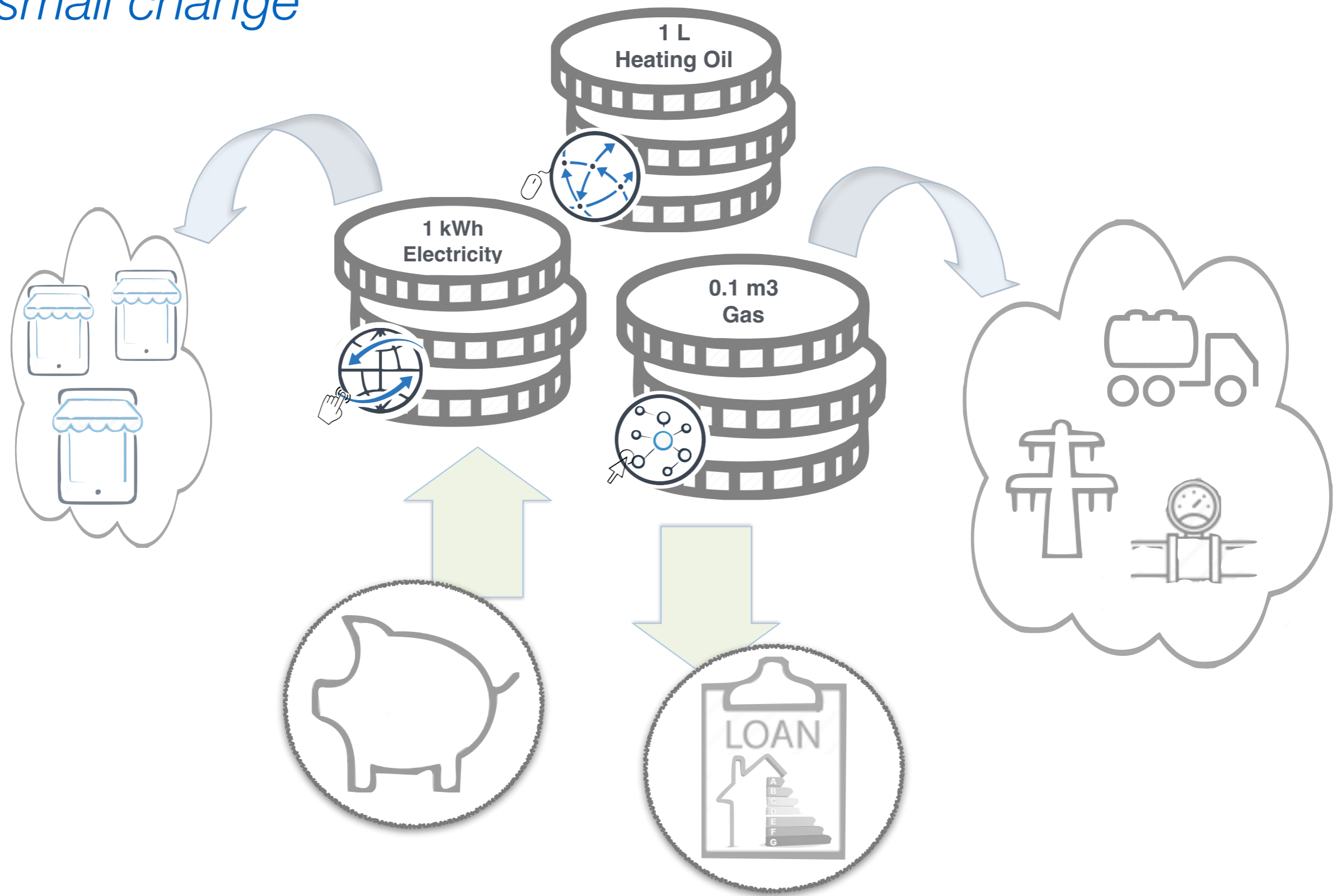## Bank to the Future

- small change for man

- giant leap for mankind

- under the hood

- lift-off

interesting times

2008

small change

1 L
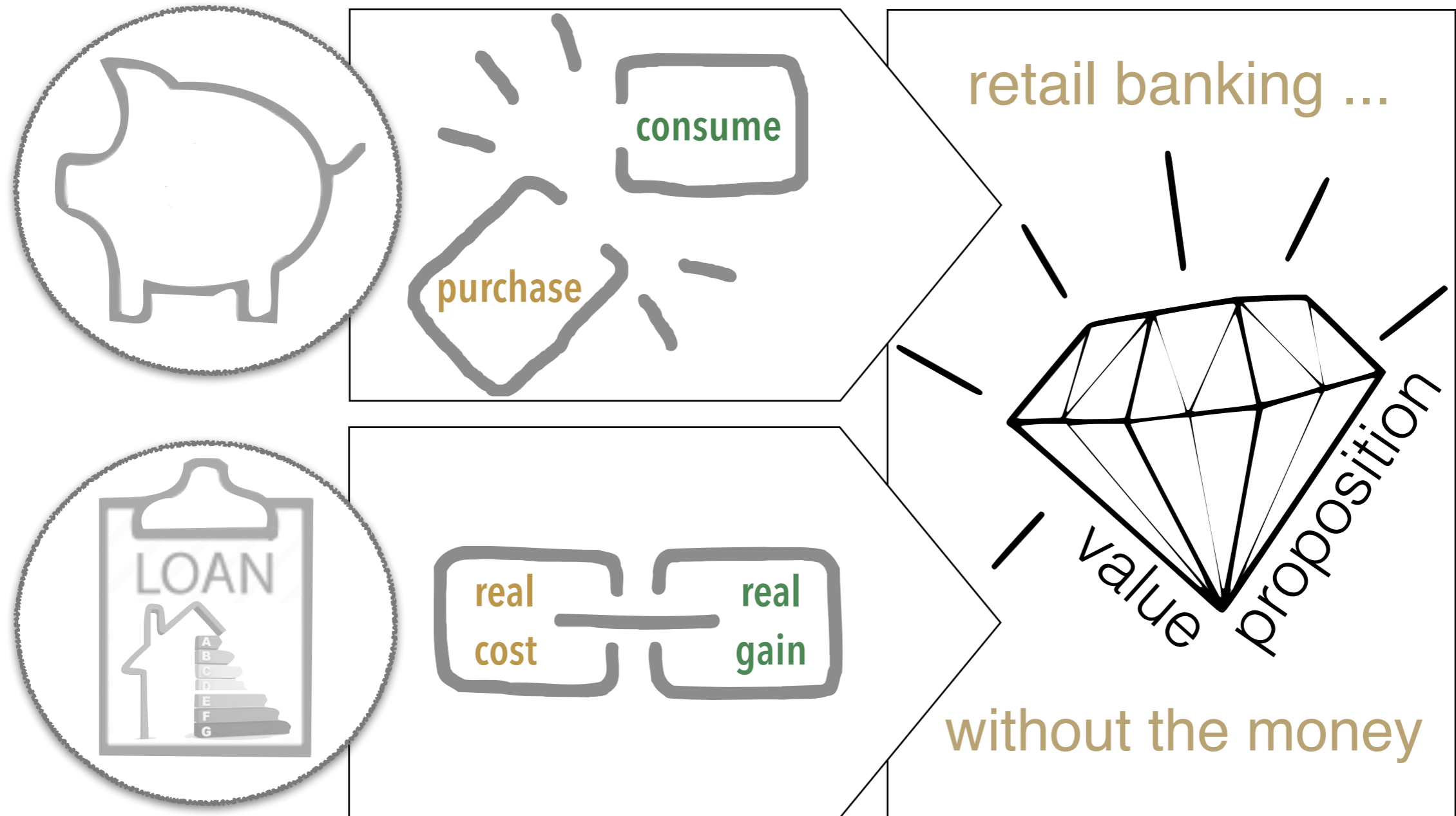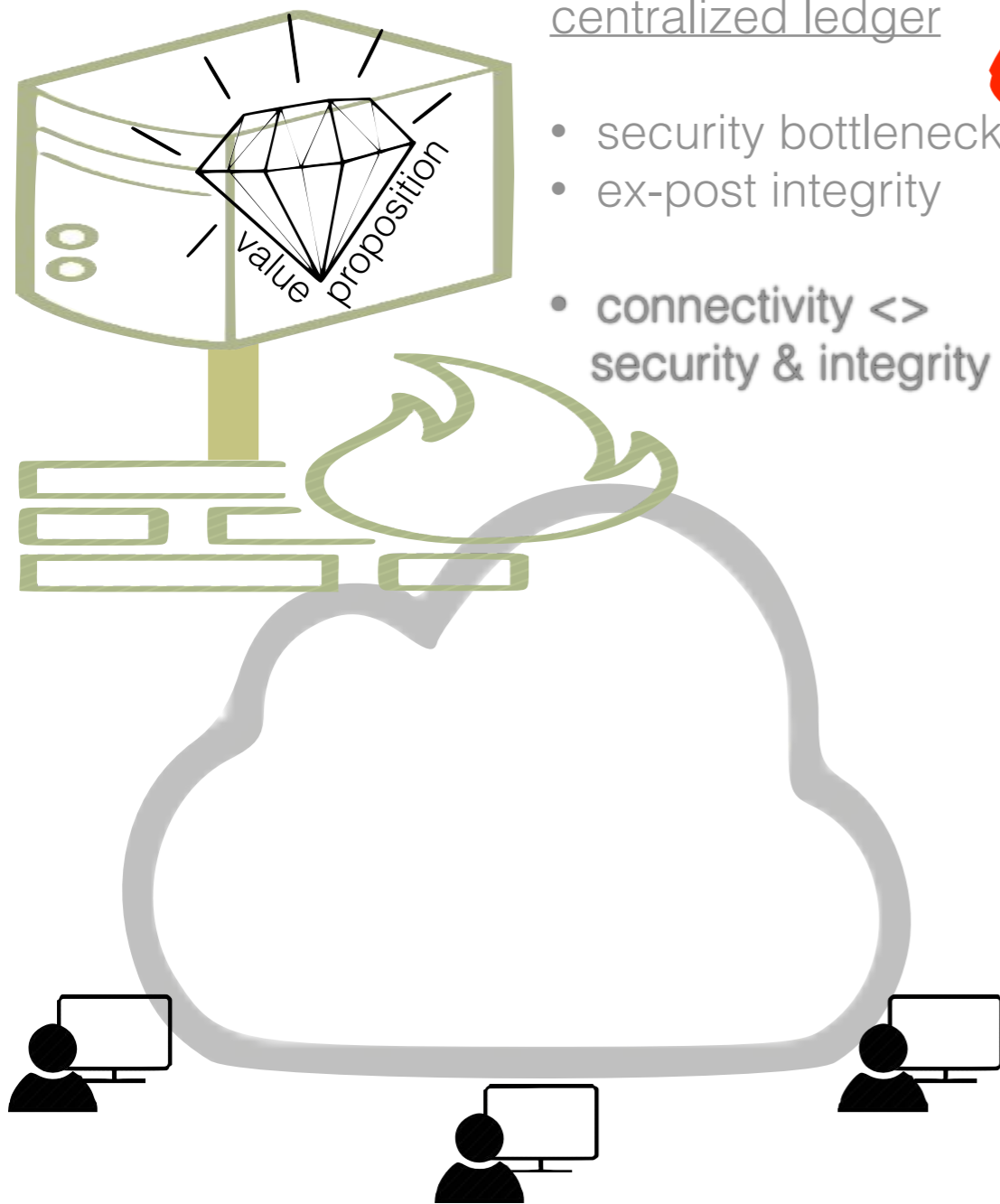Heating Oil

1 kWh
Electricity

0.1 m3
Gas

LOAN
A
B
C
D
E
F
G

retail banking …   without the money

consumer power

consume

purchase

retail banking ...

real cost — real gain

value proposition

without the money

smart operations

centralized ledger

- security bottlenecks
- ex-post integrity

- **connectivity <>**
  security & integrity

blockchain technology

- distributed ledger & consensus protocol
- up-front integrity

mobile-proof

- **cheap, scalable**
  security & integrity
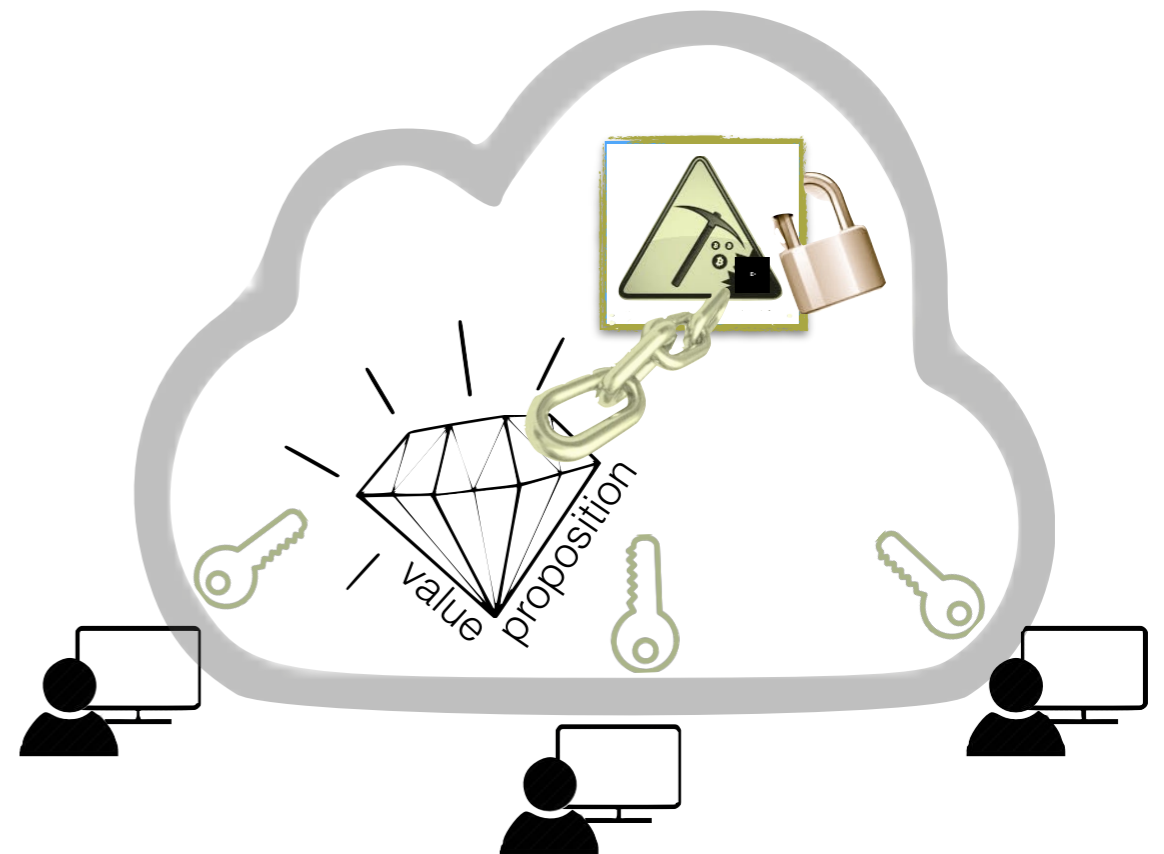
legacy paradigm   blockchain paradigm

competitive advantage
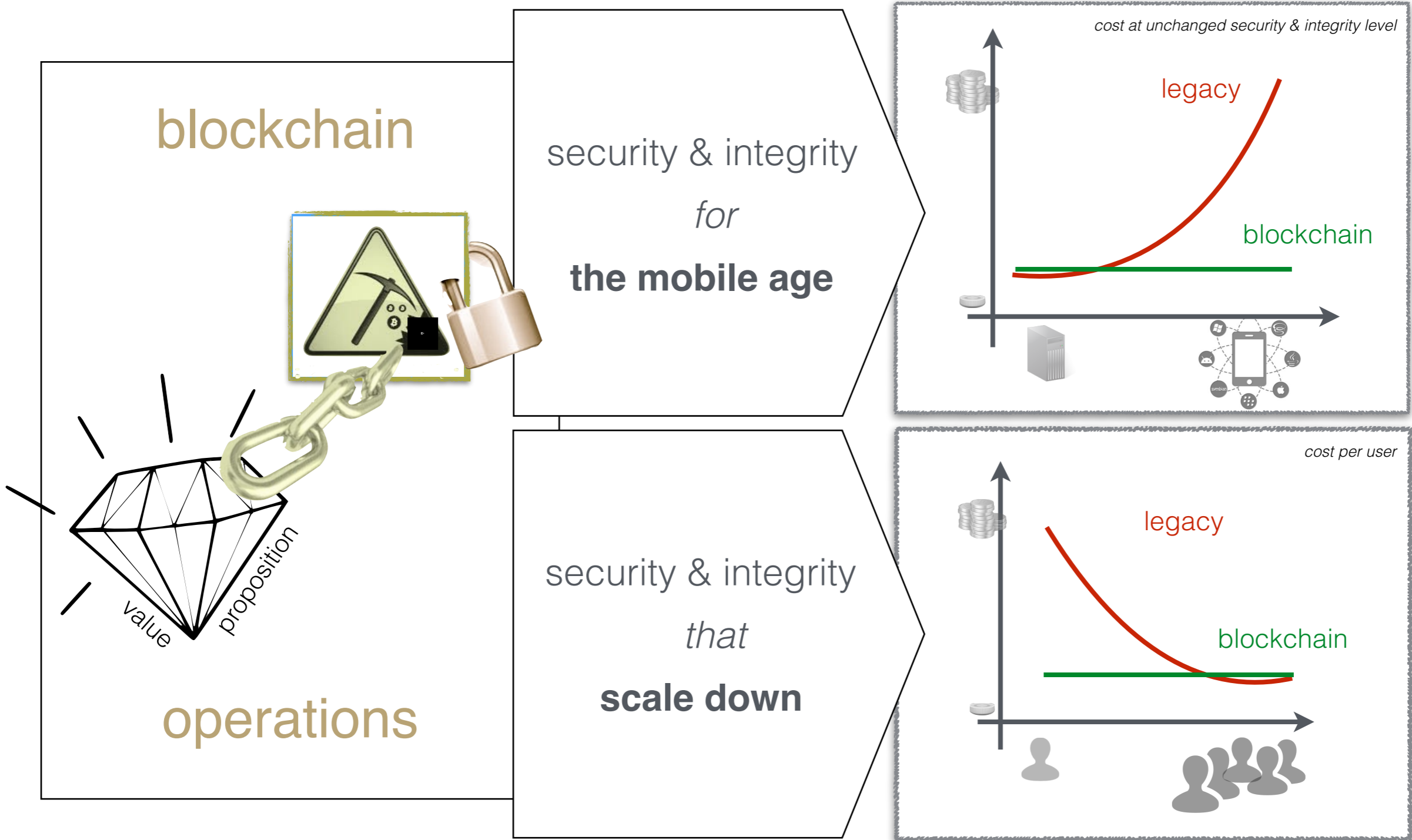
blockchain

value proposition

operations

security & integrity
for
the mobile age

security & integrity
that
scale down

cost at unchanged security & integrity level

legacy

blockchain

cost per user

legacy

blockchain

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(double) *virtuous spiral* …

retail banking …
without the money

value proposition

in 5 years, with balance sheet of €200m, 0.08% of Belgian savings channels in 0.8% of addressable EE investments

Energy Efficiency

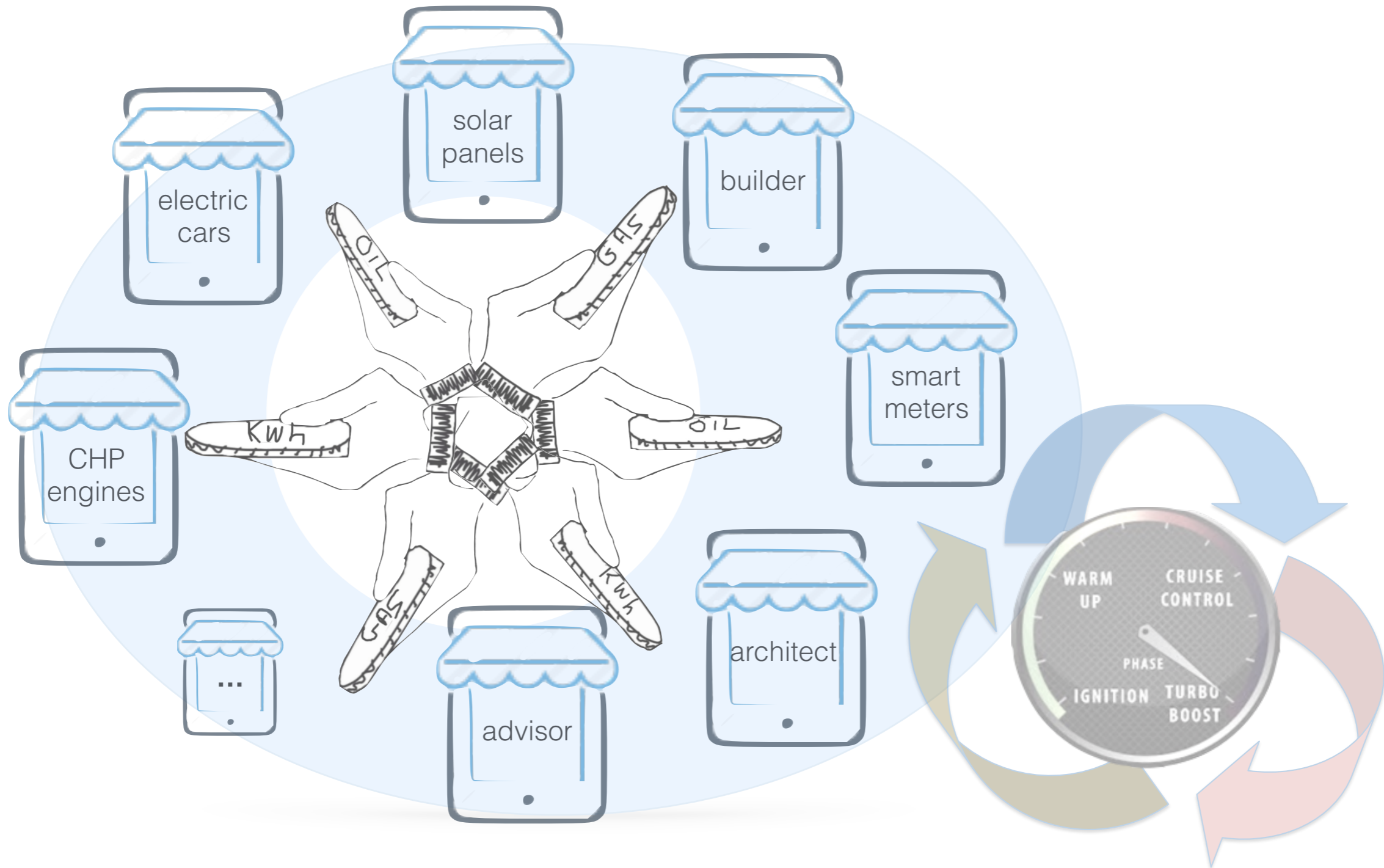Purchasing Power

current ambition would create 10 to 20 est. direct and 60 to 100 indirect jobs in 5 years

addressable EE investments in buildings €25bn

balances on savings accounts €250bn

boosted by e^3-commerce (*)

(*) Energy-Efficiency E-Commerce

new rules, new game

block chain

security / integrity

scale

KBC

Credit Suisse

WIR
(Switserland)

etc.

retail banking

alternative currencies

value proposition

torekes
(Ghent, Belgium)

bank to the future

bank-in-a-box

Food

local food coins

Efficiency

Purchasing Power

Housing

house coins

Efficiency

Purchasing Power

Energy

energy coins

Energy Efficiency

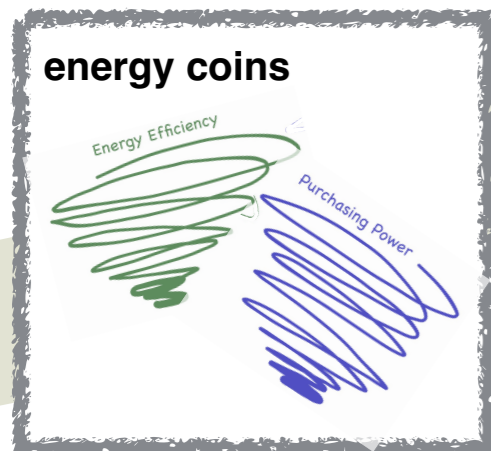Purchasing Power
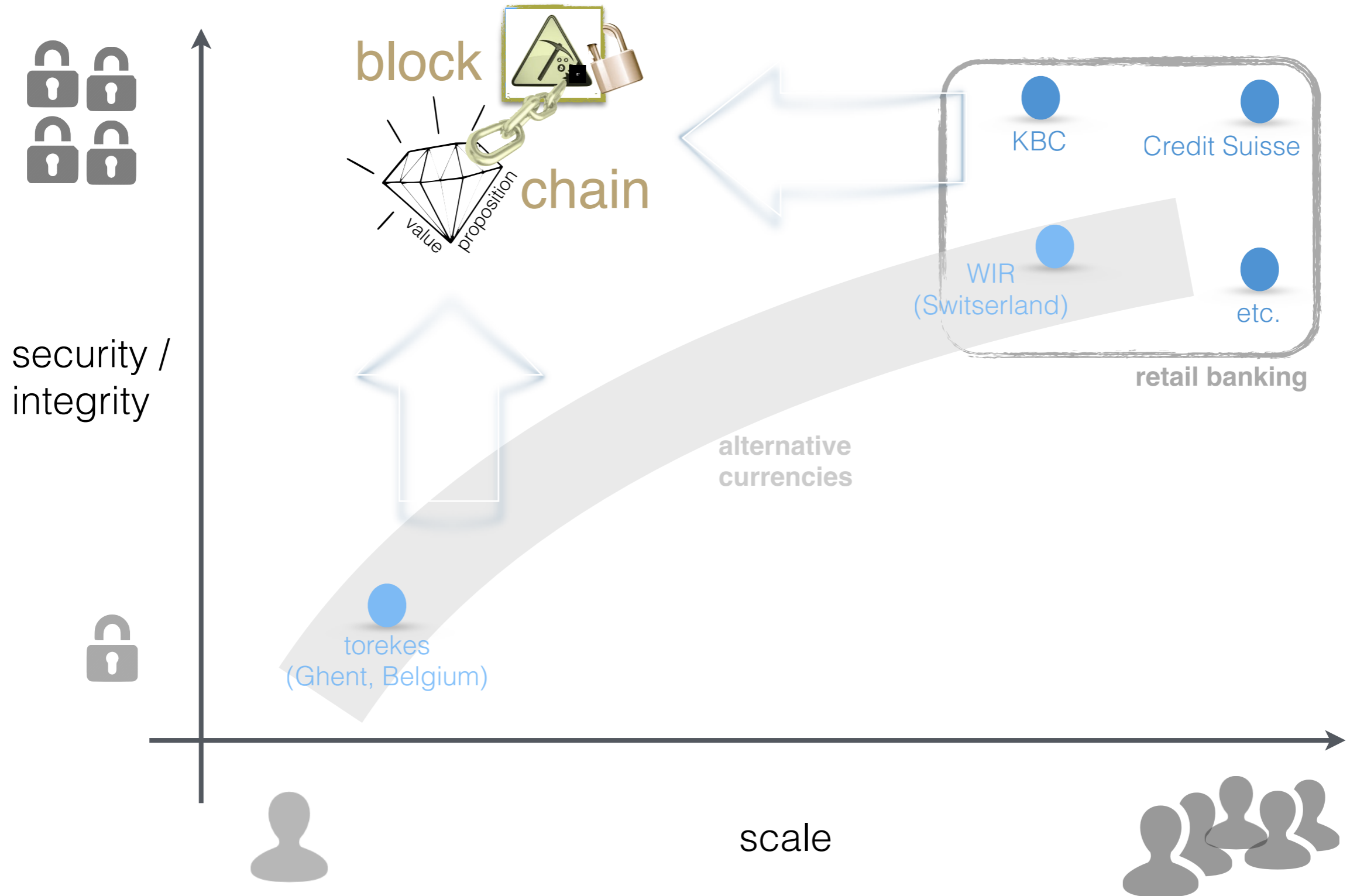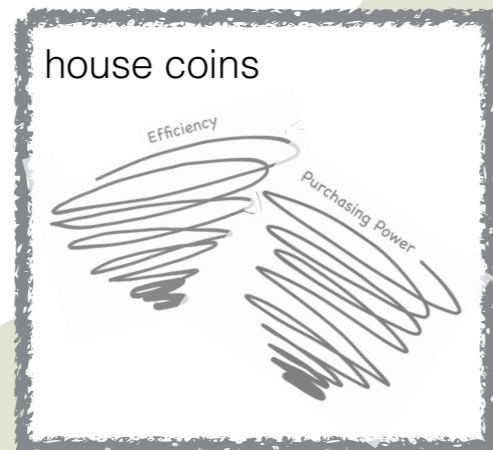
new

The ~~modern~~ banking system
manufactures ~~money~~ ... - *J Stamp*

real stuff

*b*OS

'*banking* Operating System'

general
retail
banking

value proposition

*c*OS

'*currency* Operating System'

diverse
alternative
currencies

value proposition

*d*OS

'*decentralized* Operating System'

local
energy
coins

value proposition
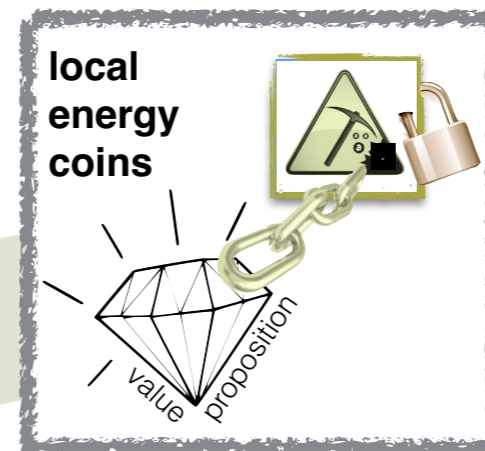
- safe   4 (sm)all currencies
- cheap 4 (sm)all banks

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the best way to predict the future is to create it
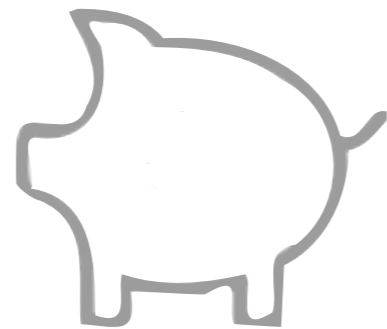
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at our "Bank to the Future"

... energy will be money and Heating Oil, Gas & Electricity become coins to ...

- Save
- Borrow
- Spend on Energy Bills or in e^3-commerce
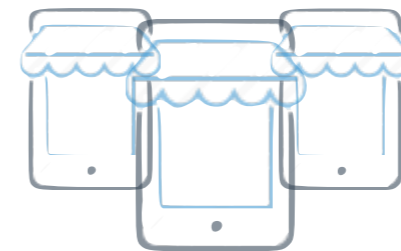
USP for saving energy coins

Savings

- local savings for <u>local sustainable</u> projects
- savings with <u>inflation (PP) protection</u>
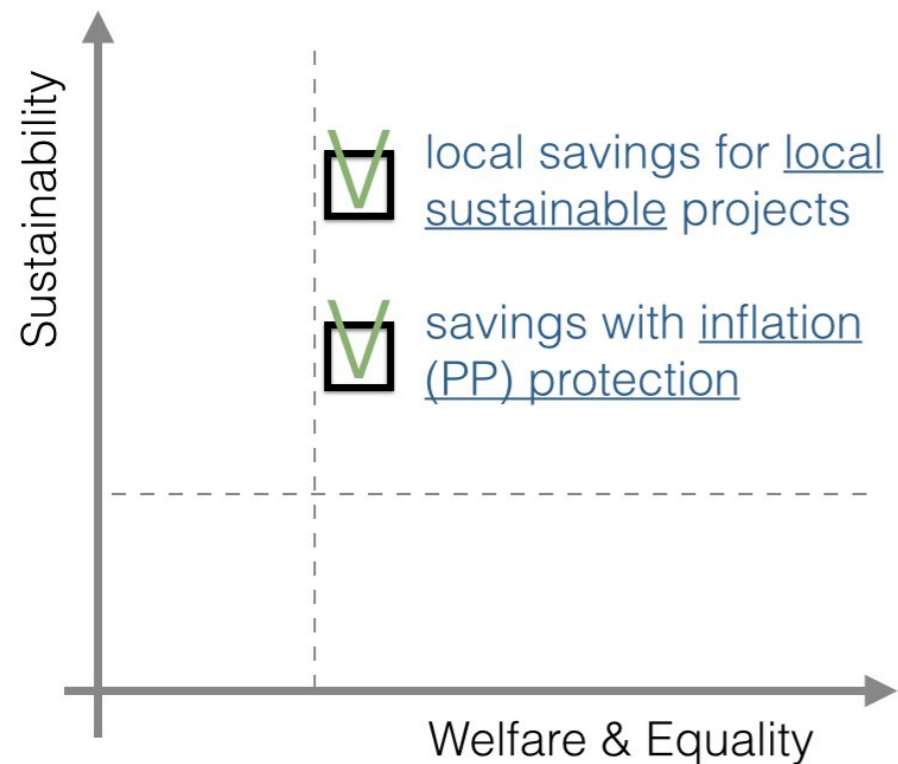
Position in 'ethical' quadrant of savings market

Energy

- = <u>fix-price-supply, with extra's</u> (postpone, re-sell, long terms)

- fix-price-supply for oil based energy

- fixes <u>total retail price</u>

Unique energy (!) market position: *"Premium fixed-price"*

USP for energy coin loans

Energy Efficiency finance

costless risk transfer of risk not transferable in any other solution

risk

€ loan

EZ loan

return

'Colruyt' of Risk:
"Lowest Risk Guaranteed"

execution frontier
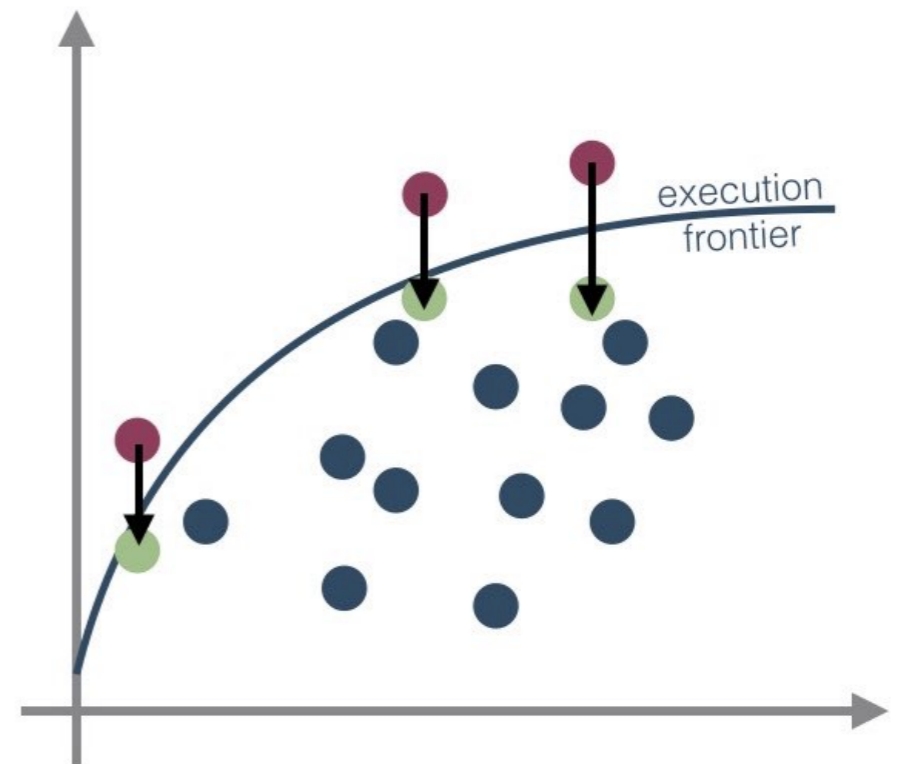
Potential to enlarge the adressable market for EE projects
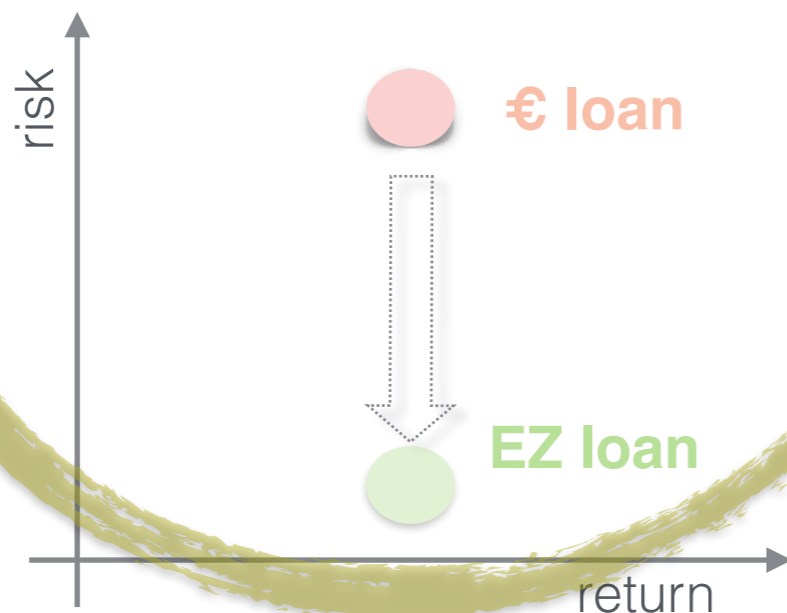
channels to market
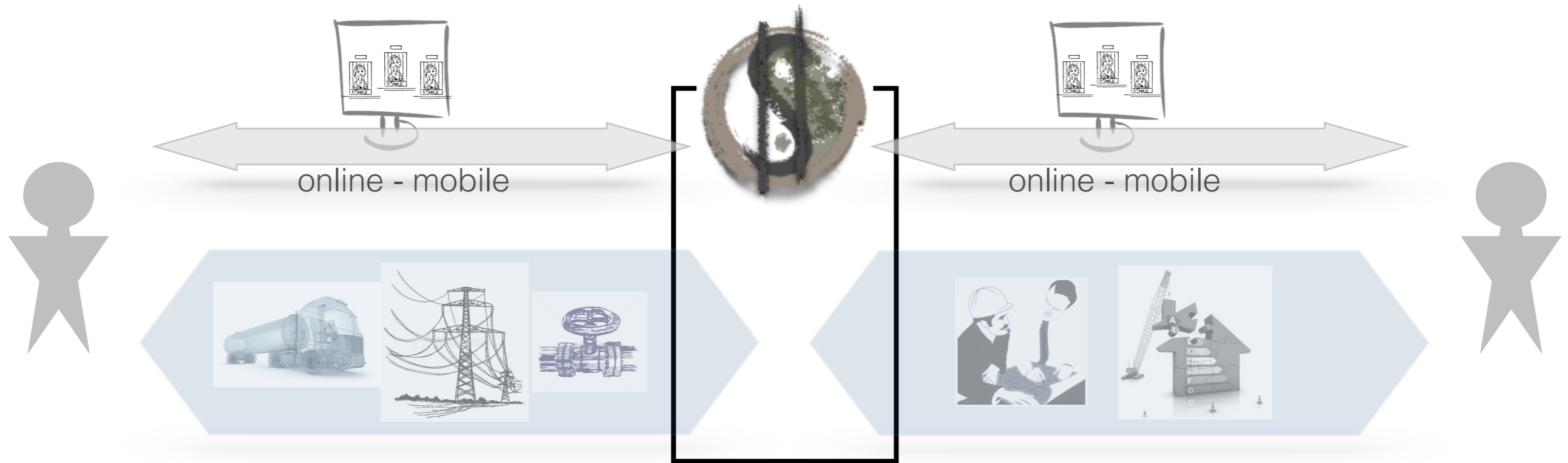
oil distributors, power- and gas retailers	architects, builders, EE advisors, etc.
• leverage positive image	• EZFA revenue sharing
• EZFA revenue sharing	• access to cheap funds
• **premium product** offering	• focus on **core business** (technicals)
• **cost benefit** (avoid hedging)	• creating **self-financing proposals**
• **decreasing customer churn**	• **increase business** & up-sell

general use case

Utilities

e^3-commerce

BLOCKCHAIN

purchase

purchase

savings

loans

delivery

saving

withdrawal

i(s)

E+

E+

E-

loan

repayment

i(l)

delivery
execution

digital energy crypto-currency

& multi-signature smart contracts

€

creation &
destruction of
energy coins

€
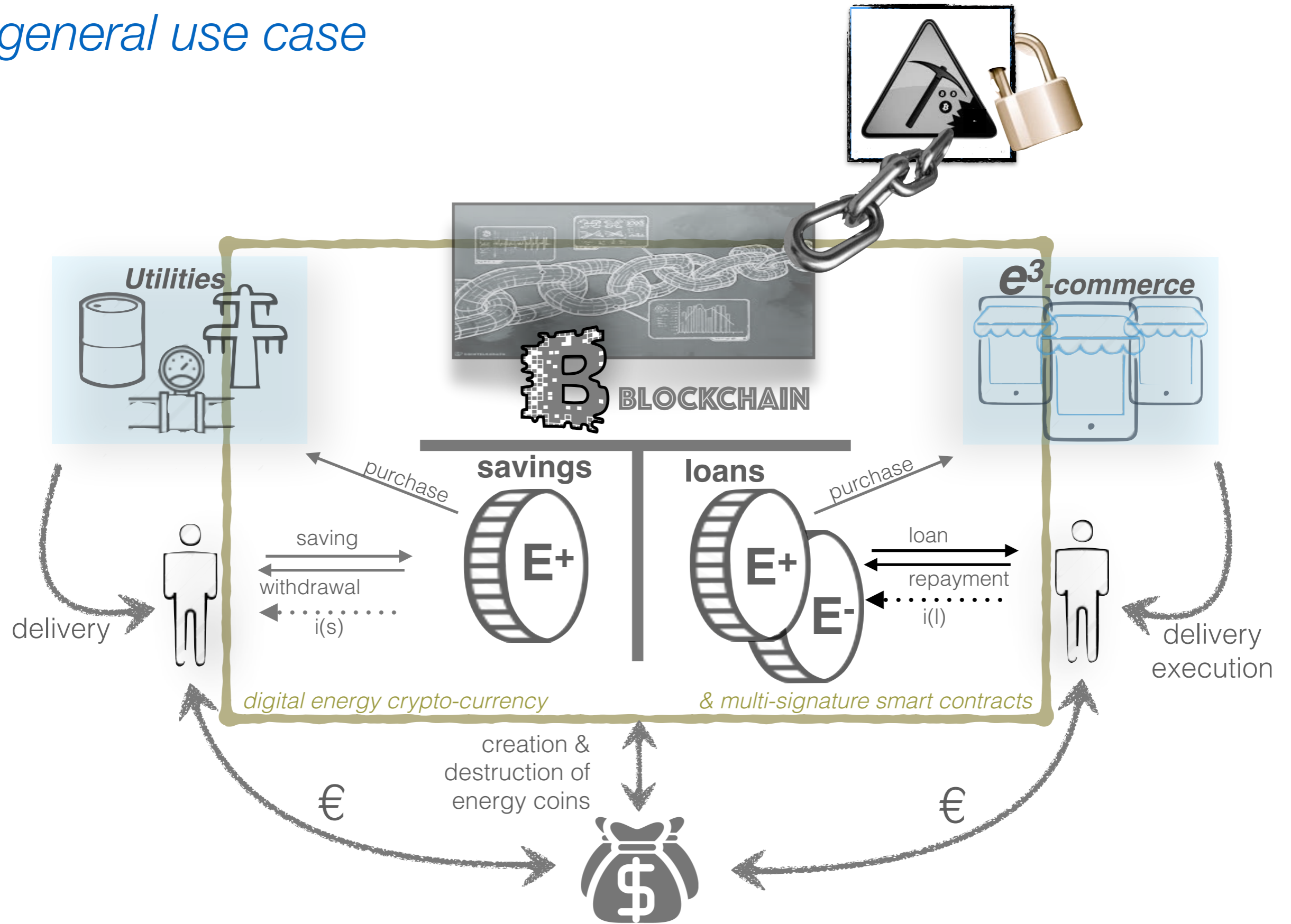
revenue drivers

Interest Margin (*) minus agency commissions

(*) Risk Management is crucial: Credit, ALM, Volumetric

deposits

loans

energy & bank retail databases

matching algorithms

Maximizing Interest Margin   **drives revenues**

- Data Mining for energy inefficient buildings
- Data Mining for fixed price energy customers

Minimizing Volume Mismatch   **eliminates risk/cost**

- ALM competency will be key
- + energy swing contracts for energy deliveries

Note: *limited intake creates scarcity and facilitates matching*
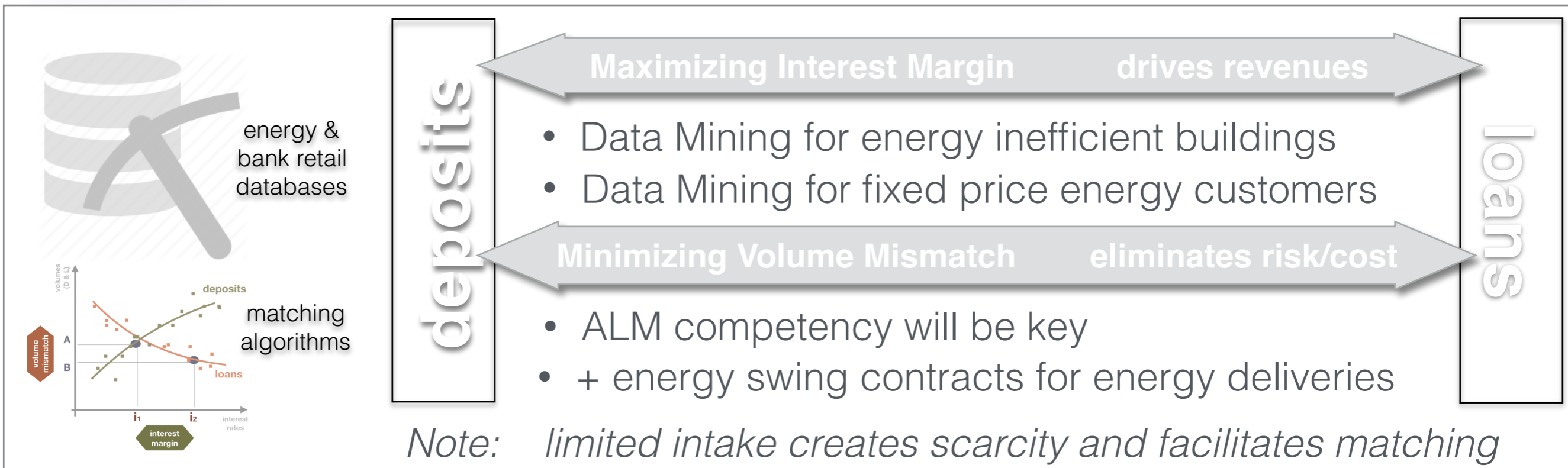
FX commissions   when money is paid in/out (**)

Admin Fee   for physical withdrawals

Sales tax   on e^3- commerce

(**) or when energy coins are interchanged (?)

cost drivers

channel partners → Agency Commissions and/or profit sharing (*)

(*) Additional marketing costs optional; customer service to be outsourced (?)

IT Infrastructure & Operations

FIXED	Minimal investments in DB, computing capacity
VARIABLE	Security @ minimal cost of electricity
SCALABLE:	Bitcoin technology ('Blockchain') based smart contracts

- exhibit few economies of scale and
- provide a cost base proportionate with coin value

Easy scaling x-coins, x-regions   &   Easy plug-in new partners

➕ Credit Scoring   can be outsourced

➕ Credit Cost/Provision

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Technology model: Feasibility/impact of Blockchain

- permissionless vs. permissioned;
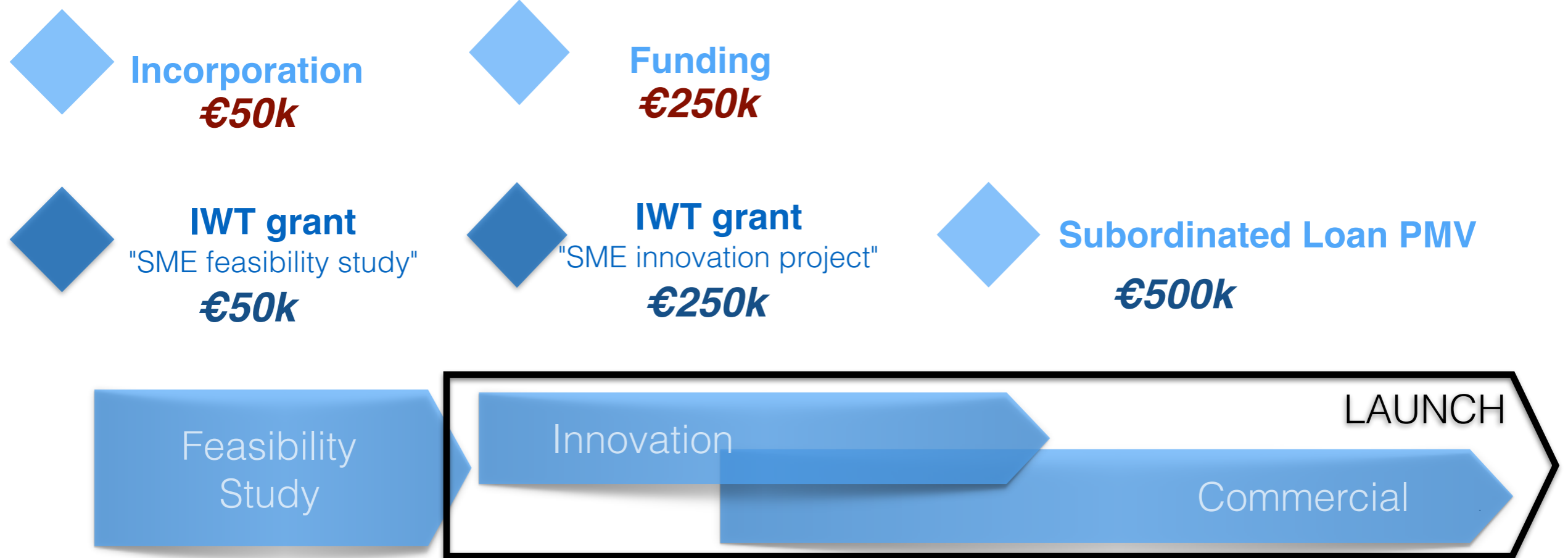- Proof-of-Work vs. Proof-of-Stake;
- Coins vs. Coinless; etc.

Legal model:

alternative 1: Closed Funds (with secondary coin market)	base case: Banking (savings acc & retail loans)	alternative 2: Energy Transactions (forwards and/or sale-lease)

prospectus regulation	banking regulation		energy regulation

Risk model:

alternative a: Closed Funds (with secondary coin market)	base case: Banking (limit gaps + hedge commodities)	alternative b: Risk Partnerships (govt and/or network operators)

zero risk tolerance	risk on non-commodity gap	optimal risk sharing

roadmap

Incorporation
€50k

Funding
€250k

IWT grant
"SME feasibility study"
€50k

IWT grant
"SME innovation project"
€250k

Subordinated Loan PMV
€500k

Feasibility Study

Innovation

Commercial

LAUNCH

- Use Case development
- Legal feasibility
- IT feasibility & roadmap
- Market study
- Allignement with regulators
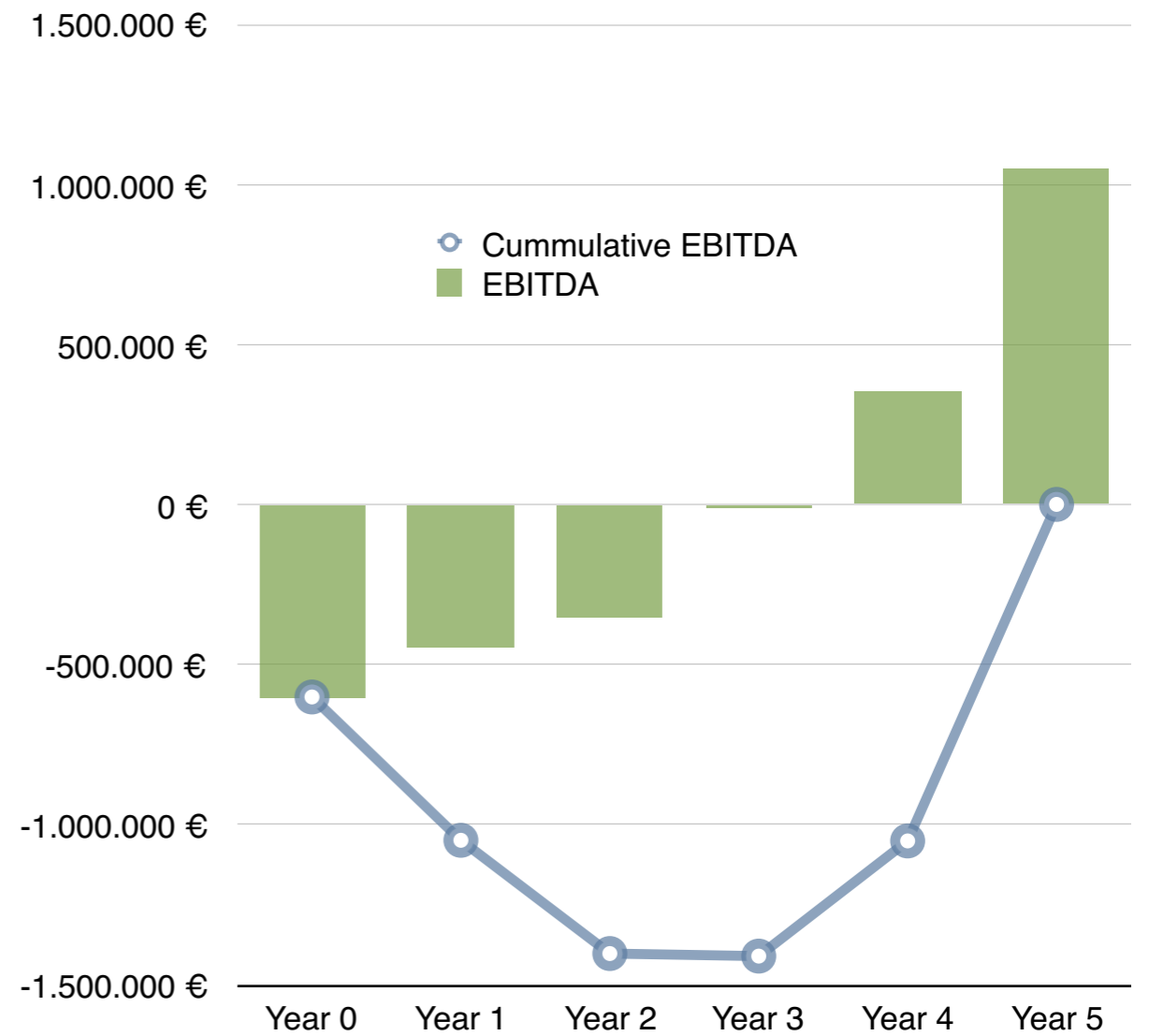- Partnerships with suppliers
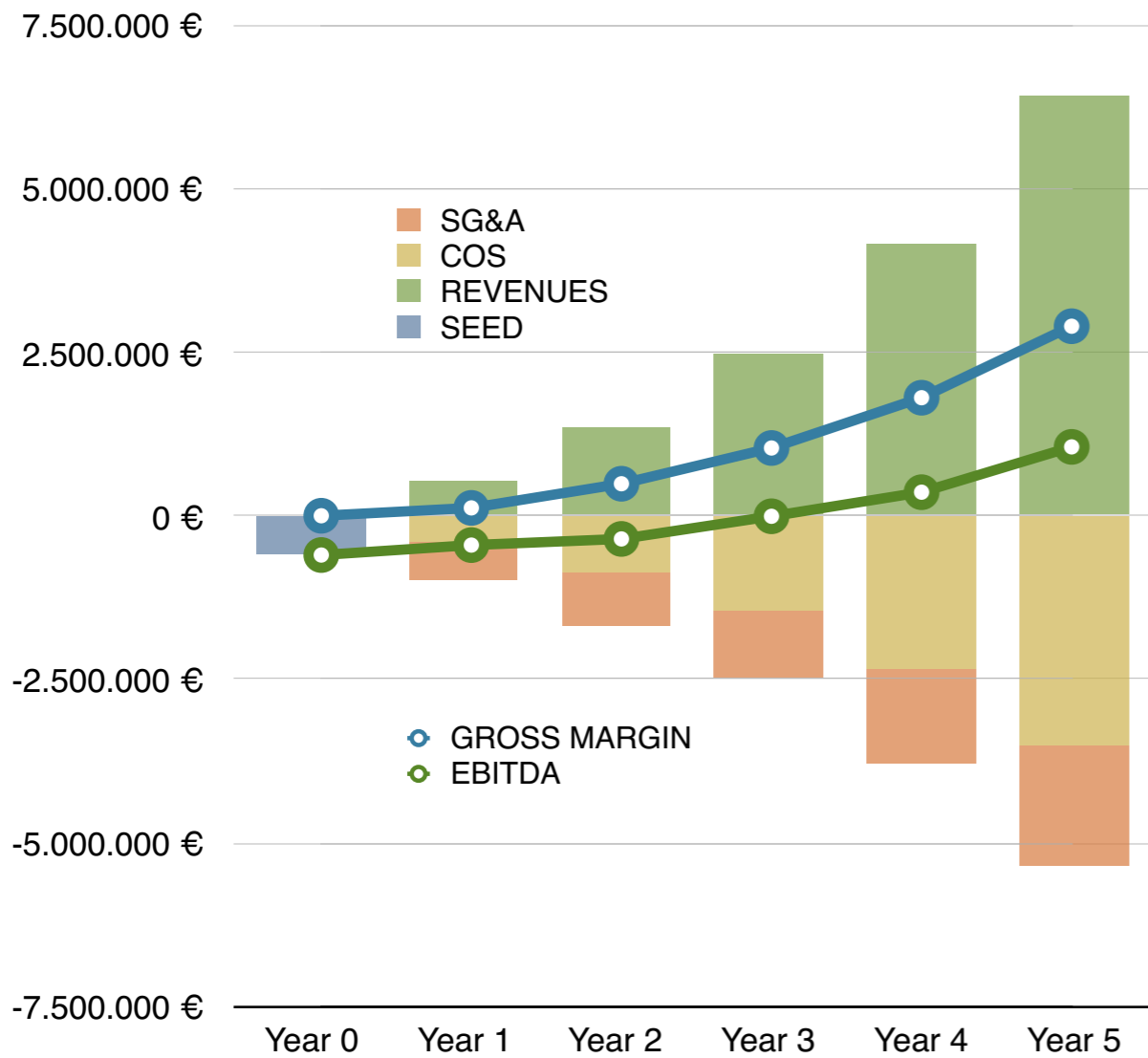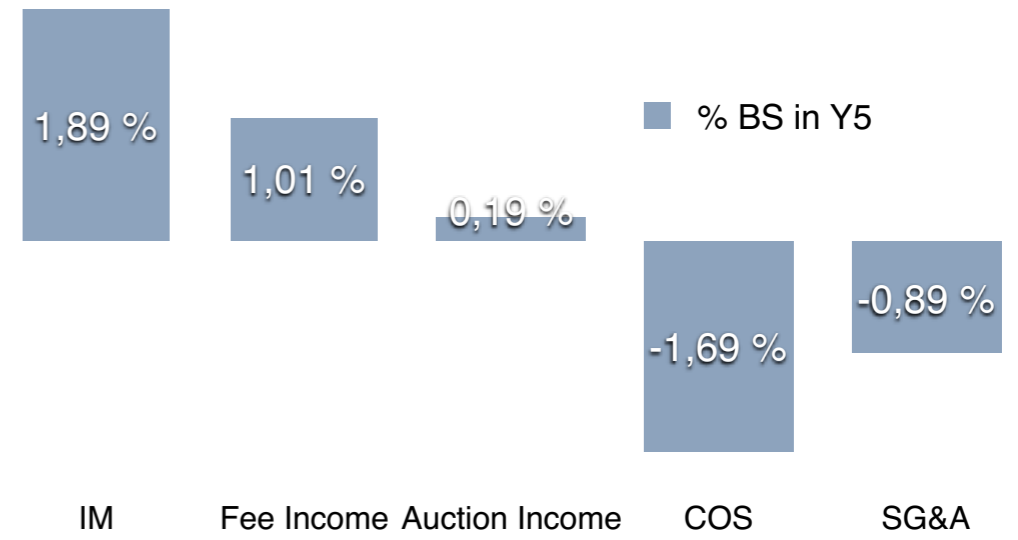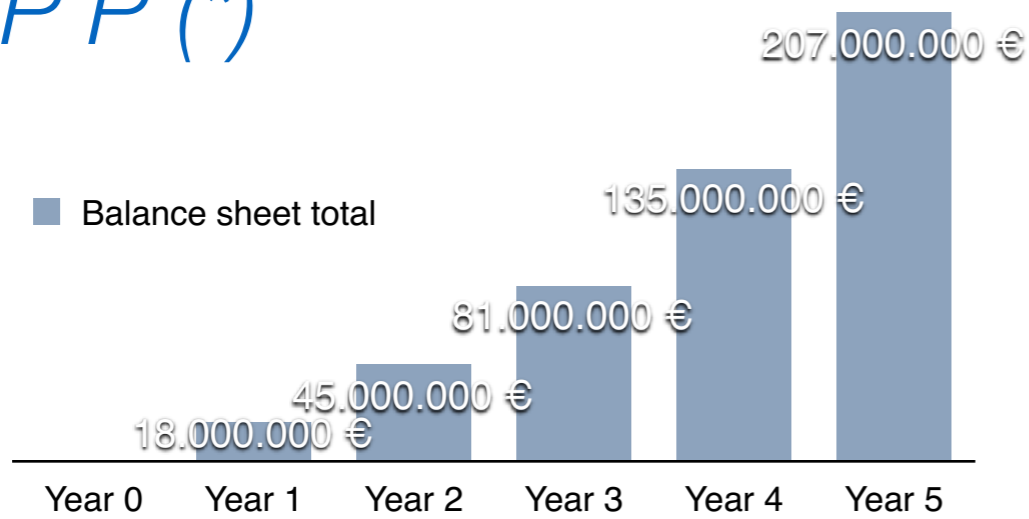
- *Business Plan*

Innovation activities:

- IT build
- IT integration with partners
- App development
- Patent & regulatory applications
- Other

Commercial activities:

- (pro memory)

V V P P (*)

Balance sheet total
- Year 0: 18.000.000 €
- Year 1: 45.000.000 €
- Year 2: 81.000.000 €
- Year 3: 135.000.000 €
- Year 5: 207.000.000 €

% BS in Y5
- IM: 1,89 %
- Fee Income: 1,01 %
- Auction Income: 0,19 %
- COS: -1,69 %
- SG&A: -0,89 %

Legend (lower left chart): SG&A, COS, REVENUES, SEED, GROSS MARGIN, EBITDA

Legend (lower right chart): Cummulative EBITDA, EBITDA

(*) = Very, Very Preliminary Projections