



CONNECT

F I N A N C I A L

**An introduction to the Connect Financial
borrow, save, earn & trade ecosystem**

Version 1.10

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Executive Summary

Connect Financial is an ecosystem of financial products that allows users to use their fiat and digital assets to borrow, save, trade & earn within a single platform. Connect Financial's flagship product is a true crypto credit card issued by Mastercard.

A changing tide

In the last few years, crypto, blockchain technology and decentralized finance (DeFi) have issued in a new era of financial innovation decoupled from the traditional banking system.

While crypto-natives have been at the vanguard of this transition for some time, 2022 has seen a new contingent of traditionally conservative investors enter the market and building positions in crypto as an alternative asset class.

The hurdles to clear

Despite increasing adoption, crypto has significant obstacles to overcome.

- The entire industry is fragmented, confusing and has a steep learning curve.
- The recent high profile collapses of Celsius, FTX, BlockFi and others have damaged trust in centralized lenders and custodians.
- Despite early promise from several projects, crypto is still years away from being a viable payment option for day-to-day purchases.
- For better or for worse, the world still runs on fiat currency. This leaves the primary use case for most crypto as a speculative asset class, with relatively few options for users to move between fiat and crypto depending on their needs.

While some projects have made efforts to allow users to make small daily transactions with crypto, the current offerings are restrictive and have a range of issues. For example, some pre-loaded crypto cards allow users to sell coins at the point of purchase. While this is a step in the right direction, these debit-type cards are not accepted in all locations and require users to sell the underlying asset.

Connect Financial is rethinking banking.

Connect Financial is a complete ecosystem of financial products that aims to solve several key painpoints for its users, most notably:

- A true crypto-backed credit card where users access a line of credit by adding collateral to a linked wallet.
- The ability to put funds to work through transparent strategies without the need for significant capital or technical know-how.
- The tools needed to move between crypto and fiat seamlessly within a range of wallets designed to help users spend, earn, stake transact and store
- On ramp into crypto from cash and then buy, sell and trade crypto within the platform

Connect Financial is positioned to bridge the gap between crypto, fiat and DeFi with a range of innovative financial products.



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CHAPTER 1

The Connect Financial Ecosystem

Ecosystem overview

Core features

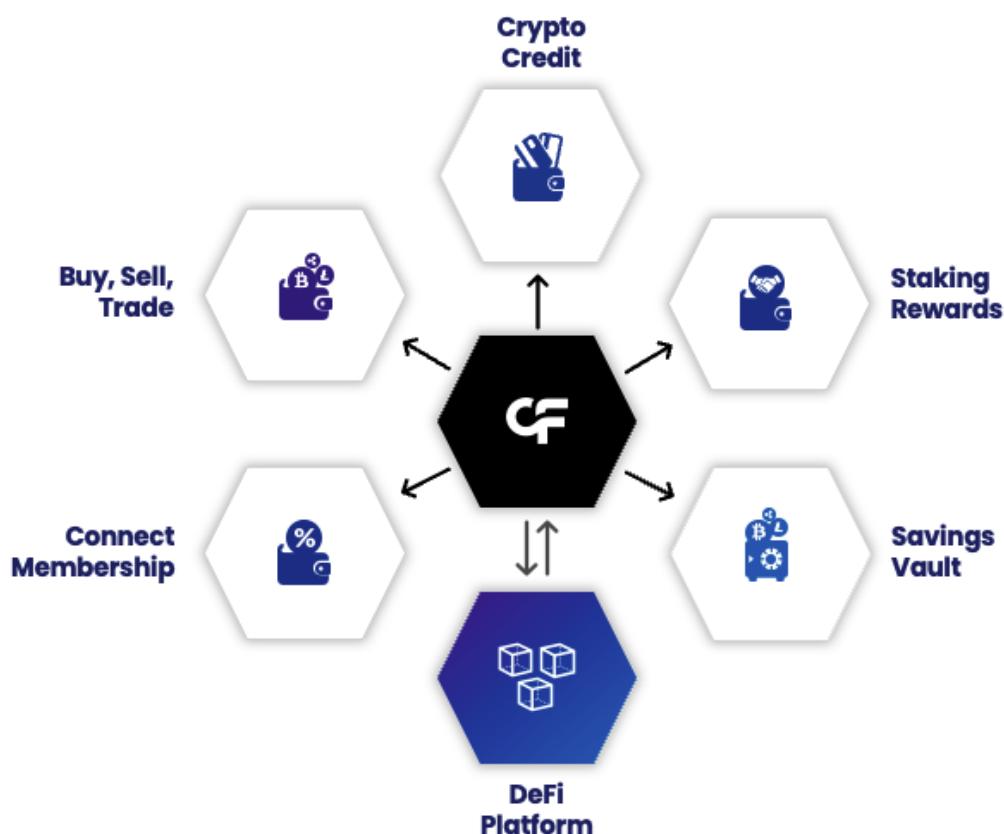
The Connect Financial ecosystem aims to provide a simple to use platform that mirrors the familiar experience of traditional finance, specifically for credit cards, high-interest savings accounts, and loans.

Connect Financial customers can buy or sell cryptocurrencies, store crypto securely in a range of wallets, access a line of credit using digital assets as collateral, take out a crypto loan, and stake Connect Financial tokens to access membership benefits and passive rewards.

The Connect Financial platform allows members to:

- Apply for a line of credit without a credit check
- Stake crypto to support network protocols in exchange for rewards
- Monitor spending on an online portal from any device
- Add crypto or fiat to a wallet through buy and sell functionality
- Trade crypto quickly and effortlessly
- Apply for crypto-based loans
- Securely store crypto in a long term savings vault.
- Access VIP rewards programs

The Connect Financial ecosystem



Core principles

The Connect Financial team have designed the platform with a few core principles in mind. These principles have allowed us to build a platform that provides powerful features for experienced users while still being accessible to users joining the crypto revolution today.

Usability



From application to their first purchase, customers should enjoy a seamless experience that is intuitive and familiar. For someone new to cryptocurrencies, the platform should feel like a standard fiat transaction to minimize entry barriers.

Transparency



Connect Financial traces its roots to traditional finance best practice. Customers always know how their funds are being used and strategies are built on a foundation of transparency.

Control



Customers should be able to see what they are spending. Similar to fiat credit card dashboards, users should be able to track rewards, review their purchase history and monitor their card use.

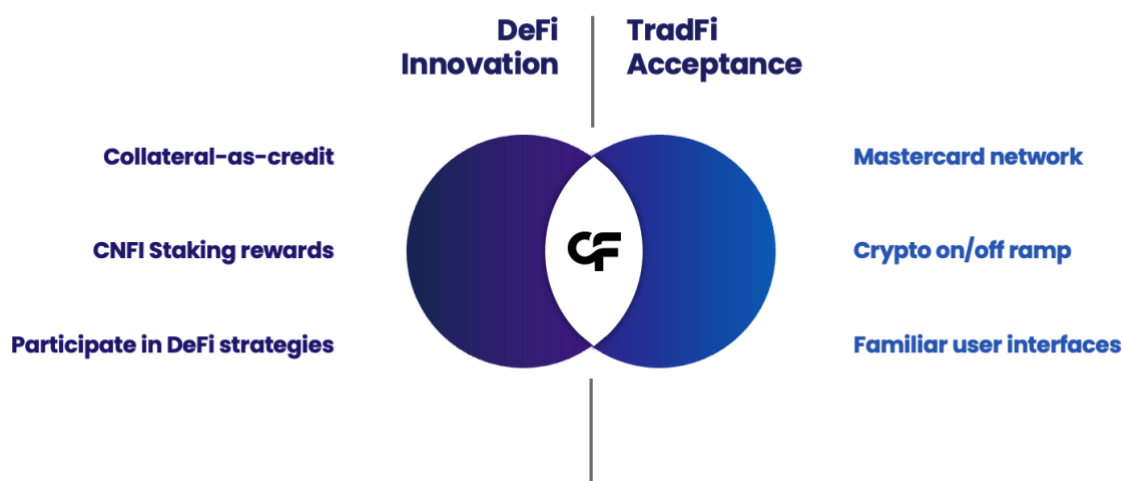
Security



Data ownership and security are both critical to success and a key feature of blockchain technology. Customers should trust that every interaction was built with better-than-bank security in mind.

Bridging the gap between DeFi & TradFi

Connect Financial is uniquely positioned to take advantage of the best of both DeFi and TradFi and offers our users a range of innovative solutions within a single product suite.



The explosion of decentralized finance in recent years has helped usher in a financial renaissance, allowing users to explore alternative approaches to managing their finances. Despite the exciting innovations we've seen in this space, DeFi is in its infancy and struggles to compete with the recognition and convenience of traditional finance.

Connect Financial is positioned to bridge this gap, seamlessly integrating fiat, crypto and DeFi under a single suite of financial products.

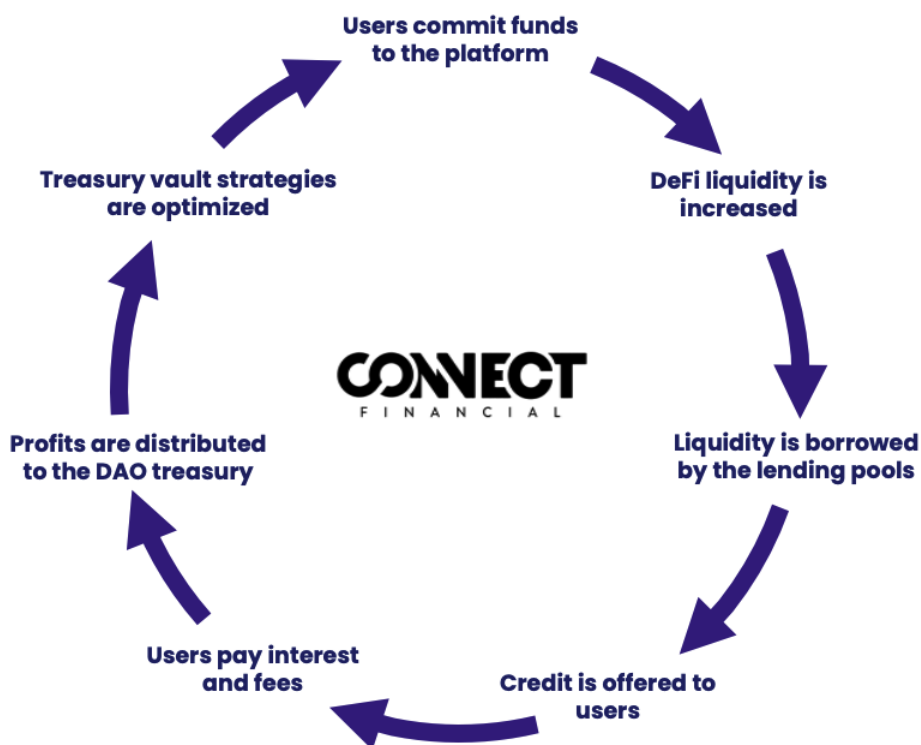
DeFi innovation

TradFi acceptance

| | |
|--|---|
| <ul style="list-style-type: none"> ▪ Access the purchasing power of stored crypto without selling the underlying asset. | <ul style="list-style-type: none"> ▪ Spend wherever major credit cards are accepted. |
| <ul style="list-style-type: none"> ▪ Access compelling benefits and lower fees by purchasing and staking CNFI tokens. | <ul style="list-style-type: none"> ▪ Manage collateral, savings and credit card transactions in a familiar online dashboard. |
| <ul style="list-style-type: none"> ▪ Contribute to DeFi strategies and Connect Financial's own lending pools. | <ul style="list-style-type: none"> ▪ Manage fiat currency and crypto within a range of flexible wallets. |

The Connect Financial flywheel

The Connect Financial ecosystem uses DeFi protocols to fund lending pools that are in turn offered to users. The result is a flywheel that continually strengthens the company's performance, rewards users and improves our product offering.





CHAPTER 2

CNFI:

**The Connect
Financial Token**

CNFI: Connect Financial Token

The Connect Financial (CNFI) utility token is the engine of the ecosystem. When users stake CNFI tokens, they are able to take advantage of exclusive benefits, lower fees and higher limits when they borrow, trade, stake or save on the Connect Financial platform.

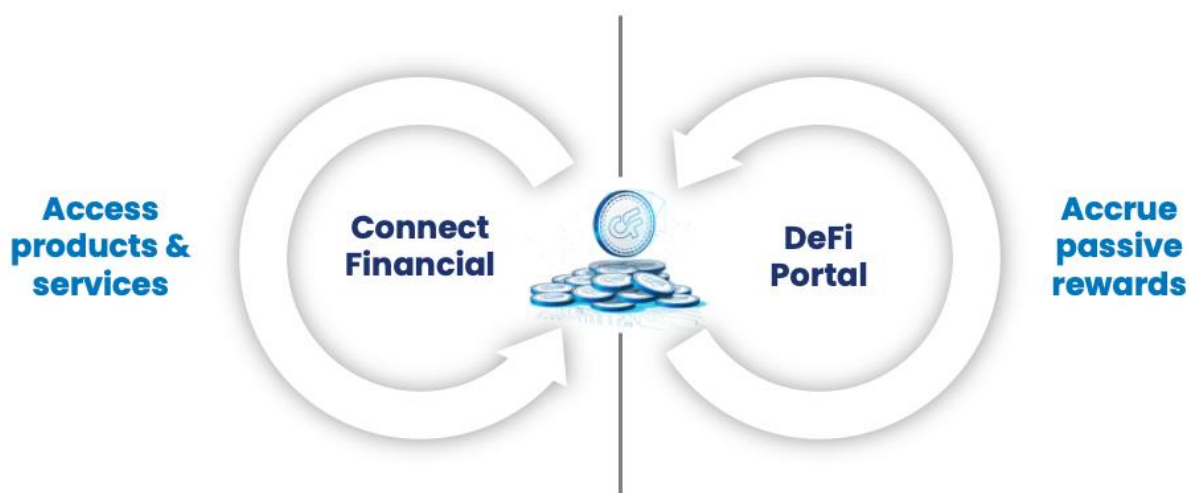


As with all other ERC20 tokens, CNFI is built on the Ethereum blockchain. Through staking CNFI, smart contracts are executed that allow certain actions to take place automatically, without the use of an intermediary.

Staking is a way of earning rewards for holding CNFI tokens. The holding is done inside of a staking pool, which you can add CNFI to at any time.

There are three main applications for the CNFI token:

| Access to membership tiers | Provide liquidity for ecosystem services | Passive staking rewards |
|---|---|---|
| When members stake CNFI, they become eligible to access account level benefits across the ecosystem, including access to credit card tiers. | Staking CNFI tokens is used in part to provide liquidity to the protocol and offer products and services back to its users. | Choosing to commit your tokens through a membership makes members eligible to receive daily staking rewards paid in CNFI. |



This section looks at unlocking card and account tiers using staked CNFI tokens. For more information about CNFI staking rewards, refer to Chapter 4 of this paper.

Opening up a world of benefits

After creating a Connect Financial account, customers can commit tokens at a USD equivalent value to qualify for one of five membership tiers, each with increasing benefits including additional rewards and lower fees.



| MEMBERSHIP TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|---|-------|----------|----------|----------|-----------|
| CNFI REQUIRED (USD EQUIVALENT) | 0 | \$1,500 | \$7,500 | \$50,000 | \$250,000 |
| CREDIT INTEREST RATE ^{APR} | 14.9% | 12.90% | 10.90% | 8.90% | 7.90% |
| REWARD POINTS (ON ELIGIBLE PURCHASES, LIMITS APPLY) | 0.5x | Up to 3x | Up to 5x | Up to 7x | Up to 8x |
| Peace of Mind benefits | | | | | |
| Everyday Value | | | | | |
| Enhanced Experiences | | | | | |
| Private Jet Program | | | | | |
| Private Car Program | | | | | |
| Luxury Rental Program | | | | | |

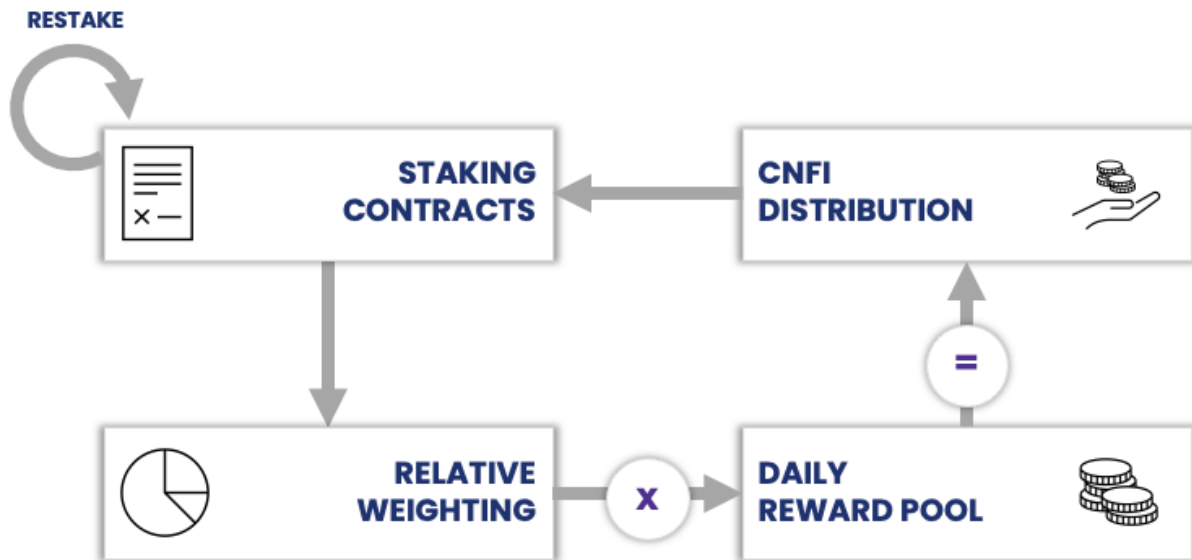
Staking CNFI

When members commit CNFI tokens as part of a membership commitment, the CNFI tokens are staked and begin earning passive rewards.

Staking rewards

As discussed, to access membership benefits, a requisite amount of CNFI tokens are staked and locked in the user's Membership Wallet. In addition to the membership commitment, members can also choose to stake additional CNFI that are not committed to a time lockup, and can be withdrawn at any time.

As well as becoming eligible for premium credit cards and account bonuses, members can also earn additional CNFI just by staking. There is a daily release of CNFI tokens defined by the current project stage. These released tokens are awarded to staking users proportionally based on their membership commitment.



Membership staking multipliers

All membership tiers above Basic attract an additional Membership staking bonus that has the effect of increasing the amount of CNFI rewards earned by the member.

Staking rewards are paid into the Staking Wallet as CNFI.



| MEMBERSHIP TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--------------------------|----------|--------|------|----------|-------|
| Membership staking bonus | 0% | 115% | 125% | 130% | 140% |
| Required commitment | 180 days | | | | |

CONNECT

START LOAN BUY / SELL / SWAP

- Wallets
- Loans
- Cards
- Reward Points
- Vaults
- Membership

Membership Wallet

WALLET DEPOSIT WITHDRAW TRANSFER

Membership GOLD

Summary

Committed CNFI **91,547.8451** \$20,000.00 USD

Rebalance Committed CNFI on **07.11.2022**

Month **2** Day **11** Hours **21:32**

[Learn about rebalancing](#)

BENEFITS

| | | | |
|---------------------------|-------------|--------------------------------|---------------|
| Borrow rate | Low As 9.9% | Trading fee | 1% |
| Earn on Crypto (APY) | Up to 5.25% | Cashback on eligible purchases | 5.25% |
| Earn on Stablecoins (APY) | Up to 9.00% | Monthly entertainment credit | \$15.00 Bonus |

MANAGE MEMBERSHIP

CNFI Price

\$0.218465 +0.004382 7d

Your Staked Weight **3.839%**

Bonus Staking Pool Weight **15%**

Total Pool Weight **\$20,850.00**

Market Cap **\$24,605,182.00**

Circulating Supply **25,000,000**

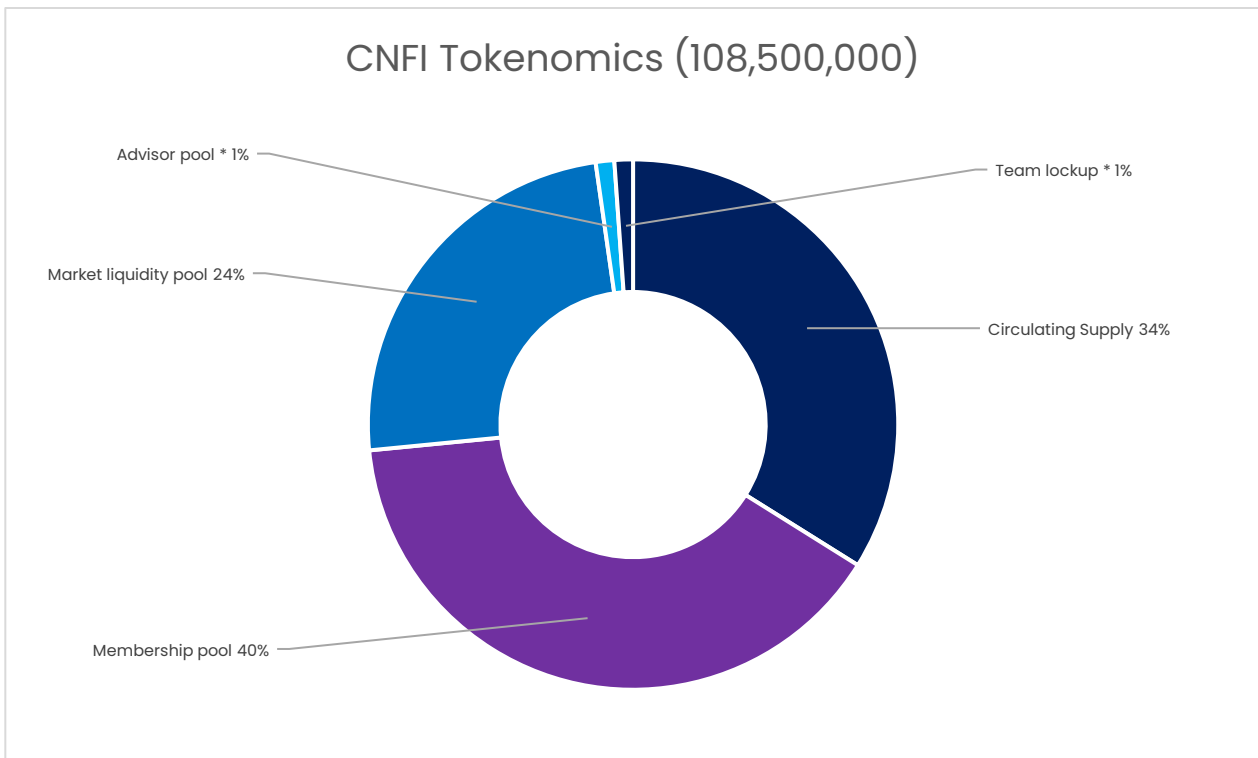
CNFI Released Daily **5,000.00**

Assets Transactions

| # | TXN ID | DATE | ASSET | TYPE | AMOUNT | STATUS | TXN REFERENCE |
|---|-----------|----------------------|-------|------------|---------------------------------|----------|-----------------|
| 2 | 284742917 | 02-10-2022 13:21 PST | CNFI | Staked | 90,909.0909 CNFI \$20,000.00 | Complete | 09jndvkjnsdkv |
| 2 | 284742917 | 02-10-2022 11:05 PST | CNF | Deposit | 90,909.0909 CNFI \$20,000.00 | Complete | 08ys890dvysd |
| 2 | 284742917 | 02-10-2022 11:05 PST | CNFI | Withdrawal | 90,909.0909 CNFI \$20,000.00 | Complete | 423sdjkrnvssdv |
| 2 | 284742917 | 02-10-2022 13:21 PST | CNFI | Unstaked | 90,909.0909 CNFI \$20,000.00 | Complete | 234ibnfiwrjsndv |

Show Rows: 10 1 of 1

CNFI Tokenomics



| | |
|-----------------------|--------------------|
| Total supply | 108,500,000 |
| Circulating supply | 30,000,000 |
| Membership pool | 35,000,000 |
| Market liquidity pool | 21,500,000 |
| Advisor pool * | 1,000,000 |
| Team lockup * | 1,000,000 |
| Reward/Card lockup | 20,000,000 |

* On December 4, 2022, the Tokenomics were updated. This change saw the reduction of the Advisor pool and Team lockup pools to 1M tokens each from 8.5M and 10M tokens respectively. More information can about this action can be found here: <https://connectfinancial.medium.com/connect-financial-community-mini-update-6604dbab3b6>



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CHAPTER 3

Products & Solutions

Product overview

Connect Financial has five main product offerings, allowing users to borrow, earn, trade and save with fiat and digital assets. Users take advantage of these products by creating and funding wallets within the Connect Financial ecosystem.

Understanding Wallets

Each wallet type has a specific function depending on what product the member want to use. An account can have unlimited wallets, providing significant flexibility within the ecosystem.

| Product | Description | | Linked wallet type |
|------------|--|---|--------------------|
| Borrow | Use crypto and fiat currency as collateral to borrow against. | → | Collateral wallet |
| Stake | Stake coins to participate in eligible crypto projects | → | Staking wallet |
| Trade | Buy, sell and trade crypto and other digital assets. | → | Transaction wallet |
| X-Finance | Invest in a range of transparent DeFi strategies to earn transparent yields. | → | Vault wallet |
| Rewards | Earn rewards on credit card transactions and affiliate rewards | → | Reward wallet |
| Membership | Manage the platform membership and earn staking rewards | → | Membership wallet |

TOTAL BALANCE

\$237,289 ▲ 36.2%

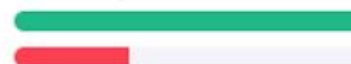


TOTAL GAINED VALUE

\$31,808 ▲ 27.8%



ASSETS IN/OUT



TOP ASSET

 **ETHEREUM (ETH)**
\$170,974.40 ▲ 56.2%

Transaction Wallet

General wallets are used for buying, selling, and exchanging crypto and stablecoins. These wallets do not earn interest, but can be used to conveniently send and receive cash and crypto.

General wallets can also send and receive fiat to and from bank accounts almost anywhere on earth, providing a low cost and convenient crypto on-ramp.

Collateral wallet

When crypto or stablecoins are held in a collateral wallet, members can apply to receive a line of credit on linked credit cards, or apply for a loan.

Whenever members apply for a new credit card, or want to borrow against crypto collateral, a new collateral wallet is generated.

Staking wallet

As well as committing tokens on the Connect Financial platform to earn passive CNFI, members can choose to support eligible crypto projects by locking up digital assets in the staking wallet in return for rewards.

For example, contributing towards the security and efficiency of the ETH 2.0 network in exchange for regular compounding rewards.

Savings vault

Balances held in a saving vault wallet are held in a highly secure, offline storage facility.

While we provide industry leading security measures across all of our wallets, savings vault wallets offer additional protections including insurance up to \$100M and provisions for estate planning and generational asset transfer.

X-Finance vault

X-Finance vaults allow members to contribute towards optimized, highly transparent strategies designed to return sustainable yield.

X-finance strategies include lending pools, DeFi, delta neutral strategies and staking.

1. Crypto Mastercard®

The Connect Financial Crypto Mastercard was designed to answer critical questions about how users access cryptocurrency today:

- **How can the value of cryptocurrency be accessed without needing to sell the underlying asset?**
- **How can this value be spent for almost any transaction, almost anywhere in the world?**



By allowing our users to access the spending power of their crypto by committing it as collateral, almost anyone can apply for a card without the need for complicated application processes or exposing their credit score. Further, the assets used as collateral never need to be sold – you can settle your monthly bill with fiat currency, stablecoins or a range of altcoins.

The Connect Financial Crypto Mastercard can be used at more than 46M locations in over 200 countries.

Accessible credit for the invisible market

In America alone, at least 22% of the adult population are underbanked or unbanked^[1]. Often called the “Invisible Credit Market”, these 63 million individuals have no access to traditional financial services or credit. Increasingly, this group includes Millennials, Gen Zers, and immigrants, who have a “thin-file” or “no-file” credit score. Because they don’t have multiple sources of credit – such as a car loan or mortgage, they are seen as risky. But many are creditworthy.

Unlike traditional sources of credit, we do not ask for credit scores or unnecessarily complicated applications. We also don’t ask you to liquidate your assets to transact with our cards. Furthermore, we offer several tiers so you can choose a credit card that make sense for your specific financial situation.

Connect Financial Crypto Mastercards aren’t just another way of spending money. For millions of people, our platform can be a gateway to financial access.

Today’s existing solutions

There are several existing solutions that offer their customers crypto cards. The fact is, other crypto “credit” cards are often *not* actual credit card options.

There are two main types of existing crypto cards in the market today, outside of Connect Financial:

Prepaid debit cards

With most crypto debit card solutions, users must either load their crypto holdings to a prepaid balance or convert your crypto to a separate token and load it on a card. In both scenarios, when the card is used, coins or tokens are sold at the point of sale. Further, different jurisdictions may consider this point-of-sale liquidation a taxable event.

This solution is not a true credit card, rather it is a pay-as-you-go solution more similar to a preloaded gift card. Additionally, prepaid debit cards may not be accepted for a variety of common transactions including subscriptions, hotels or vehicle hire.

Crypto rewards cards

Crypto rewards cards often offer 'cash-back' in the form of crypto on approved purchases as a reward. While cashback is a compelling benefit, users have limited control over how these funds can be redeemed or what transactions are eligible for rewards.

Depending on the provider, users may need to go through a credit card application process to be eligible to receive an account.

Credit secured by collateral

The Connect Financial Crypto Mastercard

Connect Financial provides a true credit card solution where your available credit is determined by the user's membership tier and the crypto held as collateral in a linked wallet.

Similar to traditional fiat credit cards, we have an extensive rewards program and users have the ability to earn reward points on eligible transactions up to 8% that can be swapped for cash, crypto or products and services.

More information about credit card reward points can be found in the Rewards section.

DeFi lending

Connect Financial is not a bank and does not offer users a direct loan. Instead, funds are borrowed from decentralized lending pools. As users pay their monthly bill including fees and interest, the lending pools are repaid, along with a variable yield based on the total credit pools.















As well as accessing credit through the platform, members can also choose to lend their digital assets to the lending pools through X-Finance Vaults.



Card Benefits

When members stake CNFI tokens and link a wallet to their Connect Financial account, they become eligible for a range of benefits that extend over the entire account (refer to Chapter 2 for more).

Crypto Mastercard users will receive additional benefits depending on your selected card tier. After selecting a membership tier, members are eligible to create unlimited credit cards under a single account.

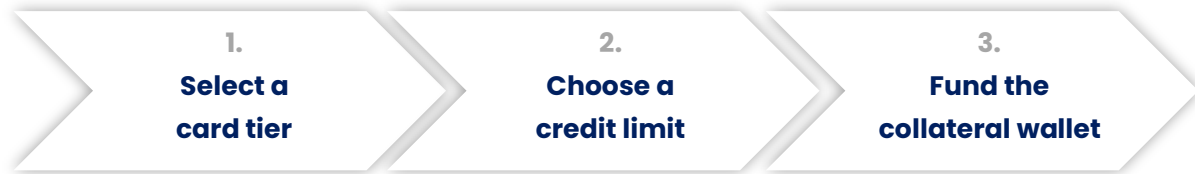
| ELIGIBLE ACCOUNT TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--|---|---|--|---|---|
| Monthly ATM Withdraw limits without fees (USD) | \$0 | \$2,000 | \$5,000 | \$10,000 | \$20,000 |
| Metal cards | → | → | → |  |  |
| Peace of Mind benefits [^] |  |  |  |  |  |
| Everyday Value [^] | → | → | → |  |  |
| Enhanced Experiences [^] | → | → | → |  |  |
| Private Jet Program | → | → | → | → |  |
| Private Car Program | → | → | → | → |  |
| Luxury Rental Program | → | → | → | → |  |

[^] Peace of Mind[®], Everyday Value[®] and Enhanced Experiences[®] reward programs are issued by Mastercard and change from time to time.

Applying for a card

After creating a Connect Financial account and completing KYC, members are able to sign up for one or more cards.

There are three main steps to this process:



•

1. Select a card tier

The primary card tier is based on the membership tier, which in turn is based on the value of staked CNFI tokens attached to the account holder.

Members may select any card that has the same or lower tier as their membership tier.

| MEMBERSHIP TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--|-------|---------|---------|----------|-----------|
| CNFI REQUIRED FOR MEMBERSHIP TIER (USD EQUIVALENT) | 0 | \$1,500 | \$7,500 | \$50,000 | \$250,000 |

2. Select a credit limit

Credit limits start from as low as \$500 on Basic tier cards.

Each card on the member's account has its own credit limit and linked collateral wallet.

| ELIGIBLE CARD TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|----------------------------|-------|--------|---------|----------|----------|
| Minimum credit limit (USD) | \$500 | \$500 | \$1,000 | \$5,000 | \$20,000 |

3. Fund the collateral wallet

When fiat, crypto or stable coins are committed to a linked collateral wallet, the member will receive a line of credit to use anywhere that accepts major credit cards, including ATMs.

Sufficient collateral needs to be maintained to support the card's credit limit:

| Asset | Example | Loan to Value (LTV) | Equivalent USD amount required for \$1000 credit |
|----------------|---------------|---------------------|--|
| Cryptocurrency | BTC, ETH, LTC | up to 50% LTV | \$2,000 |
| Stablecoins | USDT, USDC | 90% LTV | \$1,111 |
| Fiat currency | \$USD | 90% LTV | \$1,111 |

The screenshot displays the 'CONNECT FINANCIAL' dashboard. On the left is a navigation menu with 'Cards' selected. The main content area is titled 'Your Cards' and features three panels:

- John Card:** Shows a current balance of \$3,133.66, available credit of \$6,866.34, and a payment due of \$238.34. The collateral wallet is 'John Collateral' with a value of \$21,250.00.
- Family:** Shows a current balance of \$14,293.98, available credit of \$10,706.02, and a payment due of \$0.00. The collateral wallet is 'Primary Fam' with a value of \$50,000.00.
- Add a new card:** A panel with a plus sign icon and a 'GET NEW CARD' button.

At the top of the dashboard, there are buttons for 'START LOAN' and 'BUY / SELL / SWAP', along with a search bar and user profile icons.

Credit card fees & interest rates



| ELIGIBLE ACCOUNT TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--|-------|--------|-------|------------|------------|
| Membership tier interest rates ^{APR 1} | 14.9% | 12.9% | 10.9% | 8.9% | 7.9% |
| Annual fee ² | \$129 | \$89 | \$49 | \$0 | \$0 |
| Initial card fee + shipping | \$49 | \$29 | \$0 | \$0 | \$0 |
| Replacement card fee + shipping ³ | \$50 | \$50 | \$50 | \$0 / \$50 | \$0 / \$50 |
| Late payment fee ⁴ | \$29 | \$29 | \$29 | \$0 / \$29 | \$0 / \$29 |
| ATM Withdrawal fees ⁵ | 2.5% | 2.5% | 2.5% | 2.5% | 2.5% |

¹ Interest rates are account wide, set at the level of your membership tier. Choosing a credit card tier different to your membership tier does not effect the interest rate.

² Platinum and Black \$0 annual fee is subject to usage levels, and a discretionary fee may be apply.

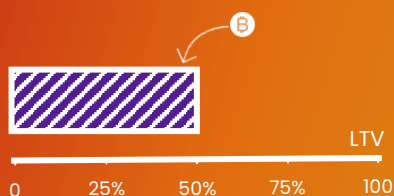
³ Platinum and Black card holders can have one replacement card fee waived. Future replacement cards will be charged at the regular rate.

⁴ Platinum and black card holders may have one late payment fee waived.

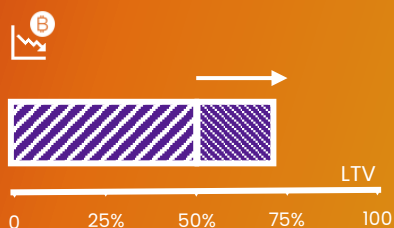
⁵ ATM withdrawal fees are only charged once the fee-free ATM withdrawal limit has been reached. Some ATM providers may charge additional fees.

Collateral liquidation

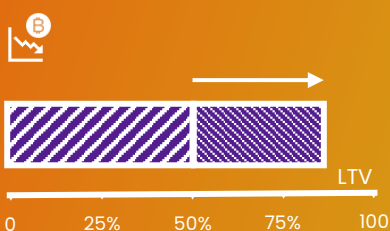
1. Collateral wallet is loaded with BTC to cover a 50% LTV loan



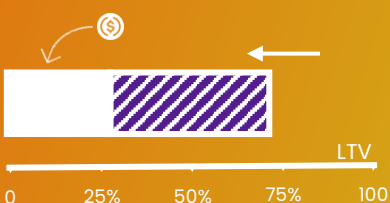
2. The market falls and BTC is worth less. LTV increases to 70%. You are encouraged to add more collateral.



3. The value of BTC continues to decline. LTV reaches ~83% and triggers a liquidation event.



4. BTC is sold for USDC to decrease the LTV to an acceptable range.



Managing collateral

Cryptocurrencies can go through periods of volatility, and there may be times where your collateral balance needs to be adjusted. To ensure that you have sufficient collateral to cover your line of credit, Connect Financial may convert some or all of the crypto balance into stablecoins. This is considered an extraordinary event and only takes place in major downward market shifts.

As the market moves, we monitor the credit limit, collateral, and charges against your account.

1. Liquidation

If you apply for a credit card and choose to fund the collateral wallet with crypto (BTC, LTC, XRP, etc), you will start with ~50% loan-to-value (LTV). For example, \$20,000 of crypto is required for a \$10,000 card limit. Should the value of the crypto fall, and LTV crosses the 70% LTV mark, you will be encouraged to add more collateral to your collateral wallet. If the LTV crosses ~83%, crypto collateral will start to be liquidated to bring the collateral up to an acceptable LTV.

If you have multiple coins making up the collateral balance (e.g., BTC, ETH and LTC), we preferentially liquidate the assets most affected by a market downswing – preserving your most valuable assets.

2. Rebalancing

If the digital asset that you used to fund the collateral wallet appreciates, the line of credit may become over-collateralized.

There are three ways that you can rebalance your collateral wallet:

1. Rebalance the collateral amount and send the additional crypto balance to another wallet.
2. Use the collateral to request a higher credit limit.
3. Use the additional crypto to pay the credit card bill.

When rebalancing a loan, a 90 day average of the value of the collateral asset is used to minimize daily fluctuations in price.

Virtual and supplementary cards

After funding their collateral wallet, members can elect to receive a physical card or a virtual card number to be used with a digital wallet including Google Pay and Apple Pay.

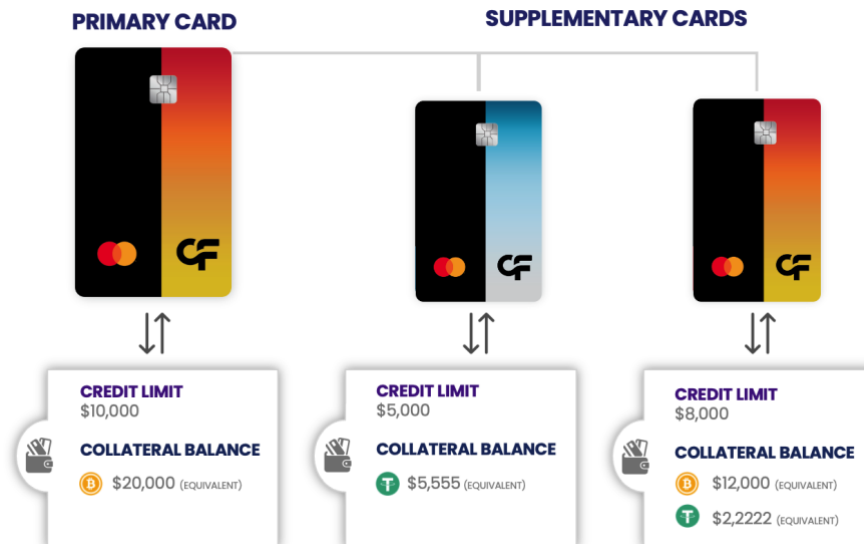
Additional supplementary cards that share the same line of credit can also be requested for an additional fee.

Multiple lines of credit

Each card account requires its own wallet, credit limit, and collateral balance.

In this example, a single account holds a Gold tier primary card with a \$10,000 credit limit, and a collateral wallet funded with \$20,000 of BTC. Two supplementary cards are added to the account:

- Silver tier card with a \$5,000 credit limit (with \$5,000 of USDT used as collateral)
- Gold tier card with a \$8,000 credit limit (with \$12,000 of BTC and \$2,000 of USDT used as collateral)



2. Fixed Loans

In addition to applying for a Connect Financial Crypto Mastercard, members can also take out a fixed-term loan using their digital assets as collateral. Loan proceeds are instantly available as USD and can be withdrawn from the platform by wire transfer, bank transfer or crypto withdrawal (as USDC).

Customized loan applications

Through the loan application wizard, members are able to create a loan and select their preferred loan amount, term, interest rate, collateral type, LTV and repayment schedule.

The screenshot shows the 'Loan Application' wizard in the Connect Financial interface. The interface includes a sidebar with navigation options: Dashboard, Cards, Loans (selected), Wallets, and Portfolio. The main content area is titled 'Loan Application' and features a progress bar with five steps: Enter Loan Details (active), Verify Identity, Terms & Conditions, Commit Collateral, and Loan Confirmation.

The 'Enter Loan Details' step is active, showing the following configuration:

- How much do you want to borrow?**: \$10,000.00 USD
- Loan Collateral**: Ethereum (ETH)
- Select LTV**: 25%, 35%, 50% (selected), 65%
- Required collateral**: 14.12345678 ETH
- Allocate Collateral**: Johns Personal Wallet (50% | Max)
- Committing**: 15.63291832 ETH
- Required**: 0.00000000 ETH
- Loan duration**: 30 Days, 90 Days, 180 Days, 1 Year (selected), 2 Years, 3 Years, 4 Years
- Repayment Schedule**: Interest Only (Monthly: \$65.83, Last Payment: \$10,000.00) and Amortized (Monthly: \$899.16, Last Payment: \$0.00)

Loan rates, LTV and repayment schedules

The interest rate charged for loans depends on the amount of collateral supplied to support the loan. The more collateral the member supplies, the lower the LTV and the lower the interest rate.



| ELIGIBLE ACCOUNT TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--|--------|--------|--------|----------|--------|
| Base interest rate: 25% LTV | 5% | 4.75% | 4.5% | 4.25% | 4% |
| Base interest rate: 35% LTV | 7.95% | 7.70% | 7.45% | 7.20% | 6.95% |
| Base interest rate: 50% LTV | 9.95% | 9.70% | 9.45% | 9.20% | 8.95% |
| Base interest rate: 65% LTV | 11.95% | 11.70% | 11.45% | 11.20% | 10.95% |
| Loan origination fee | \$10 | \$10 | \$10 | \$10 | \$10 |

- **Short term loans**

Loans 1 year and under in duration are considered 'short term' loans. Short term loans do not accrue interest until they mature, but the full interest amount is applied to the loan as part of the loan origination fee.

Short term loans do not have a fixed repayment schedule. The member is free to pay back the loan based on their preference, including paying for the loan in a lump sum at the conclusion of the loan.

- **Long term loans**

Long term loans (loans over 1 year in duration) accrue non-compounding interest based on the current balance of the loan.

When the member creates a new loan, they can also select their preferred repayment schedule, including interest only, partial amortization or full amortization.

Long term loans require a monthly payment equal or greater to the interest accrued in the previous period plus any applicable charges (e.g. late payment fees).

While members can pay back a long term loan early, they must pay at least 50% of the total interest calculated for the duration of the loan. This is calculated when the member finalizes their loan at the end of their term.

At the conclusion of the loan, the member is given a short interest-free grace period to settle their loan before their collateral is sold to cover the final loan repayment (subject to a 2% conversion fee).

Loan rebalancing

As noted, in some cases loan collateral may need to be sold on behalf of the member to ensure that the loan does not become undercollateralized at any time.

Fixed loans follow the same collateral management rules as credit cards, as outlined in the *Managing Collateral* section.

CONNECT


- Wallets
- Loans
- Cards
- Reward Points
- Vaults
- Membership

START LOAN
BUY / SELL / SWAP
Profile Icon

Collateral Wallets
Home Reno
MAKE PAYMENT

Loan Summary

Outstanding Balance
\$7,200




| | | | |
|----------------|--------------------|-----------------------------|-------------------|
| Total Loan: | \$10,000.00 | Minimum payment | \$820.00 |
| Paid on Loan: | \$2,800.00 | Minimum payment due date | 08.08.2022 |
| Loan End Date: | 08.08.2023 | Outstanding payment balance | \$0.00 |


MANAGE LOAN

Collateral Summary

USD Value
\$30,000.00



Loan to Value (LTV) Rate
50.0%



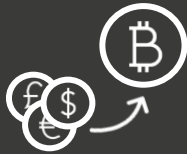
Loan Transactions
Collateral Assets
Last 3 Months
Jun - Aug
Search

| # | TXN ID | DATE | ASSET | TYPE | AMOUNT | STATUS | TXN REFERENCE |
|---|------------|----------------------|--------------|----------|--------------------------------------|----------|---------------|
| 1 | 1928319312 | 06-14-2022 10:38 PST | Ethereum ETH | Transfer | 16.2104948 ETH \$20,000.00 | Complete | Loan transfer |
| 2 | 1928319312 | 07-11-2022 10:47 PST | Ethereum ETH | Deposit | 0.6339844 ETH \$780.00 | Complete | -- |
| 3 | 1928319312 | 08-10-2022 17:12 PST | Ethereum ETH | Payment | 0.5847201 ETH \$780.00 | Complete | -- |

Show Rows: 25 | 1 - 2 of 2

3. Buy, Sell & Swap Crypto

The Connect Financial ecosystem allows members to buy, sell and trade crypto assets and manage fiat currency from within the platform.



Buy

The platform offers a convenient crypto on-ramp for users.

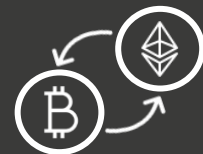
Wallets are able to be funded in a variety of ways including SWIFT, SEPA, Wire transfer, ACH and INTERAC.



Sell

Users are able to sell a number of cryptocurrency coins and stablecoins into fiat currency.

Funds are then able to be sent to verified bank accounts via a number of familiar methods for a nominal fee.



Trade

Users can trade between major coins and ERC20 tokens without needing to leave the Connect Financial ecosystem.

Connect Financial is a full service exchange with competitive trading rates



Trading fees

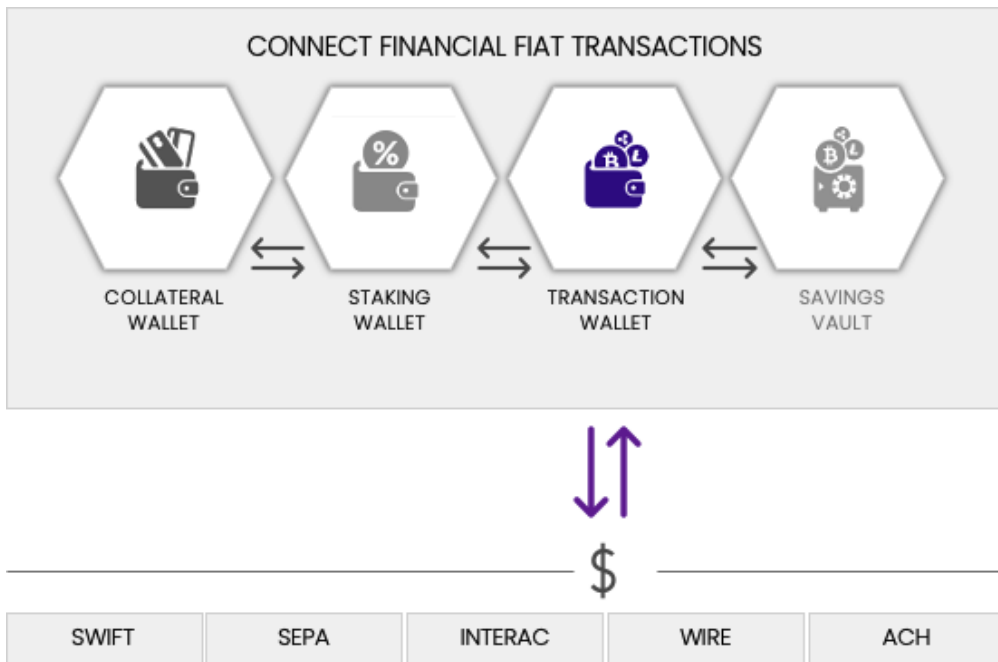
There is a flat fee for buying, selling and trading crypto, depending on the membership tier.



| ACCOUNT TIER | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|-------------------------------------|-------|--------|------|----------|-------|
| Buy fee (fiat to crypto) | 1.50% | 1.30% | 1% | 0.75% | 0.50% |
| Sell fee (crypto to fiat) | 1.50% | 1.30% | 1% | 0.75% | 0.50% |
| Trade fee (crypto to crypto) | 1.50% | 1.30% | 1% | 0.75% | 0.50% |

Managing fiat currency

Connect Financial accounts may be provisioned with IBAN bank accounts. This provides a convenient crypto on-ramp for users, the ability to sell crypto and withdraw fiat currency, and allows users to fund and store fiat currency in collateral, transaction or interest earning wallets.



Funding and withdrawing fiat

Fiat currency can be added to a wallet and withdrawn using a variety of methods:

| WITHDRAWAL METHOD | TIME FRAME* |
|--------------------------|-------------------|
| SWIFT transfer | <2 business days |
| SEPA transfer | <2 business days |
| Wire transfer | 3-5 business days |
| ACH (US banks) | 3-5 business days |
| INTERAC (Canadian banks) | <1 business day |

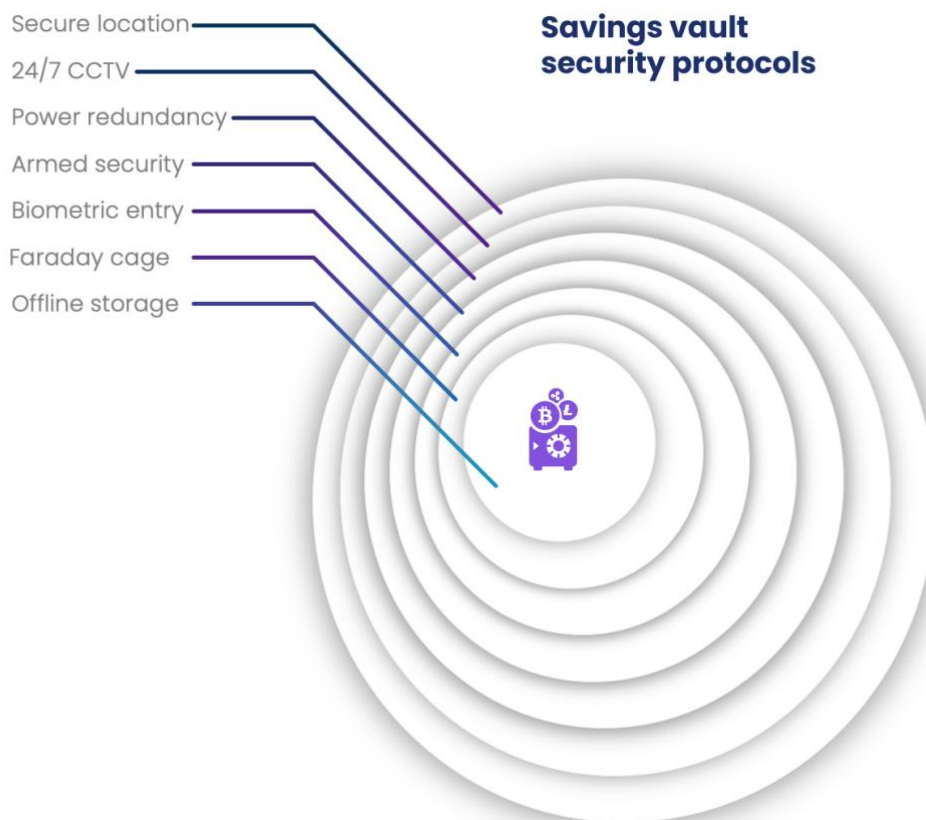
Withdrawal and deposit fees are calculated dynamically depending on the transaction amount, method used and the banking jurisdiction of the account.

4. Savings vault

Using digital assets as collateral or as a vehicle for earning interest may not cover everyone's financial goals. For additional security and peace of mind, members can elect to store their coins in a custodial savings vault.

Secure and insured

Balances held in savings vaults are held in a highly secure offline storage facility with layered security protocols:



Savings vault balances are eligible to be insured up to \$100M. Insurance is secured by Lloyd's of London.

A nominal insurance premium is charged to the user's account, depending on the balance carried. In addition, customized insurance quotes can be requested for large balances by speaking to a Vault Concierge.

Access to savings vault balances

Withdrawing some or all of a vault balance is a manual process that takes up to 72 hours. Members will need to go through an authentication process that includes a video call and verification of a secret phrase in order to withdraw assets. Once confirmed, an account manager physically accesses the vault, downloads the required balance and sends it to the nominated address.

Due to the labor intensive process involved in withdrawing assets, the savings vault has a limit of one withdrawal per three month period. Additional or expedited withdrawals incur additional fees.

5. X-Finance Vaults

Connect Financial also offers users the option to contribute to a range of decentralized and centralized strategies that may return a competitive yield.

Transparent and verifiable strategies

Every one of Connect Financial's strategies have a comprehensive description on how assets are put to use, along with clear and easy to understand restrictions, limits and allowances. Many strategies are verifiable on-chain.

CONNECT

Dashboard Cards Loans Wallets Portfolio **Vaults**

Back to John's Vault

BTC Credit Pool

| | | |
|------------------------------|----------------------------------|-------------------------------|
| Total Pool \$1.06M | Pool Available \$0.66M | ESTIMATED APR 14.9% |
|------------------------------|----------------------------------|-------------------------------|

Asset flow

Deposit: BTC → Allocated To: CREDIT POOLS → Borrow: AMP → Position: NEUTRAL → Earn: BTC

| | | |
|---|-------------------------------|---|
| Commitment Period 7d (selected) 30d 90d | Estimated APR 14.9% | Estimated Yield 0.0000023 BTC |
|---|-------------------------------|---|

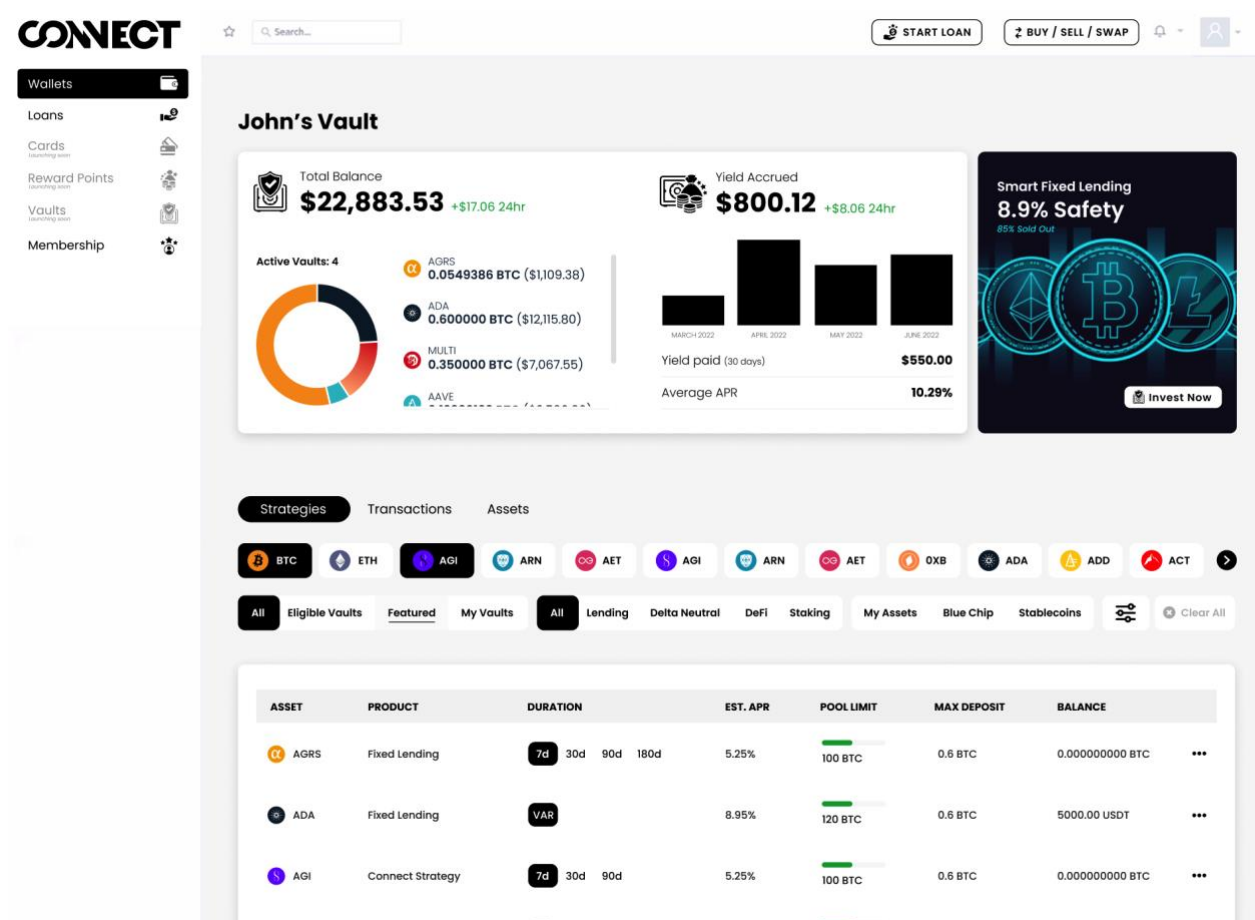
Historical APR (Last Week)

Summary:

- Deposit amount: 0.5683763218 BTC
- Duration: 60 days
- Start: 08.08.2022
- End: 10.06.2022

Vault Strategies

There are four main vault types that members can choose to contribute towards.



Lending Pools

As mentioned in Section Two, Connect Financial borrows from decentralized lending pools to fund credit lines. Users can choose to lend their assets to the lending pools and receive 'real' yield in the form of interest and fees paid by borrowers on the platform.

DeFi Strategies

Through the Vaults interface, users can opt to contribute to a range of DeFi contracts to earn yield. Connect Financial curates a list of low-risk DeFi strategies with the intention of providing a balanced risk/reward balance.

Delta Neutral Positions

Users can contribute to customized positions where weighted long and short positions are opened against the user's assets. These strategies offer reliable performance in both up and down markets.

Staking

Connect Financial will offer a range of liquid and fixed staking options and may also act as a validator or node (e.g. AVAX nodes / ETH 2.0 nodes)

6. Rewards

Reward Points are the native incentive currency used across the Connect Financial ecosystem of products. Reward Points are accrued daily and are paid monthly into the Reward Points wallet.

Reward points carry a fixed value of 1 RP = \$0.01 USD. Reward Points are not tokens and cannot be purchased or traded, although we will be introducing P2P transfers at a later time.

CONNECT Search... BUY / SELL / SWAP

Reward Center MANAGE REWARDS

PENDING REWARDS
644 Points (\$6.44)
CASHBACK: 598 points | REFERRAL: 46 points

AVAILABLE REWARDS
816 Points (\$178.37)
CASHBACK: 732 points | REFERRAL: 84 points

TOTAL REWARDS RECEIVED
4,983 points (\$1,088.65)
Since 01.06.2022

POSTED REWARDS

| # | TXN ID | DATE | CATEGORY | TYPE | AMOUNT |
|---|-------------|------------|----------|---------|------------|
| 1 | 28236491172 | 05-31-2022 | Cashback | Receive | 732 points |
| 2 | 27495827199 | 05-31-2022 | Referral | Receive | 84 points |
| 3 | 27495829483 | 06-04-2022 | Swap | Swap | 495 points |
| 4 | 2475229284 | 04-30-2022 | Cashback | Receive | 482 points |
| 5 | 18273924719 | 04-30-2022 | Referral | Receive | 12 points |

Show Rows: 25 | 1 - 11 of 11

CONNECT Search... BUY / SELL / SWAP

Reward Center MANAGE REWARDS

PENDING REWARDS
644.42132 CNFI
CASHBACK: 598.26199 CNFI

TOTAL REWARDS RECEIVED
4,983.18274 CNFI (\$1,088.65)
Since 01.06.2022

POSTED REWARDS

| # | TXN ID | AMOUNT |
|---|-------------|-------------------------------|
| 1 | 28236491172 | 732.18273 CNFI (\$159.96 USD) |
| 2 | 27495827199 | 84.293843 (\$18.42 USD) |
| 3 | 27495829483 | 495.132102 (\$108.17 USD) |
| 4 | 2475229284 | 482.94836 CNFI (\$105.51 USD) |
| 5 | 18273924719 | 12.183742 CNFI (\$2.66 USD) |

Show Rows: 25 | 1 - 11 of 11

Swap rewards
816 points
\$178.30 USD

Swap to
Solana \$SOL

John Personal Wallet

Amount: 50% | Max
800 POINTS ↔ \$80.00 USD

SWAP FEE 20.00 Points

YOU WILL RECEIVE: 4.12233 SOL

SWAP NOW (5s)

Crypto Mastercard Reward Points

Members accrue Reward Points on all eligible transactions made with their Connect Financial Crypto Mastercard.

When a new eligible credit card is issued, the member can choose to tailor their profile to earn more Reward Points based on how they prefer to use their card.

- **Travel:** Rewards are optimised for flights, accommodation and travel
- **Luxury:** Rewards are optimised for retail spending
- **Living:** Rewards are optimised for day-to-day expenses.

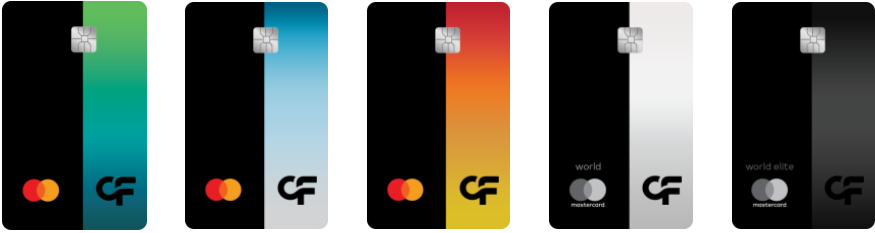
Each profile earns additional points based the **Points Tier**:

| Points tier | TRAVEL | LUXURY | LIVING |
|--------------|----------------------------|------------------|--------------------------|
| Max points | Rideshare Accommodation | Dining | Food delivery Fitness |
| Bonus Points | Flights | Entertainment | Groceries Gas |
| Base Points | Everything else* | Everything else* | Everything else* |

* Certain transaction types are not eligible to accrue reward points. Refer to support docs for more information.



Depending on the member's card tier, they will earn scaling amounts of Reward Points on eligible transactions.



| Card tier | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--|-------|--------|------|----------|-------|
| Max points | N/A | 3x | 5x | 7x | 8x |
| Bonus points | N/A | 2x | 3x | 4x | 6x |
| Base points | 0.5x | 1x | 1x | 1.5x | 2x |
| Monthly limits <i>Reward Points</i> | 2500 | 3500 | 5000 | 10000 | 15000 |

Affiliate program

We know that a key to growth is how we reinvest in our community. The Referral Program is designed to reward everyday users who share Connect Financial with friends and family. Every user can use the referral link under their profile page to earn from their network participating in the ecosystem.



| Card tier | BASIC | SILVER | GOLD | PLATINUM | BLACK |
|--------------------------------|----------|----------|----------|----------|----------|
| Reward for referrer* | 2,500 RP | 2,500 RP | 3,500 RP | 5,000 RP | 5,000 RP |
| Reward for new user* | 2,500 RP | 2,500 RP | 3,500 RP | 5,000 RP | 5,000 RP |
| Required cumulative card usage | \$2,500 | \$2,500 | \$3,000 | \$5,000 | \$5,000 |

* Rewards paid in Reward Points

Referral program

Active referrers can boost their referral bonuses by joining the affiliate program. Verified affiliates earn additional residual compensation depending on their level:

| | Connect advocate | Connect crusader | Connect evangelist |
|--------------------------------------|------------------|------------------|--------------------|
| Eligible referrals required | 35 | 75 | 200 |
| Transaction residual % ^ | 0.025bps | 0.05bps | 0.1 bps |
| Transaction residuals per \$10,000 ^ | 250 RP | 500 RP | 1,000 RP |

^ Cumulative transaction spend across all eligible referrals. Paid in reward points.



CHAPTER 4

Company

Our team

Founding team

Connect Financial was founded by a veteran of the crypto and traditional finance space, with extensive experience in international banking, credit services, precious metals, investment banking & consumer lending.

At this stage in our development, the founder has elected to stay pseudo-anonymous to preserve the privacy and security requirements of key partnership agreements. In addition, the founder has elected to remain behind the scenes to create separation from their own extensive history as a corporate executive within the financial industry.

Founder & CEO

- Ex-SVP Wells Fargo with 22 years tradfi experience.
- 9 year Crypto veteran including blockchain development, mining and trading
- Career includes software development, banking regulations/compliance and consumer lending

Ryan Mueller – Chief Compliance Officer

- 15 years' experience in crypto, payments and emerging financial markets
- CFE, CCCI & CAMS accredited industry leader
- Extensive background in fraud investigation, regulatory guidance and has acted as Chief Compliance Officer for a number of large businesses in the crypto space.

Chantel Meeley – Chief Marketing Officer

- 14 years' experience leading creative designs, messaging, and marketing strategy and campaigns for global payment, cryptocurrency, risk management and digital identity providers.
- Extensive experience in UIUX development, Software-As-A-Service (SaaS) product strategies, data hub platforms, new product launches and customer acquisition, retention and penetration strategies.

Christo Brown – Director of Product

- 15 years' experience in building and launching startup and greenfield businesses across diverse industries in payments, insurance and telecommunications.
- Extensive corporate background in product management, operations, business development and customer experience.

Licenses

FinCen license: #31000217455982

Fintrac license: M21685943

Registered Offices

USA:

8 The Green, Ste A

Dover DE,

19901

Canada

490-1 Bow Valley Square

#3 - 255 5th Avenue SW

Calgary, AB, Canada, T2P3G6

Panama

BICSA Financial Tower,

Suite 5102, Floor 51

Panama City, Panama

Security

Connect Financial provides enterprise-level security, on par or better than major financial firms.

Along with the inherent security advantages of blockchain technology, we employ a range of industry leading protocols to safeguard our users' personal information, assets and privacy.



2FA

Users are encouraged to enable Two-Factor Authentication (2FA) on their account. 2FA requires users to provide additional verification on all significant account updates and transactions.



IT/IS

We employ a secure-by-design approach to software development. Every layer of our software is designed with the principle of least privilege, secure architecture and rigorous penetration testing.



Monitoring

Connect Financial works with the veteran security firms that employ both automated and manual transaction monitoring to identify suspicious or fraudulent transactions on the network.



MPC

Multi-Party Computation (MPC) ensures that keys are never held by a single entity, significantly increasing resistance to hacks while still retaining the convenience of instant access to the underlying assets.



OAuth 2.0

Users can create an account using existing credentials and leverage the inbuilt security features of their Google account, without needing to share their login credentials.



PCI-DSS L1

All aspects of the card program meet or exceeds the strictest requirements. Our card partner is a PCI-DSS Level 1 accredited issuer — the highest standard for data security in the payment card industry.

References

[1] Board of Governors of the Federal Reserve System. "Report on the Economic Well-Being of U.S. Households in 2019—May 2020."

Further reading

News releases

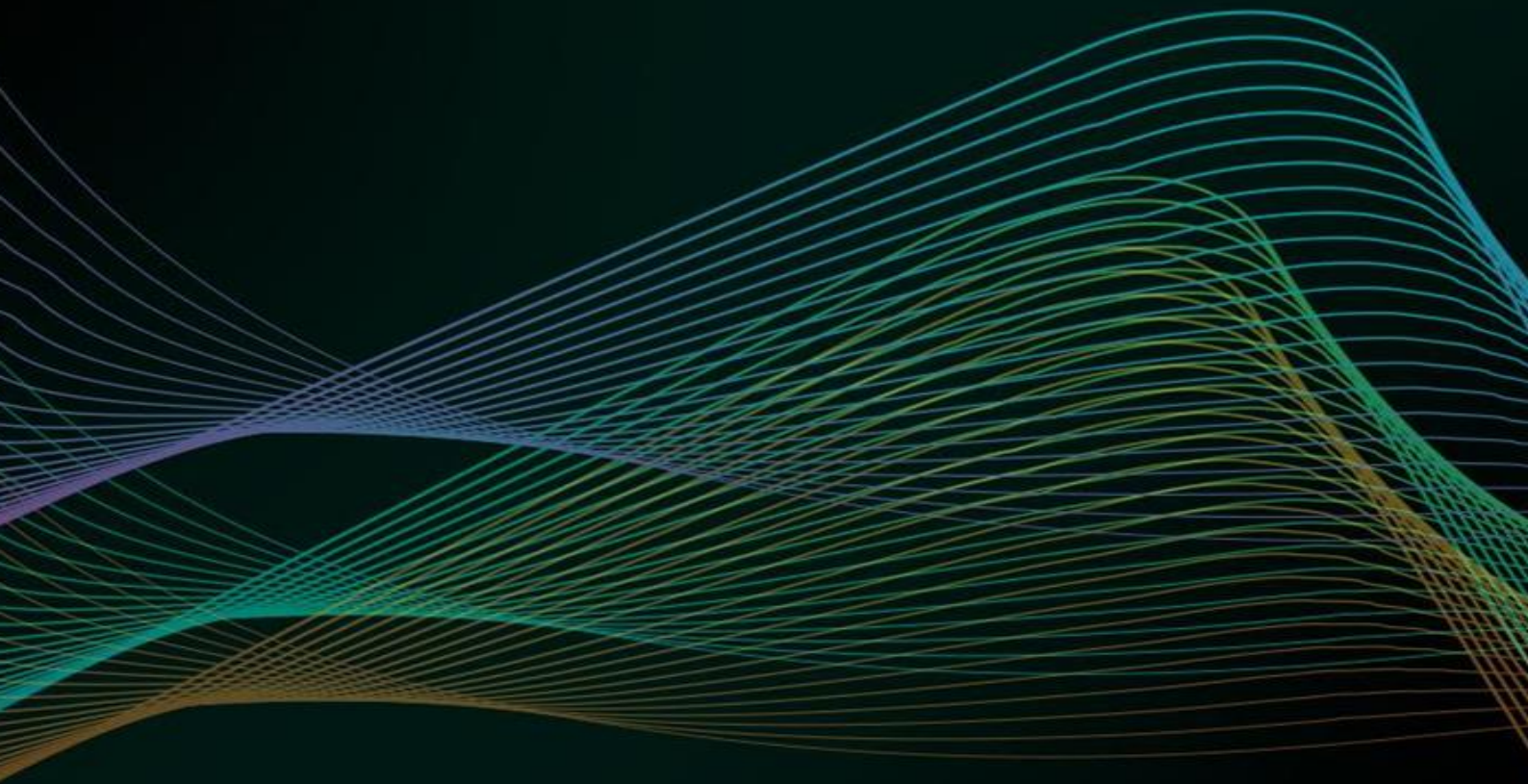
- [Connect Financial Acquires MSB License with Canada's Financial Transactions and Reports Analysis Centre \(FINTRAC\)](#) | PR Newswire | Apr 06, 2021
- [Connect Financial Launches New Brand Identity and Website](#) | AP News | October 27, 2021
- [Connect Financial Announces the Launch of the First Crypto Credit Card](#) | Yahoo!Finance | May 21, 2021
- [Connect Financial Introduces the Cardano Credit Card](#) | ADA Pulse | October 21, 2021
- [The Axion Card - Connect Financial](#) | Axion Support

Changelog

| Version | Date | Changelog |
|---------|------------------|--|
| 1.2 | 21 Feb 2022 | <ul style="list-style-type: none">• Updated information related to supplementary cards.• Update information about availability of Earn wallets• Added changelog |
| 1.3 | 15 Apr 2022 | <ul style="list-style-type: none">• Removal of partner branding |
| 1.5 | 19 May 2022 | <ul style="list-style-type: none">• Addition of entertainment credits |
| 1.6 | 1 September 2022 | <ul style="list-style-type: none">• Update of membership benefits |
| 1.7 | 1 October 2022 | <ul style="list-style-type: none">• Removal of Earn product |
| 1.8 | 4 November 2022 | <ul style="list-style-type: none">• Updated governance section |
| 1.9 | 14 December 2022 | <ul style="list-style-type: none">• Updated partner branding• Added Vaults• Removed DeFi Section• Updated Tokenomics• Added Loan product section |
| 1.10 | 16 December 2021 | <ul style="list-style-type: none">• Reformatting |

CONNECT

F I N A N C I A L



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