LIBRA CREDIT

WHITEPAPER

May 2018

The version of this whitepaper ("**Whitepaper**") is released as a working draft - with the purpose of introducing the idea and receiving feedback from the blockchain community. If you wish to contribute by leaving your comment or review, please email info@libracredit.io.

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EXECUTIVE SUMMARY

Access to credit should be hassle free, real-time and simple. However, traditional financing is channel, product and geographic specific with onerous processes and outdated systems resulting in long cycle times and increased cost of capital. Heavy reliance on traditional lenders (e.g. banks, country centric P2P platforms) does not address future customer needs (i.e. getting credit when and where they need it and leveraging emerging crypto asset classes as collaterals).

Global lending is expected to grow at 14% over the next five years driven by a rise in digital ecosystems and technology disruption which makes lending to more than two billion under-banked population a closer reality. Given these significant tailwinds, a global and open digital platform is needed to shape the future of lending, making it accessible to anyone, anywhere.

Libra Credit is a decentralized lending ecosystem that facilitates open access to credit anywhere and anytime based on the Ethereum blockchain to be developed by Libra Foundation. Libra Credit will be launched in July 2018 with crypto-to-crypto and crypto-to-fiat lending underpinned by its industry-leading credit management capability and four distinctive partnership networks forming a world-class lending ecosystem that encompasses:

- In-house Proprietary AI-based Credit Model;
- Customer Acquisition & E-Wallet Partnership Network to drive adoption;
- Lenders & Stablecoin Partnership Network to drive liquidity;
- Extensive Exchange Partnership Network to minimize default;
- Identity Verification Partnership Network to expedite KYC & verification process.

Libra Credit is a global initiative by Libra Foundation with a mission “Credit for the Real World”. The team has a track record in digital credit services across Asia. Powered by its proprietary big data, AI-based credit assessment technology and existing global partnership networks, Libra Credit has the expertise and capabilities to realize its mission.

PROJECT BACKGROUND

2.1 CHALLENGES OF EXISTING MARKETS

Despite growing adoption of digital assets, something as simple as getting access to credit still remains a challenge for many borrowers. Not only are future customer needs not addressed, traditional ending institutions are also heavily reliant on outdated credit rating methods, directly dismissing the legitimacy of digital assets. Additionally, even with breakthrough technologies like blockchain, traditional financing is still channel, product and geographic specific with onerous processes that result in long cycle times and increased cost of capital. These issues not only limit efficient flow of assets, but also ignore a large segment of the market that is under-served by banks.

Challenges of Traditional Credit Services:

Borrowers

- High barriers to credit services due to limited or unrecognized personal credit data
- Unsatisfied borrowing experience due to complicated KYC procedures, long processing times, low application transparency and high borrowing costs ~10% globally (World Bank)
- Difficulty in cross border, cross currency and cross time-zone lending

Lenders

- Increased lending difficulty due to lack of traditional records of the digital savvy generation
- Opportunity cost of uncaptured digital savvy market segment

PROJECT BACKGROUND

On the other hand, the rise of crypto-assets faces similar challenges – lack of "real-world" underlying application causes crypto holders to be tied down by their own digital assets.

Challenges of the Crypto Market:

Liquidity Issues

- Lack of liquidity and integration into fiat financial service offerings
- Difficult to convert between digital assets and traditional assets (i.e. gold, stocks, bonds, real estate, etc.)

Limited Applications

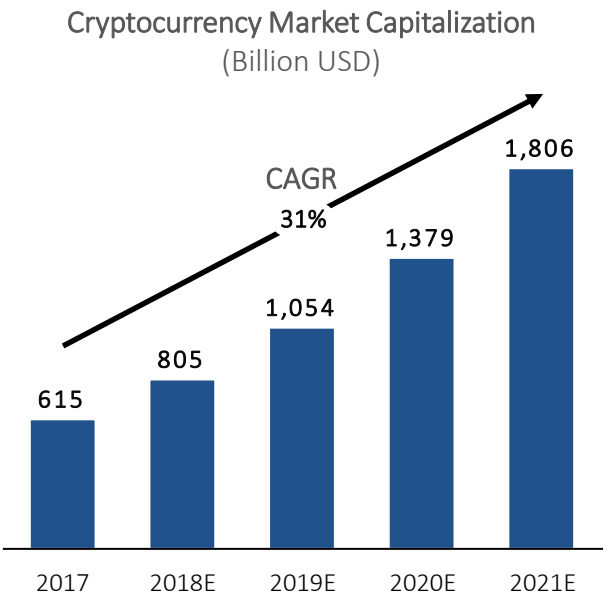
- Lack of recognition and application as a general payment method / asset class
- High volatility and speculation with little to no asset backing

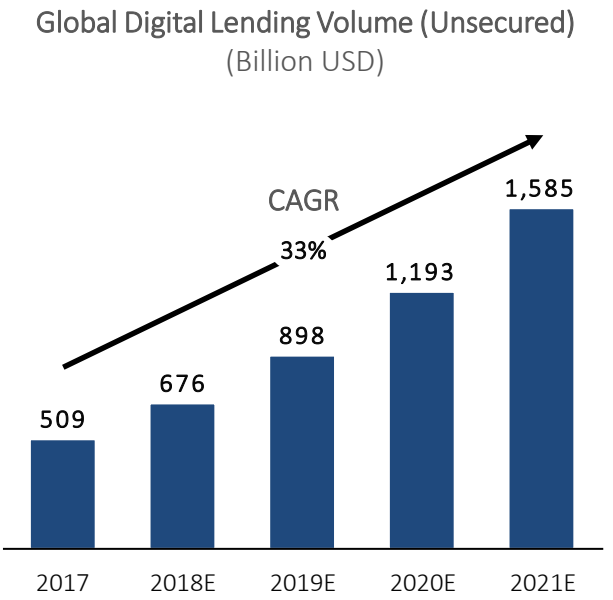
There is a genuine need for a solution that provides safe and convenient credit services accessible for all.

PROJECT BACKGROUND

2.2 MARKET OPPORTUNITY

The global credit market is expected to grow at a CAGR of 14%[1] (2017 – 2021). Specifically, over 85%[2] of the global credit market is dominated by the secured retail lending market. Favorable market conditions have attracted many new technologies and players to enter this market, popularizing credit alternatives such as peer-to-peer (P2P) lending and digital lending.





Moreover, a paradigm shift in digital adoption has also given rise to alternative asset classes like cryptocurrency. Although not traditionally accepted as collaterals for lending, cryptocurrencies have surpassed USD $600B in market capitalization at the end of 2017. As the market grows, crypto-investors demand more use-cases for their assets, which are largely unmet by traditional financial institutions.

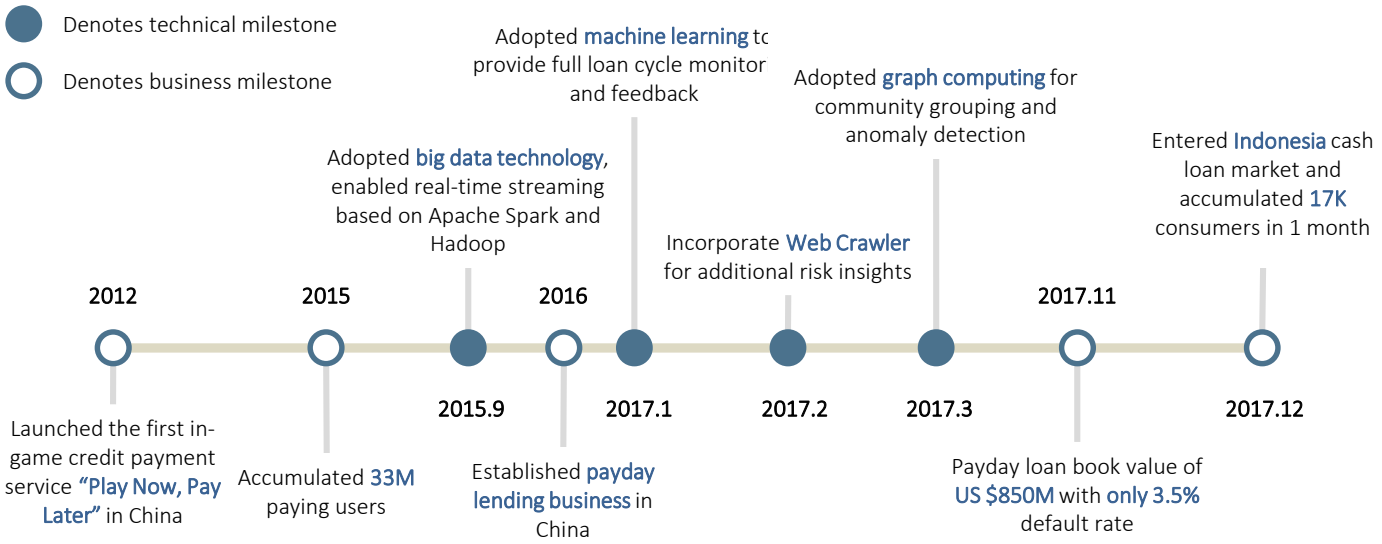
1): Source: Business Wire
2): Source: HIS Database

PROJECT BACKGROUND

Despite continuous growth in global secured retail lending and rise of digital lending, over two billion people[3] remain under-banked with little to no access to credit or financial services. Once digital lending becomes mainstream among the under-banked, this largely untapped segment will be a significant addition to the credit lending addressable market.

2.3 WHY LIBRA CREDIT

Libra Credit is launched with the mission to provide "Credit for the Real World". Devoted to the provision of credit anywhere and anytime, Libra Foundation will build a secure, convenient and globally inclusive financial services ecosystem. In light of the opportunities presented in distinctive markets, a network solution will be key in unlocking the value of existing geographic and functional solutions. Our team of financial services veterans and blockchain technologists has a proven track record in building payments, retail lending and risk management solutions. In the past five years, the team has achieved the following remarkable milestones in Asia:



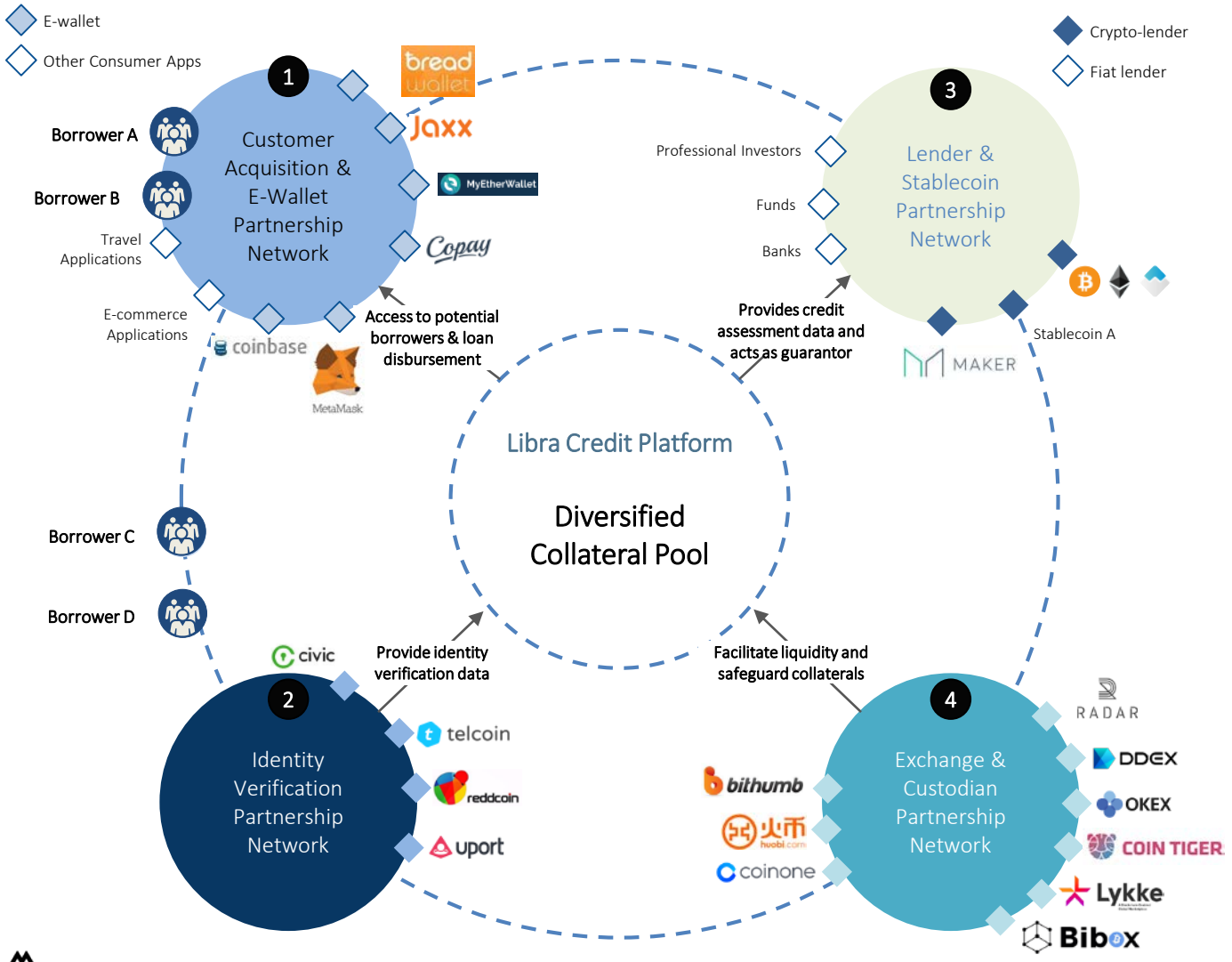
3): Source: Management estimate

3.1 OUR BUSINESS MODEL

3.1.1 Libra Credit

Key Highlights:

- Extensive network partnerships completely covering the lending value chain
- AI-based dual-credit risk assessment computation featuring a collateral-based assessment and an individual credit scoring
- Multiple sources and use of funding facilitating fiat, hedging and liquidity needs



LIBRA CREDIT

To address the limitations of both markets, we are launching *Libra Credit – a decentralized lending ecosystem that facilitates open access to credit anywhere and anytime*. In July 2018, Libra Credit aims to facilitate global crypto-to-crypto and crypto-to-fiat lending (subject to regulatory approval) for borrowers. To improve acceptance and drive adoption, initially we will act as the loan guarantor for financial institutions (i.e. banks, funds, etc.) and private investors (i.e. HNWI, crypto-community). Crypto assets will then be released directly from our Lender & Stablecoin Partnership Network to borrowers. Key highlights of our business model are as follows:

1

EXTENSIVE PARTNERSHIP NETWORKS

- Collaborating with partners in both crypto and financial markets
- Synergies with crypto exchanges, stablecoin providers (e.g. Maker DAO), 3rd party identity verification providers (e.g. uPort) and financial institutions (e.g. banks)
- Reinforcing Libra Credit while delivering value for our partners

2

PROPRIETARY AI-BASED CREDIT ASSESSMENT FRAMEWORK

- In-house risk management technology which has been deployed in China and the ASEAN market successfully
- Pioneer in digital credit services, leveraging a dual-credit assessment framework that considers collateral viability and borrower credit score

3

FLEXIBILITY FOR PARTICIPANTS

- Crypto-to-fiat loan allowing collateralization of cryptocurrencies to spend fiat without sacrificing their current crypto position
- Crypto-to-stablecoin loans enabling borrowers to hedge price volatility without exiting
- Crypto-to-crypto lending allowing borrowers to pledge other alternate tokens for more mainstream crypto currencies (i.e. BTC / ETH) with better liquidity

LIBRA CREDIT

As Libra Credit scales, each of the following partner network components will be developed to assume the following roles:

LIBRA CREDIT PLATFORM

The Libra Credit Platform focuses on a dual-credit risk scoring mechanism that takes into account both the creditworthiness of the pledged collateral, as well as the individual credit information of the borrower. Borrowers may pledge any crypto-assets as collateral and receive loans in their desired asset. Through smart contracts and our own proprietary collateral valuation and liquidation system, Libra Credit will lock in agreed terms between borrowers, lenders, custodians, guarantors and liquidators. The platform pulls together an ecosystem of four different types of partnership networks, as outlined below:

1) CUSTOMER ACQUISITION AND E-WALLET PARTNERSHIP NETWORK

The customer acquisition partnership network can help the Libra Credit drive *adoption and scalability*. Lending applications and e-wallets provide a multitude of acquisition channels for Libra Credit to obtain its customers. Our lending application partners can facilitate liquidity for its end users through the Libra Credit. Examples would be travel applications (i.e. crypto-holders can obtain fiat lending for trip payment) and e-commerce applications (i.e. fiat lending for purchasing advance). On the other hand, the Libra Credit can drive trade volume for e-wallet networks through our loan disbursement needs.

2) IDENTITY VERIFICATION PARTNERSHIP NETWORK

Libra Credit can manage the KYC identity verification process of new borrowers quickly and securely through our identity verification partnership network. Our mutually synergistic credit information network generates large amounts of credit data per day. Interested parties (i.e. vendors, regulators and financial institutions) may leverage our anonymized data to perform activities such as data analytics, credit scoring, customer behavioral monitoring and much more. At the same time, we will have access to the information systems of our partners, allowing us to constantly refine and enhance our verification process. Our partnership network can access the platform and data through open-APIs that will be available to Libra Community members for a fee.

LIBRA CREDIT

3) LENDER & STABLECOIN PARTNERSHIP NETWORK

Lenders and stablecoin providers are essential to our network since they can supply liquidity, hedge risk and enable the reinvestment needs of our borrowers. Fiat lenders such as banks, funds and other financial institutions can satisfy cash turnover needs of crypto holders (i.e. payday loans). While stable coin providers enable crypto holders to hedge the volatility of their portfolio. Lastly, crypto-to-crypto lenders (i.e. crypto funds, private investors) can lend tokens or other crypto currencies to institutions and crypto users. For example, institutions with large holdings of proprietary tokens can borrow BTC or ETH to fund their operations.

4) EXCHANGE & CUSTODIAN PARTNERSHIP NETWORK

Our exchange partnerships (e.g. Radar Relay and DDEX) serve the role of providing crypto market liquidity and flexibility for the network. Borrowers can go through Libra Credit to get the best rates offered to us exclusively for their crypto investments. At the same time, Libra Credit will have full access and support in the case that collaterals in our possession have to be immediately liquidated.

LIBRA CREDIT

3.1.2 Selected Use Cases

Libra Credit offers a quick and seamless digital lending process that can be completed online or in a mobile application in five easy steps.

Application → Verification & Credit Assessment → Notification & Confirmation → Collateral Deposit → Disbursement

Here is an illustrative example of a crypto-to-fiat loan on Libra Credit. Assume that Bob, a Libra Credit community member and XYZ Token holder, wants to pledge XYZ Tokens for a 30-day loan in US Dollars (USD).

Step 1: Application

As a platform member, Bob fills in an online/mobile loan application form and submit digital documents (if required) to Libra Credit.

Step 2: Verification & Credit Assessment

Libra Credit verifies the borrower's identity after the application is submitted. In particular, to obtain more authorized and verified data of Bob, Libra Credit may make selective disclosure request to verification partners (e.g. uPort). Users with existing Identity Management Accounts at supported platforms may be able to bypass the KYC process. Once verified, an automated real-time credit assessment is conducted by our proprietary big data and AI-based credit assessment engine. Based on Bob's credit score and collateral grade, Libra Credit will generate corresponding loan terms.

Sample Loan Terms	Sample Approved Terms
Collateral	XYZ Token(s) are accepted
Collateral-to-loan (CTL) Ratio	125%
Interest rate	12%
Payment frequency	Weekly

Step 3: Notification & Confirmation

Bob will be instantly notified via APP, SMS or email of the final loan terms in which he can immediately accept with simply one click.

Step 4: Collateral Deposit

Bob's XYZ Token is deposited into Libra Credit's e-wallet or exchange partners, depending on borrower's preference. The collaterals will be securely stored for the entire loan period.

Step 5: Disbursement

USD will be instantly deposited from the lenders wallet to Bob's[4]. If Bob chooses to receive the loan in his digital wallet (e.g. Alipay, WeChat Pay), the whole process will be completed within minutes[5]. If Bob prefers a bank account deposit, one working day will be required for loan disbursement[6]. This is significantly faster than most digital lenders that require day(s) and traditional lending institutions that require at least 2-4 weeks to process.

During the loan period, Bob makes weekly payments (or any other frequency approved by Libra Credit). When the loan is repaid, Bob's XYZ Token is returned.

Risk Handling Mechanism

Maintaining the Margin – Cryptocurrencies pledged as collateral may drop in value during the loan period, causing a decrease in the CTL ratio. If the CTL ratio falls past a threshold (minimum maintenance margin), a margin call will be triggered. In Bob's case, if XYZ suddenly drops 10% in value, Bob's CTL ratio will decrease to 112.5%.

4): We assume that the electronic wallet will be able to store both fiat and crypto currencies
5): Depending on regulatory approval, applicant's profile and server speed
6): Subject to the regulatory approval and efficiency of banks

Since it is lower than the minimum maintenance margin of 125% required by Libra Credit, a margin call to Bob is triggered by the smart contract. This will inform him via APP notification, SMS or email to either deposit additional XYZ Tokens (or equivalent LBA Tokens) or make a loan payment to meet the maintenance margin at 125%. Bob will be
given enough time to meet the maintenance margin subject to the velocity of the XYZ Token value. The quicker the price drops, the shorter the time Bob has to respond.

Default – If Bob is unable or unwilling to meet the minimum maintenance margin during his allocated time, the Libra Credit will initiate an automated liquidation of Bob's assets. All liquidated assets will be used for loan repayment and minimum margin maintenance. In this example, 44.4% of Bob's XYZ will be sold and the CTL ratio will return to 125%. Incremental liquidation will occur if XYZ continues to depreciate in the future.

Similarly, in a crypto-to-stablecoin lending, all steps remain the same except disbursement (step 5). Instead of fiat distribution, stablecoins (e.g. DAI from MakerDAO) will be deposited directly to borrowers' e-wallet. During the loan period, borrowers need to repay stablecoins (e.g. DAI) in agreed frequency and when the value of collaterals drops, borrowers need to deposit more collateral or make stablecoin repayments.

LIBRA CREDIT

3.1.3 Competitive Advantage

Compared to existing digital lending models, Libra Credit differentiates itself in:

- Diversified sources of funding
- Proprietary collateral-based assessment
- In-house crypto-exchange

Name (Ticker)	Libra Credit (LBA)	Salt (SALT)	Coinloan (CLT)	Everex (EVX)	ETHlend (LEND)
Business Model	Decentralized lending ecosystem	Decentralized lending platform	Decentralized lending platform	Decentralized lending platform	Decentralized lending platform
Type of Services	Secured crypto-to-fiat/crypto loan (ultimately for all asset classes)	Secured crypto-to-fiat or crypto-to-crypto loan	Secured crypto-to-fiat loan	Secured asset transfer, borrow & remittance	Secured crypto-to-fiat loan
Source of Funding	Stablecoin partners (e.g. Maker DAO), financial institutions & private investors	P2P network of lenders	P2P network of lenders	Self-funded	P2P network of lenders
Experience in Lending Services	Yes, with 33 Mn customers & loan book value USD $850 Mn+	Yes	No	Yes	No
Collateral-based Assessment[7]	Yes	No	No	No	No
3rd Party Data Partnerships	Yes	No	No	No	Yes
Liquidity Networks	Partnerships & In-house	Partnerships	Partnerships	Partnerships	Partnerships

7): Incorporates both individual credit score and collateral grade in the assessment

3.1.4 Key Benefits

Stakeholders	Key Benefits
Crypto Investors	• Alternative channel for crypto-financial asset conversion • Global access to all asset classes • Reinvestment opportunities through margin lending
Borrowers	• Easy access to credit services • 24/7 application and instantaneous approval
Lenders	• Crypto-market exposure with lower risks • Significant reduction in cost of loan monitoring • Reduced reporting efforts with single source of truth
E-wallet Partners	• Additional product/service use cases which will improve customer satisfaction and thus customer loyalty • Customer base expansion and potential income enhancement with expanded fund flows
Exchange Partners	• Increased trading volume and trading fee income • Enhanced liquidity depth on top of the existing order book, which drives additional customer acquisition
Stablecoin Partners	• Additional use cases (e.g. crypto lending) and real-life application of its product and service offerings • Help to drive adoption (e.g. increased stablecoin supply with more underlying assets) and circulation of the stablecoin
Verification Data Provider Partners	• Additional data subscription fee income • Access to on-chain credit and transaction data from the emerging digital / crypto world (if platform users authorize data sharing) • Synergies created through Joint Modelling (e.g. enhanced credit modelling and data sourcing capability)

3.1.5 The LBA Token

LBA "Tokens" will be issued pursuant to a token sale to serve the following purposes on the Libra Credit platform:

Membership

Tokens are used to pay to access the Libra Credit platform, which allows borrowers to submit loan application.

Transactions

Tokens are the medium of exchange on the Libra Credit platform. For example, a service fee in Tokens will be charged for every successful transaction.

Incentives

Token incentives are granted to stakeholders in the case of the following:

Service – Developers that contribute to development for their services; and

Referral – Successful introductions of other lenders to the Libra Credit.

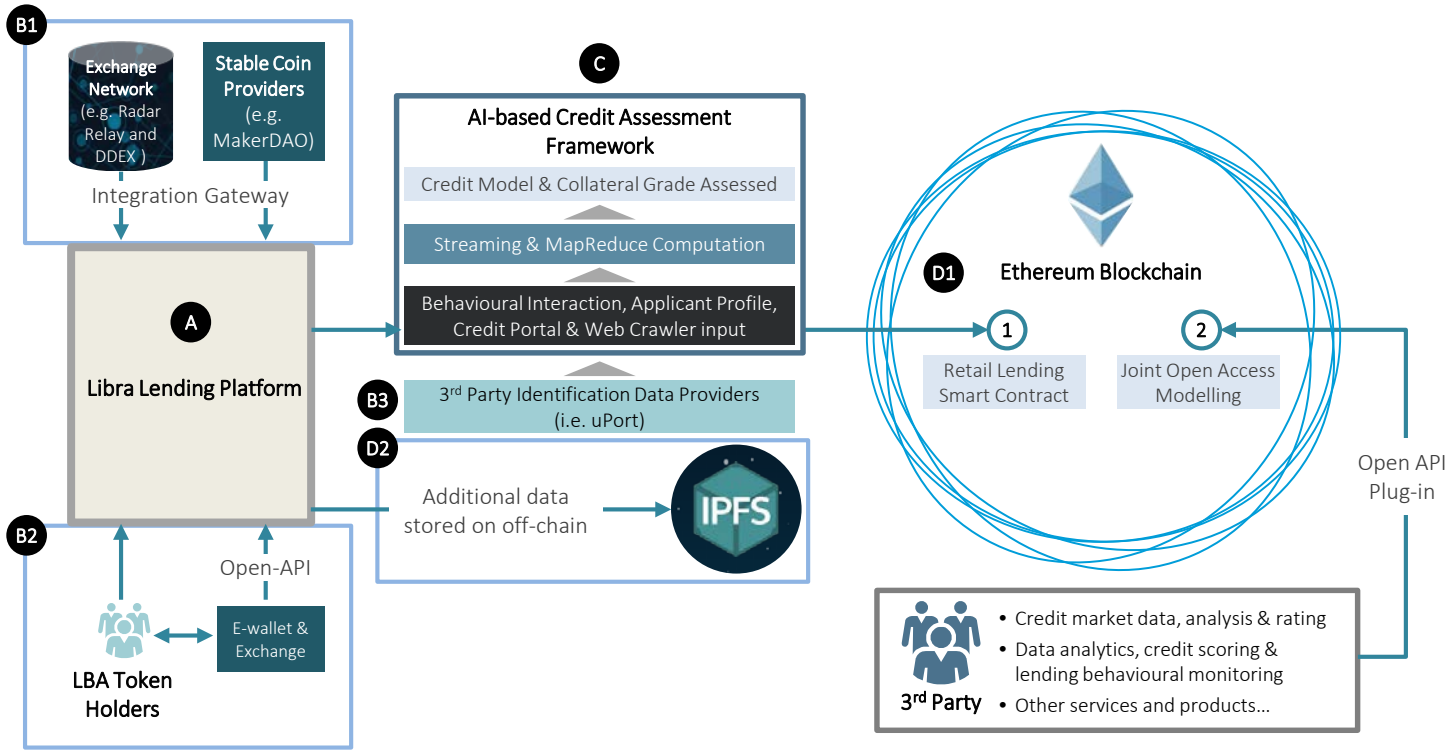
Governance

Token holders constitute the Libra Community which governs the network by:

Platform Development Planning – participating in surveys to provide feedback on specific projects / proposals to facilitate platform technology development.

OUR TECHNOLOGY

3.2 OUR TECHNOLOGY



The technical infrastructure of Libra Credit comprises of four major components including:

A) Libra Lending Platform

B) Partnership Network Access Integration

C) AI Credit Assessment Engine

D) Smart Contract Suites built on Ethereum blockchain

OUR TECHNOLOGY

A

LIBRA LENDING PLATFORM

The Libra Lending Platform is a front end user interface allowing token holders to access the network through their mobile application. A developed mobile application is already in testing to facilitate crypto-to-crypto loans.

(From Left to Right: Credit application, pledge crypto collateral, stable coin deposit receipt)

To facilitate efficient asset exchange and bring in crypto providers, a separate integration gateway is built to connect the Libra Lending Platform with exchange network (e.g. Radar Relay and DDEX) and stable coin providers (e.g. MakerDAO). For exchange networks and stablecoin providers integration details, please refer to B1.

OUR TECHNOLOGY

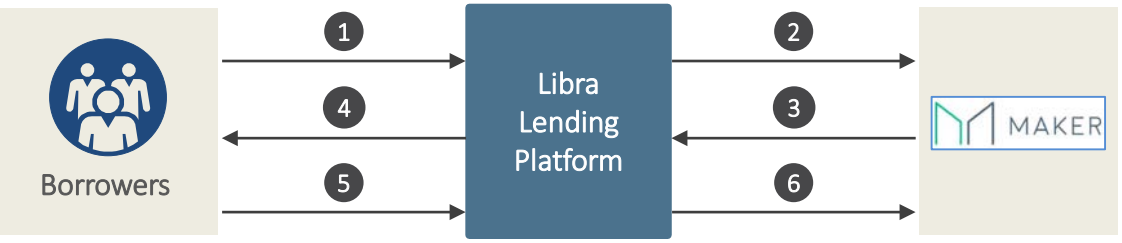
B

PARTNERSHIP NETWORK ACCESS INTEGRATION

In order for Libra Credit to operate as a full ecosystem, our partnership networks have to be properly integrated. To ensure quality and contribution of our various partnership networks, the information flow in and out of Libra Credit will be governed by our Joint Modelling and Open Data smart contract detailed in *D. Smart Contract Suites.*

B1: Exchange Networks and Stablecoin Providers

Our exchange partnership networks (e.g. Radar Relay and DDEX) and stablecoin providers (i.e. MakerDAO) are connected through an integration gateway identified as B1. In particular, stable coin providers can be programmed using Web3.js and Infura. Below is a demonstration of an integration call sequence with MakerDAO.



Libra Credit and MakerDAO Operation Flow:

1. Borrower pledges crypto to borrow MakerDAO stablecoin 'DAI'
2. Libra lending platform opens an account with MakerDAO and pledges ETH as collateral (MakerDAO only accepts ETH)
3. MakerDAO transfers DAI to Libra lending platform
4. DAI is disbursed from Libra lending platform to borrower
5. DAI is repaid from borrower to Libra lending platform
6. Libra lending platform returns the required DAI and closes the account with MakerDAO

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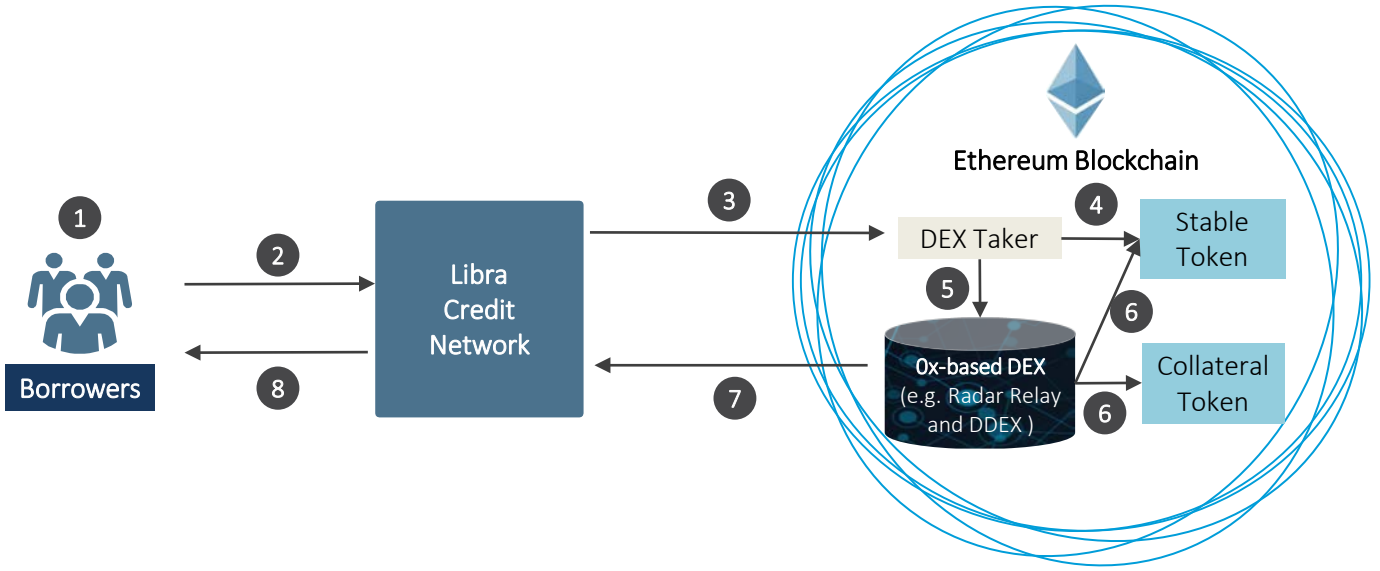
In addition, Libra Credit can integrate with 0x-protocol-based decentralized exchanges (DEX) to approve access to standard ERC-20 collateral token. A demonstration of an integration call sequence with 0x-based DEX (e.g. Radar Relay and DDEX) is shown below.



Libra Credit and 0x-based DEX (e.g. Radar Relay and DDEX) Operation Flow:

1. LBA borrower creates a loan request with ERC20 collateral token for stable token at agreed terms
2. LBA borrower sends loan request to Libra Credit and makes ERC20 collateral deposit
3. Once the loan request is approved, Libra Credit will forward this request in the form of a 0x exchange order to DEX Taker
4. DEX Taker approves the request and accesses its balance of stable token
5. DEX Taker then submits the Libra-signed order to DEX partners such as Radar Relay and DDEX
6. DEX partners will authenticates Libra signature, verifies that the order has not expired, verified that the order has not already been filled, and then transfers the collateral token into stable token
7. DEX partners (e.g. Radar Relay and DDEX) send stable token to Libra Credit
8. Libra Credit disburses the stable token to borrower

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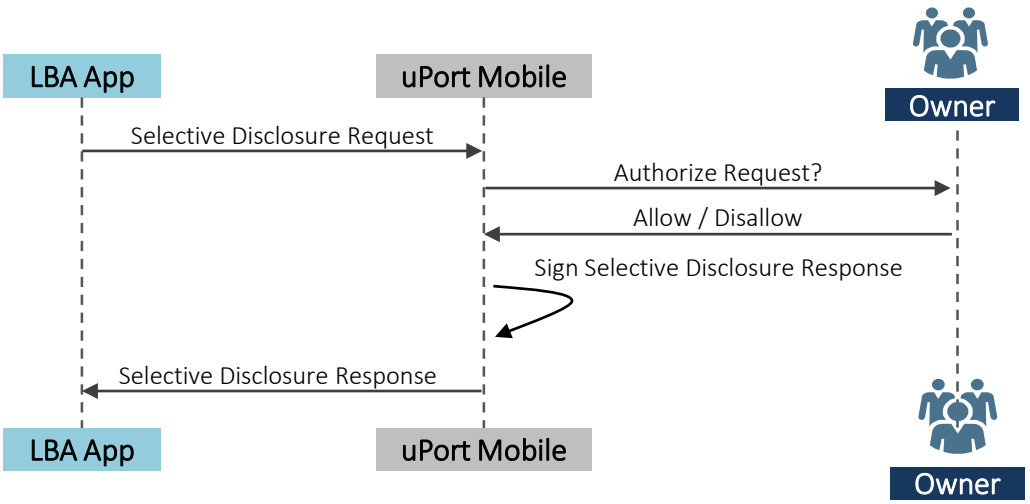
B2. Open APIs for E-wallet Partnership Network

E-wallet partners can be used natively by borrowers to store and transfer their cryptocurrencies and fiat (depending on compatibility) with the best possible rate the Libra Credit can offer. E-Wallet partners are connected to the Libra Credit Platform through open APIs governed by one of the smart contract suites detailed in *D. Smart Contract Suites.*

B3. API Plug-in with 3rd Party Identification Data Providers

To create a faster identity verification process, third party providers actively support our Credit Assessment Framework. As shown below, the LBA-uPort Selective Disclosure Agreement authorizes uPortMobile's data request, which is then consolidated with other raw data points collected by Libra Credit for a holistic credit score.



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C

AI-BASED CREDIT ASSESSMENT FRAMEWORK

The AI-based Credit Assessment Framework leverages raw data from a variety of sources to compute an optimized result for each individual borrower using a proven mathematical algorithm. The result is purely computed mainly based on two variables – **credit score** and **collateral grade** – as follows:

$$Loan_{stablecoin} = (Asset_{credit} + Asset_{collateral}) * Rate_{crypto:stablecoin}$$

$$Asset_{credit} = Score_{credit} * Ratio_{score:crypto}$$

$$Asset_{collateral} = Collateral_{crypto} * Grade_{collateral} * (\frac{1}{Ratio_{collateralization}})$$

Credit Score:

A comprehensive persona is created by collecting data from the borrower's mobile application behavior, application profile, social network, banking history and matching entries from credit rating providers. These raw data points are then consolidated and computed using machine learning algorithms consisting of *Logistic Regression Modelling*, with features extracted from the *Deep Neural Network* and *Ensemble Learning* build using a Gradient Boosting Decision Tree (GBDT) architecture. This proven and efficient credit scoring algorithm has enabled Libra Credit to be able to achieve historical loan default rate average of 3.5%. The credit score is computed mathematically as follows:

$$Score_{credit} = Score_{base} - Slope * Odds$$

$$Odds = \log \frac{Probability_{negative}}{1 - Probability_{negative}}$$

$$Probability_{negative} = \frac{e^{\sum w_i * x_i}}{1 + e^{\sum w_i * x_i}}$$

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Collateral Grade:

Libra Credit has developed an in-house machine learning algorithm that generates a collateral grade score. The system adopts WebCrawler – a technology that automatically analyses trading history, Github repositories, blockchain explorers, media reports, social network data, speculative information and cryptocurrency forum discussions to form a comprehensive collateral report. By combining our grading system with traditional volatility measures, a collateralization rate (between 0 and 1) is calculated to represent a volatility estimate of the crypto asset(s) pledged by a specific borrower. If the collateralization rate is less than 1, it indicates that the collateral will be valued at a discount.

Our Deep Learning valuation capabilities are tested against historical Bitcoin data sets with a proven statistical significance. The AI-based credit assessment framework directly feeds HASH data to the Ethereum main-net through the Libra Credit DApp.

D

ETHEREUM BLOCKCHAIN INTERACTION AND SMART CONTRACT SUITES

Libra Credit leverages the Ethereum blockchain to facilitate two major types of smart contracts – Retail Lending and Joint Open Access Modelling. To optimize storage efficiency, cost and speed, other information such as customer profile and loan detailed data is stored with encryption off-chain on D2 with *InterPlanetary File System (IPFS) protocol.*

OUR TECHNOLOGY

Libra Credit's smart contract suite on Ethereum features the following:

1. Retail Lending Smart Contract Suite

The retail lending smart contract is coded in a manner that simultaneously combats market volatility while stabilizing the pledged collateral. The retail lending smart contract adopts the features of Alert Watermark Guard ("AWL") – a layered mechanism that stabilizes the asset liquidity and collection effectiveness in the case that a borrower defaults on his / her loan. Paired with Smart Automated Reaction ("SAR"), the retail lending smart contract can be automatically triggered to perform hedging against systematic risks. AWL and SAR works together as follows:

Define:

r-loan: Initial collateral-to-loan ("CTL") ratio (~150% - 130% depending on specific collateral and borrower credit score);

r-min: Minimum CTL ratio when a margin call is triggered (~110% to reduce loan risk);

r-alert: CTL ratio between r-loan and r-min where automated reactions to market movement will intervene if enabled by borrowers (larger *r-alert* means more responsive reactions);

Collateral value increase: current CTL would increase and borrower can withdraw some collateral (withdrawal is limited during the entire loan span), must maintain *r-loan*;

Collateral value decrease: responses dependent on pre-defined strategy and current CTL, (e.g. borrower can choose to enable or disable SAR with respect to his/her own risk preference.)

OUR TECHNOLOGY

Alert Watermark Guard Algorithm:

Repeat this routine at a pre-defined interval (~10 minutes) for each outstanding loan {

{ r=current CTL;

if (r<=r-min) then

Emergency margin call to add collateral or collateral auction to keep r=r-loan;

else if (r>=r-loan) then

Borrower could partially withdraw collateral and maintain r=r-loan;

else if (r-min<r<=r-alert & SAR enabled) then

Transform partial collateral to stable coin to maintain r>r-alert;

}

[Note1] SAR only takes effect within pre-defined N days before repayment due day, e.g., N = 7. Larger N usually means more responsive SAR.

[Note2] If the borrower defaults, an add-on fee will be added to final amount due and additional collateral may be automatically deducted.

2. Joint Open Access Modelling Smart Contract Suite

Open Data Smart Contract – Third parties (i.e. financial institutions, regulators, etc.) may access through open-API plug-ins governed by the Open Data Smart Contract. The smart contract is open-source and built with a standard Application Blockchain Interface (ABCI) that enables connected parties to share and query data on-chain. All data on the system is processed and verified to ensure regulatory compliance. Data query volumes are strictly limited dependent on previously contributed data. An experimental code snippet for the Open Data Smart Contract is attached to the appendix for reference.

OUR TECHNOLOGY

Joint Modelling – To effectively manage risk regarding third party access, Libra Credit will adopt a holistic solution involving Joint Modelling with other data providers, data labelers and modelling hackers. A Smart Scoring Contract will be developed covering all aspects of the risk evaluation lifecycle. Additional risk is managed using validation tests, whereby A/B Tests (split testing) and champion challenges will be conducted before any third-party can participate in joint modelling on the main-chain. In addition to synergies generated for both parties using Joint Modelling, outstanding contributors will be rewarded Token(s) for their contributions.

OUR TEAM

3.3 OUR TEAM

Lu Hua – Co-Founder & CEO

Payments, Financing & Risk Management Expert

CEO of moKredit; China's top digital credit servicing company. Successfully funded by Sequoia Capital, Bertelsmann Asia Investments & Ventech China

Paypal China head of core payments; led and managed card association and banking infrastructure and partnerships

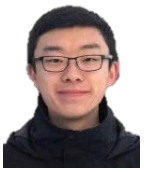
Paypal US head of global banking platform; led global card association and banking infrastructure and partnerships.

Dan Schatt – Co-Founder & President

Fintech and Payments Expert

Chief Commercial Officer at Stockpile Inc.; a leading fintech company invested by Sequoia Capital, Fidelity Investments' Eight Roads Ventures, Arbor and Mayfield Funds & Ashton Kutcher

General Manager of Financial Innovations at PayPal



Howard Wu – Chief Scientist

Blockchain and Cryptography Expert

Managing partner of Dekrypt Capital; a blockchain investment firm with an emphasis on privacy-preserving protocols and early-stage ventures

Advisor of Blockchain at Berkeley; a university-based eco-system for blockchain and specializes in educating the community and helping companies benefit from blockchain technology

Software engineer of Google

Master in Electrical Engineering and Computer Sciences in UC Berkeley

Bachelor's Degree in Computer Science and Applied Mathematics in UC Berkeley

OUR TEAM

Francesco Matteini- Chief Compliance Officer

Founder and CEO of InnReg

Chief Compliance Officer of Zecco

Chief Compliance Officer of TradeKing

Shuoji Zhou – Advisor

Experienced Crypto Hedge Fund Manager in Asia

Founding partner of FBG Capital; a leading digital asset management firm in blockchain-based capital market

Early investor of a broad spectrum of blockchain companies; accumulated extensive experience in digital assets trading and investment

Kenneth Oh – Advisor

Legal and Regulatory Expert

Senior partner with Dentons Rodyk & Davidson's Corporate Practice

20 years of legal advisory experience in venture capital, private equity, IPOs/Token Sales and post-IPO/Token Sale funding, as well as M&A

Liam Robertson - Advisor

Founder and CEO of Alphabit Digital Currency Fund

CFA, CAIA

Liam is one of the largest individual and corporate traders of Cryptocurrencies in Europe and the Middle East. A certified investment manager in the UK, he established one of the world's first regulated cryptocurrency hedge funds in 2016.

OUR TEAM

Scott Thompson – Advisor

Financing, Internet and Payments Expert

CEO at Tuition.io; a leading student loan management platform in the U.S., which has helped tens of thousands of borrowers organize more than $2 billion in outstanding loans

CEO at Yahoo

President at PayPal

Brett King – Advisor

Founder and CEO of Moven.com

A world-renowned futurist and speaker, an International Bestselling Author.

King hosts the world's first and #1 ranked radio show on FinTech called "Breaking Banks“.

Greg Kidd – Advisor

CEO of Global ID

Co-Founder of Hard Yaka

Chief Risk Officer of Ripple Labs

DEVELOPMENT ROADMAP

2017 Q4	●	Libra Credit Idea Generation
2018 Q2	○	Token Sale & Token Activation
2018 Q3	○	Libra Credit Platform (Desktop version) Launched for crypto-to-crypto/fiat lending
2018 Q4	○	Libra Credit mobile App Launched
2019	○	Other digital asset-to-crypto/fiat lending enabled with extended partnership networks
2020	○	Digital/financial/physical asset-to crypto/fiat lending enabled with global partnership networks

● Achieved milestone

○ Key milestones to be achieved

DEFINITIONS

Term	Definition
AB-test	A form of statistical hypothesis testing or "two-sample hypothesis testing" for validation purposes
AI	Artificial Intelligence developed by machines when "cognitive" functions of humans are mimicked
Application Programming Interface (API)	A set of clearly defined methods of communication between various software components
Application-blockchain-interface (ABCI)	Application interfaces that allows the sharing of blockchain data
Bonus	Extra LBA issued for early-bird Token purchasers
Decentralized Application (DApp)	A protocol that allows a private program to be built on top of the Ethereum Blockchain
Diversified Collateral Pool	Accumulation of collaterals with different asset classes (i.e. cryptocurrencies, gold, etc.), forming a diversified pool of collaterals
ERC – 20	Ethereum token standard as published at https://github.com/ethereum/EIPs/issues/20
E-wallet	Electronic wallet that is able to store cryptocurrencies
GitHub	A web-based hosting service for revision control
Guarantor	Person or firm that endorses a third-party agreement to guarantee the promises made by the borrower to the lender will be fulfilled, and assumes liability if the borrower fails to fulfill them
Integration gateway	A service that allows connection with different back ends (e.g. Libra Lending Platform and stable coin providers) to ensure asset exchange

DEFINITIONS

Term	Definition
IPFS	A protocol and eponymous network designed to create a content-addressable, peer-to-peer method of storing and sharing hypermedia in a distributed file system
KYC	Know Your Customer process
Libra Community	Token holders automatically form the community
Libra Credit	The first holistic, blockchain-based ecosystem that facilitates open access to credit in any form, including cryptocurrency
Lock-up Period	A predetermined amount of time following an initial coin offering where investors representing considerable ownerships are restricted from selling their shares
Margin call	In the case of a sharp LBA coins depreciation, LBA informs the lender either to deposit more LBA coins or repay the loan so that the account is brought up to the minimum maintenance level (to maintain the CLT ratio)
OTC	Over-the-counter trading, where a transaction occurs directly between two parties without involving an exchange
Smart Contract	Self-executing contracts with terms of agreement embedded
Stablecoin	Cryptocurrencies with stable value
Streaming Computation & MapReduce Computation	Programming computational model that involves possessing one item at a time and generating big data sets with a parallel, distributed algorithm on a cluster
Token Sale	LBA Token private sale and public sale
Whitepaper	This Whitepaper issued by LBA Foundation

APPENDIX

Libra Credit Open Data Smart Contract – Github Snippet

LBA Open Data Smart Contract

gistfile1.txt — Raw

```
Proposed Open Data Smart Contract (written in Ethereum Solidity)
-----------------------------------------------------------------
pragma solidity ^0.4.4;

contract LBAOpenDataContract {
    mapping (address => mapping (string => uint))  public  contributorDebtorsLoan;
    mapping (string => mapping (address => uint))  public  debtorContributorsLoan;
    mapping (string => mapping (address => uint))  public  debtorContributorsDefault;

    event  Approval(address indexed contributor, string indexed debtor, uint amount);
    event  Payback(address indexed contributor, string indexed debtor, uint amount);
    event  Default(address indexed contributor, string indexed debtor, uint amount);

    function approve(string indexed debtor, uint amount) public {
        contributorDebtorsLoan[msg.sender][debtor] += amount;
        debtorContributorsLoan[debtor][msg.sender] += amount;
        Deposit(msg.sender, debtor, amount);
    }

    function payback(string indexed debtor, uint amount) public {
        contributorDebtorsLoan[msg.sender][debtor] -= amount;
        debtorContributorsLoan[debtor][msg.sender] -= amount;
        Payback(msg.sender, debtor, amount);
    }

    function default(string indexed debtor) public {
        debtorContributorsDefault[debtor][msg.sender] += 1;
        amount = debtorContributorsLoan[debtor][msg.sender];
        Default(msg.sender, debtor, amount);
    }
}
-----------------------------------------------------------------
```

APPENDIX

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   ii. debentures, stocks or shares issued by any person or entity;
   iii. rights, options or derivatives in respect of such debentures, stocks or shares;
   iv. rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;
   v. units in a collective investment scheme;
   vi. units in a business trust;
   vii. derivatives of units in a business trust; or
   viii. any form of investment;

h) you are not obtaining or using Tokens for any illegal purpose;

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i) you have a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology, and smart contract technology;

j) you are fully aware and understand that in the case where you wish to purchase any Tokens, there are risks associated with Libra Foundation and its business and operations, Tokens and the Libra Credit;

k) you bear the sole responsibility to determine what tax implications a purchase of Tokens may have for you and agree not to hold Libra Foundation and/or any other person involved in the sale of Tokens liable for any tax liability associated with or arising therefrom;

l) you agree and acknowledge that Libra Foundation is not liable for any direct, indirect, special, incidental, consequential or other losses of any kind, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with any acceptance of or reliance on this Whitepaper or any part thereof by you;

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APPENDIX

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(f) changes in the availability and salaries of employees who are required by Libra Foundation to operate its business and operations;

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(h) changes in competitive conditions under which Libra Foundation operates, and the ability of Libra Foundation to compete under such conditions;

(i) changes in the future capital needs of Libra Foundation and the availability of financing and capital to fund such needs;

APPENDIX

(j) war or acts of international or domestic terrorism;

(k) occurrences of catastrophic events, natural disasters and acts of God that affect the business and/or operations of Libra Foundation;

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