



MANUAL OF FINANCIAL CONSUMER PROTECTION PROGRAM 2024

**In compliance with the Securities and Exchange Commission
Memorandum Circular No. 5, series of 2023, providing for the Rules
and Regulations of the Financial Products and Services Consumer
Protection Act of 2022 (“SEC FCPA IRR”)**

11 April 2024

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CHAPTER 1 – INTRODUCTION

A. OVERVIEW

This Manual shall serve as the framework for rules, systems and processes in the Financial Company that govern the performance of the Board and Management of their respective duties and responsibilities to stockholders and other stockholders, which include, among others, customers, employees, suppliers, creditors, debtors, government and the communities to which it operates. This includes overall governing policies adapted by the Financial Company to protect the interest of financial consumers and promote a high standard of accountability. This also provides the tools for proper risk management and compliance programs. It is the system of stewardship and control adopted by the Financial Company to guide it in fulfilling its long-term economic, moral, legal, social obligations towards its stakeholders.

CHAPTER 2 – OVERSIGHT FUNCTION

B. CONSUMER PROTECTION OVERSIGHT FUNCTION

1) ROLES AND RESPONSIBILITIES OF THE BOARD AND SENIOR MANAGEMENT

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1.1. BOARD OF DIRECTORS:

The Board shall be primarily responsible for approving and overseeing the implementation of the Company’s Consumer Protection Risk Management System (“CPRMS”). The role of the Board of Directors shall include the following:

- a) Approve the CPRMS and consumer assistance mechanism (CAM), ensuring they account for the company’s business model, market dynamics, product offerings, and interactions with third parties that could pose consumer protection risks.
- b) Foster a culture of ethical conduct and uphold the utmost standards for fair and responsible interactions with consumers.
- c) Ensure that adequate information and actions taken are reported on a regular basis in terms of the measurement of consumer protection related risks, reports from the CAM, as well as other material consumer related developments that will impact the company.
- d) Ensure the adequate provision of resources and effective implementation of personnel training and competency requirements.
- e) Encourage responsible business conduct, fair treatment and avoidance/mitigation of conflicts of interest; and
- f) Review the implementation and effectiveness of the CPRMS including how findings are reported and whether the audit mechanisms are in place to enable adequate oversight, and put in place a regular mechanism to review the relevance of the CPRMS in case of changes in the Financial Company business model and/or operating environment.

1.2. SENIOR MANAGEMENT

The Senior Management shall be responsible for ensuring that the practices of the Financial Company are aligned with the approved consumer protection policies and risk management system and consistently displayed throughout the Company’s place of business particularly across all business units that deal directly with consumers. In this regard, the Senior Management shall:

- a) Ensure that approved FCPRMS and CAM policies and procedures are clearly documented, properly understood and appropriately implemented across all levels and business units.

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- b) Establish an effective monitoring and management information system to regularly measure, aggregate, and analyze consumer related issues to determine the level of consumer protection risk. An appropriate and clear reporting and escalation mechanism should also be integrated in the risk governance framework.
- c) Assign committee that will review and evaluate customer policy periodically.
- d) Ensure that adequate systems and controls are in place to promptly identify issues that affect the consumer across all phases of the relationship with the consumer;
- e) Ascertain those weaknesses in the consumer protection practices or consumer protection emerging risks are addressed and corrective actions are taken in a timely manner; and
Ensure observance of expectations and requirements prescribed under relevant regulations on compliance and internal audit.

2) CONSUMER PROTECTION RISK MANAGEMENT SYSTEM (FCPRMS)

The Financial Company’s Consumer Protection Risk Management System (FCPRMS) shall form part of the Corporate-wide Risk Management System. It is a means to identify, measure, monitor and control consumer protection risks. Risk Management strategies shall include appropriate management controls and reasonable steps to ensure that:

- a) it identifies and remedies any recurring or systematic problems; and
- b) Identifies weaknesses in internal control procedures or process.

2.1. BOARD AND SENIOR MANAGEMENT OVERSIGHT

The Board should be responsible for developing and maintaining a sound FCPRMS. The Board and Senior Management should periodically review the effectiveness of the FCPRMS, including how findings are reported and whether the audit mechanisms in place and quality and timeliness of the information provided enable adequate oversight.

The Board and Senior Management must also make certain that FCPRMS weaknesses are addressed and corrective actions are taken in a timely manner.

2.2. COMPLIANCE AND OPERATIONS UNITS

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The Compliance and Operations Units shall be responsible for the proper implementations, interpretation, and dissemination of the day-to-day consumer protection policies and procedures duly approved by the Senior Management.

3) POLICIES AND PROCEDURES

Policies and procedures under the Consumer Protection Program shall be in place and duly approved by the Board. Similarly, all the Financial Company’s policies and procedures should:

- a) be consistent with the consumer protection policies and procedures.
- b) ensure that consumer protection practices are embedded in the Company’s business operations.
- c) address compliance with consumer protection laws, rules and regulations and shall be part of the overall
- d) be reviewed periodically and kept up-to-date since these serve as reference for employees in their day-to-day activities.

4) TRAINING

The Company through its Human Resources Department and respective business units should prioritize comprehensive training for personnel who directly engage with customers. This training should reinforce and facilitate the implementation of written policies and procedures related to consumer protection.

Additionally, the program must remain adaptable to address any modifications in consumer protection laws, rules, and regulations promptly.

CHAPTER 3 – POLICIES AND STANDARDS OF CONDUCT

C. CONSUMER PROTECTION STANDARDS OF CONDUCT

Armorak Lending Inc. (“Armorak”; “Financial Company”) must ensure that its users, clients, partners, consumers, and customers will have a reasonable understanding of its products and services it is offering.

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Thus, the following Consumer Protection Standards reflect the core principles, which the Financial Company is expected to observe at all times in their dealings with financial consumers and will empower consumers to have an accurate financial decision.

These should be embedded into the corporate culture of the Financial Company, enhancing further its defined governance framework while addressing conflicts that inimical to the interests of the financial consumer.

1.1. DISCLOSURE AND TRANSPARENCY

- a. The Financial Company shall take affirmative action to ensure that its consumers have a reasonable holistic understanding of the products and services, which they may be acquiring or availing. In this context, full disclosure and utmost transparency are the critical elements that empower the consumer to make informed financial decisions.
- b. This is made possible by providing the consumer with ready access to information that accurately represents the nature and structure of the product or service, its terms and conditions, as well as its fundamental benefits and risks.

1.2. Key Information

- a. Ensures that offering documents of products and services contain the information necessary for customers to be able to make an informed judgment of the product or service and, in particular, meet the full disclosure and risks of the products should be highlighted prominently in a succinct manner.
- b. Where a product is being offered on a continuous basis, its offering documents should be updated in accordance with the requirements set out in the regulations.

1.3. Advertising and Promotional Material

- a. Ensures that advertising and marketing materials do not make false, misleading, or deceptive statements that may materially and/or adversely affect the decision of the customer to avail of a service or acquire a product.
- b. Ensures that advertising and promotional materials are easily readable and understandable by the general public. It should disclose clear, accurate, updated, and relevant information about the product or service. It should be balanced/proportional (reflecting both advantages and risks of the product or

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service); visible/audible; key information is prominent and not obscured; print is of sufficient size and clearly legible.

- c. Ensures that promotional materials are targeted according to the specific groups of consumers to whom products are marketed and the communication channels employed for marketing financial services.
- d. Ensures that all advertising and promotional materials disclose the fact that it is a regulated entity and that the name and contact details of the regulator are indicated.

1.4. Protection of Client/Consumer and their Information

1. Confidentiality and Security of Client Information

- a. Have a written privacy policy to safeguard its consumers’ personal information. This policy should govern the gathering, processing, use, distribution, storage, and eventual disposal of client information, in accordance with Data Privacy Act. The Financial Company should ensure that privacy policies and sanctions for violations are implemented and strictly enforced.
- b. Ensure that privacy policies are regularly communicated throughout the organization.
- c. Have appropriate systems in place to protect the confidentiality and security of the personal data of its customers against any threat or hazard to the security or integrity of the information and against unauthorized access. This includes a written information security plan that describes its program to protect customer personal information. The plan must be appropriate to its size and complexity, nature and scope of its activities, and the sensitivity of customer information it handles.
- d. Have a strong IT System in place to protect the confidentiality, security, accuracy and integrity of customer’s personal information. This includes network and software design, and information processing, storage, transmission, retrieval, and disposal. Maintaining security throughout the life-cycle of customer information, from data entry to disposal.

2. Sharing of Client/Consumer Information

- a. Inform its client/consumer in writing and explain clearly to them as to how it will use and share the consumer’s personal information.
- b. Obtain the consumers’ consent, unless in situations allowed as an exception by law or regulations on confidentiality of consumer’s information, before sharing consumers’ personal information with third parties such as credit

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bureau, collection agencies, marketing and promotional partners, and other relevant external parties.

- c. Provide access to consumers to the information shared and should allow consumers to challenge the accuracy and completeness of the information and have these amended as appropriate.

3. Fair Treatment

- a. Deal fairly, honestly, and in good faith with consumers and avoid making statements that are untrue or omitting information which are necessary to prevent the statement from being from false or misleading.
- b. Present a balanced view when selling a product or service. While the Financial Company highlights the advantages of a product/service, the consumer’s attention should also be drawn to its disadvantages and downside risks.

4. Prevention of Over-indebtedness

- a. Properly assess the creditworthiness and conduct appropriate client/consumer repayment capacity analysis when offering a new credit product or service significantly increasing the amount of debt assumed by the client/consumer.
- b. Ensure to have an appropriate system in place for credit analysis and decisions including appropriate criteria to limit the amount of credit.
- c. Monitor enforcement of policies to prevent over-indebtedness. The Board and Senior Management of the Financial Company should be aware of and concerned about the risks of over-indebtedness of its client/consumer.

1.5. Fraud Prevention and Response Policy

1. Fraud Prevention Guidelines

Potential Transaction-Related Indicators

There are signs that can identify consumers/clients who may be claiming cash from a fraudulent transaction. The Financial Company is expected to pay attention on the transaction patterns of their users/clients:

- i. Clients/Users who receive unusual number of transactions in a short period of time.
- ii. Clients/Users who receive unusual number of transactions in a short period of time.

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- iii. Clients/Users who receive multiple transactions from multiple senders with no apparent family relationship.
- iv. Customer who claims transactions under different names, bank accounts including gcash/maya accounts or spelling variations.

2. Remind the consumer/client of the financial institution:

- a. To not share their MPIN and OTP to anyone. Sharing it means you are authorizing a transaction.
- b. The financial institution will never ask for the MPIN and OTP of its users and/or clients.
- c. Avoid sending money without validating the Account, social media, Numbers, Emails, Individuals, and/or Entities.
- d. Avoid transacting with Individuals and/or Entities until you have verified their identity and confirmed that the request is legitimate and authorized by the financial institution.
- e. Always make sure to transact only with the official channels of the financial institution.
- f. Be aware on purchasing products or services online of the financial institution and duly inform the user/client of their purpose and use.

3. Notify the consumer/client of possible scam, below are samples:

- a. Telling the victim to send money in advance prior to receiving their official loan. The scammer may also ask to send a minimal fee in order to process, avail or grant their loan.
- b. The victim received a call, email, SMS, message on social media and persuade victim to send money to process their loan.
- c. The scammer will use and/or create a fake Account on social medias or other channels to pretend as the financial institution including copying its official products such as but not limited to its logos, emails, and services, where the intention is to collect money from its victim prior to the processing of its loan.
- d. The victim received a call, email, SMS, message on social media or other channels that he/she has an approve loan with the financial institution. Thus, the victim will be required to pay a fee prior to receipt of the approved loan and avoid taxes or additional fees.

4. Covered Transactions

The following transactions are covered by this Policy:

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- a. **Failed Transactions.** Under this policy, there is failed transactions when the (a) money movement did not push through or in a transaction, the money was not transferred; (b) transactions where the amount/balance is wrong.
- b. **Unauthorized Transactions.** An unauthorized transaction is any payment or activity that you did not do or authorize due to lost or stolen Sim Card or Phone.
- c. **Transactions not covered.** Any disclosure of your MPIN or OTP, whether intentional or not, which authorizes any transaction in your account, is not covered by this policy. As a user or client, you will be held liable for any transactions resulting from such disclosures.

5. Procedure and Response Policy

The following procedure shall be adhered to in response to any covered transactions of this Policy:

- a. **Failed Transactions.** For failed transactions, the consumer/client should immediately report it to our Customer Service Representative as provided Clause 5.1 of this Policy.
- b. **For Unauthorized Transactions.** Do not delay in notifying the financial institution about any unauthorized transactions. The presumption is any transactions done through the authorized access device is done by the User/Client. Thus, it is therefore established that these transfers would not have occurred had the consumer notified the institution within twenty-four (24) hour period.

In view thereof, the following is the procedure for the processing of Report:

- i. The User/Client should immediately file a report within 24 hours after learning of the loss or theft of the access device. This report should be accompanied with other pertinent evidence that will substantiate that appropriate action were made to prevent any unauthorized transactions.
- ii. Once the report has been made, the financial institution shall have the right to automatically suspend or hold the transaction or any Account in the event that financial institution has reason to believe that the transaction or the account may be illegal or used for fraudulent or suspicious businesses or by an unauthorized person.
- iii. The prompt suspension or blocking of the Account is to prevent any further unauthorized transactions. User/Client acknowledge the

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authority of the financial institution to suspend or hold the transaction and the Account and accordingly, User/Client shall hold the financial institution free and harmless against any and all consequences of such suspension or blocking, or any loss or damage which you may suffer as a result thereof.

- iv. If the User/Client fails to notify the financial institution within 24 hours after learning of the loss or theft of the access device, the consumer's liability shall be the amount of unauthorized transfers that occur after the close of the twenty-four (24) hours and before notice to the financial institution.

5.1. Guidelines and Procedure on clients/consumer Complaint Handling

- a. Consumers/Clients may lodge their complaints/concerns through the following means:
 - i. **Email:** Any concerns / complaints on the Financial Company's products and/or services may be sent to email address: service@weloan.ph
 - ii. **Phone:** Consumers/clients may also call Consumer Protection Hotline, following the guide below:

Contact No.	Time	Regular Working Day	Weekend & Holidays
+639-672-7768-91	9:00AM – 6:00PM	YES	NO

- iii. **Note:** a) Complaints will be categorized as simple or complex; b) All complaints received will be evaluated and handled based on the gravity of concerns; c) Prime objective is to resolve all complaint/s.

*****Nothing follows*****