May 3, 2018

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Steven Ralston, CFA
312-265-9426
sralston@zacks.com

scr.zacks.com

10 S. Riverside Plaza, Chicago, IL 60606

Mr. Amazing Loans Corp (MRAL-OTCQB)

IEG Holdings changes name to Mr. Amazing Loans; reports 1Q Results

Calculating the net present value of a future target price (which is based on the valuation metric of price-to-sales) at a point in 5 years when we expect the company to achieve revenues of $3.47 million indicates a share price target of $1.15.

Current Price (05/02/18)	$0.31
Valuation	**$1.15**

OUTLOOK

Mr. Amazing Loans is a consumer finance company that offers unsecured consumer loans to individuals in 20 states. Through the effective execution of management's business plan, including generating loans via an **online platform** with effective marketing support and the **pursuit of additional state licenses,** Mr. Amazing Loans has achieved impressive growth of its loan portfolio. The company also benefits from a **disciplined underwriting process**. During 2017, Mr. Amazing Loans completed a tender offer for shares of OneMain Holdings (OMF) and issued Series H preferred stock, which together provided over $4.69 million in capital.

SUMMARY DATA

52-Week High	**$4.19**
52-Week Low	**$0.17**
One-Year Return (%)	**-83.68**
Beta	**0.16**
Average Daily Volume (shrs.)	**40,792**
Shares Outstanding (million)	**17.46**
Market Capitalization ($ mil.)	**$5.41**
Short Interest Ratio (days)	**0.31**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**39.5**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**114**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using 2018 Estimate	**N/M**
P/E using 2019 Estimate	**N/M**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Finance-Consumer Loans**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	0.52 A	0.55 A	0.56 A	0.51 A	2.14 A
2017	0.47 A	0.41 A	0.41 A	0.41 A	1.70 A
2018	0.39 A	0.40 E	0.42 E	0.41 E	1.62 E
2019					

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2016	-$0.33 A	-$0.13 A	-$0.10 A	-$0.16 A	-$0.60 A
2017	-$0.05 A	-$0.10 A	-$0.13 A	-$0.18 A	-$0.49 A
2018	-$0.06 A	-$0.07 E	-$0.07 E	-$0.06 E	-$0.26 E
2019					

Zacks Projected EPS Growth Rate - Next 5 Years % **7**

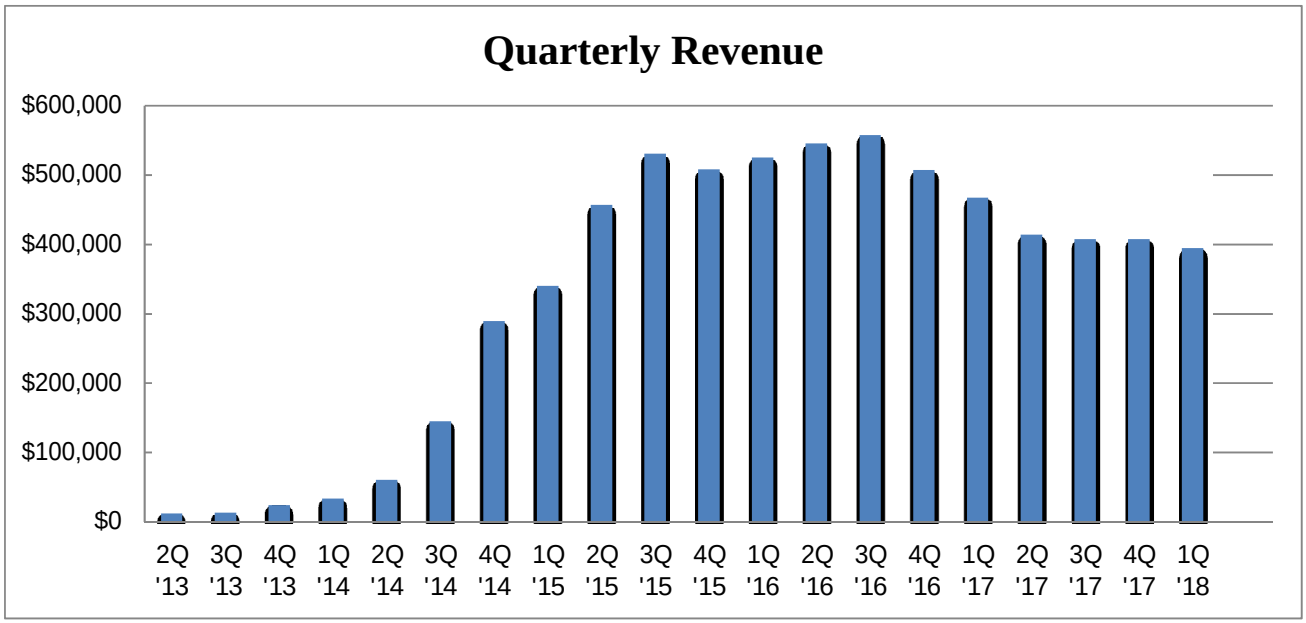
Quarterly EPS may not equal annual EPS total due to rounding.

© Copyright 2018, Zacks Investment Research. All Rights Reserved.

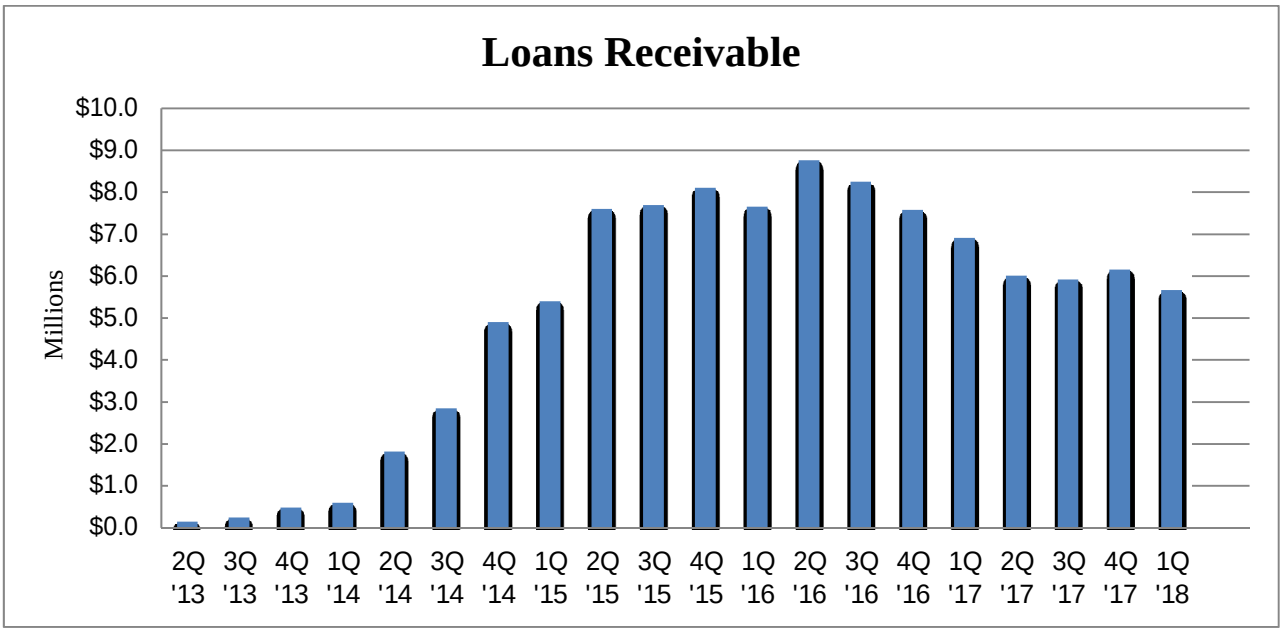
RECENT NEWS

Financial Results – First Quarter 2018

On April 24, 2018, Mr. Amazing Loans filed financial results for the quarter ending March 31, 2018. Total revenues decreased 15.6% to $394,342 from $467,383 in the comparable quarter in 2017, primarily due to a decrease in the average interest-earning loan book size of consumer receivables.



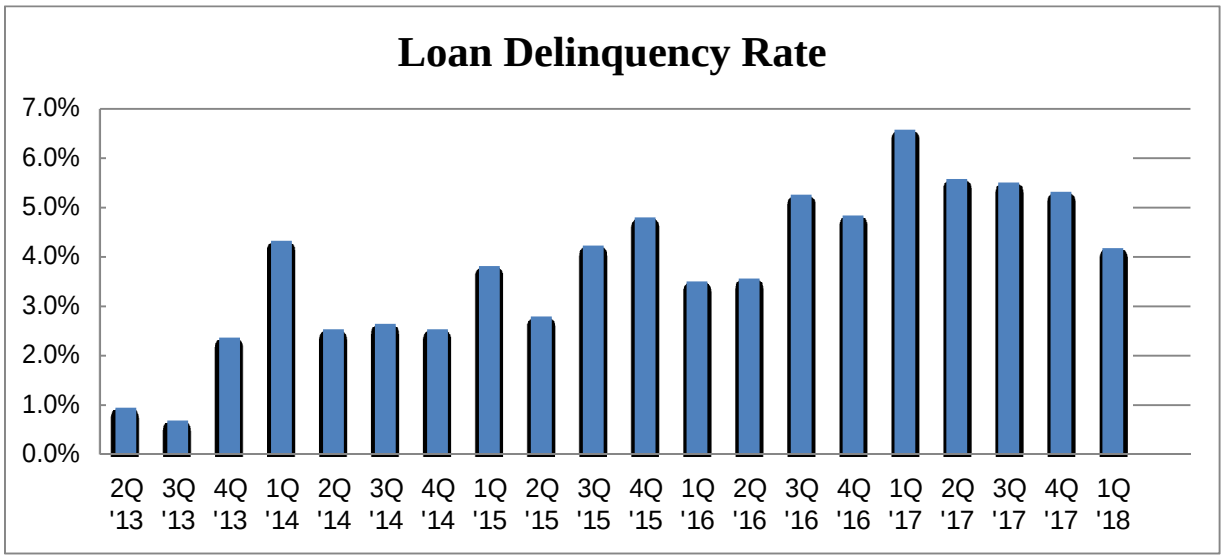
Loans receivable decreased 25.2% from $6.91 million to $5.68 million in the comparable quarter in 2017.



Delinquency Rate

As of March 31, 2018, the company had 59 loans with a total balance of $237,158 that were in default or delinquent (as defined as over 90 days past due), which represented an unsecured personal loan

delinquency rate of 4.2%, an improvement YOY from a total balance of $454,452 (or 6.6%) on March 31, 2017. The decrease was due to both a decline in the size of the loan portfolio (loans receivable) and decreases in the number (from 103 to 59) and the dollar amount of loans defined as in default or delinquent. Mr. Amazing Loans has held a 20% allowance on the loans receivable portfolio for credit losses over the last two quarters.



Expenses

Overall, total operating expenses increased 48.0% (or $466,325).

Salaries and compensation expenses increased 243% (or $291,821) to $412,099 versus $120,278 in the first quarter of 2017, primarily due to the CEO's annual base compensation being revised back up from $1 and increased to $1.2 million annually or $300,000 quarterly.

The **provision for credit losses expense decreased 8.8%** (or $19,820) to $204,668 from $224,488 due to the decrease in the size of the loan portfolio.

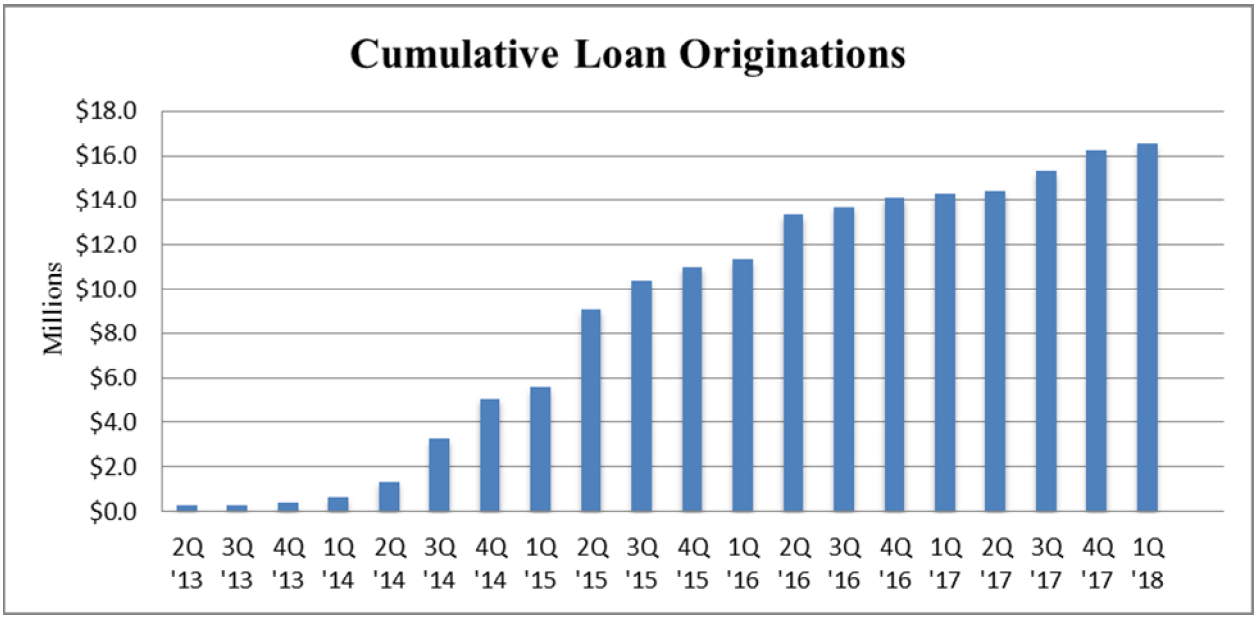
Advertising expenses decreased sequentially to only $1,240 as management reduced online and direct mail advertising in order to lower loan origination costs and related loan processing costs, but which also impacted lead generation for customer acquisitions and loan originations.

Rent expense increased 65.7% (or $7,131) to $17,998 versus the comparable period in 2017, primarily due to the new lease in Las Vegas.

Public company and corporate finance expenses increased to 31.3% (or $155,898) to $654,089 compared to $498,191 due to the significant costs incurred related to the OneMain Lending Club tender offer.

Cumulative Loan Volume Growth

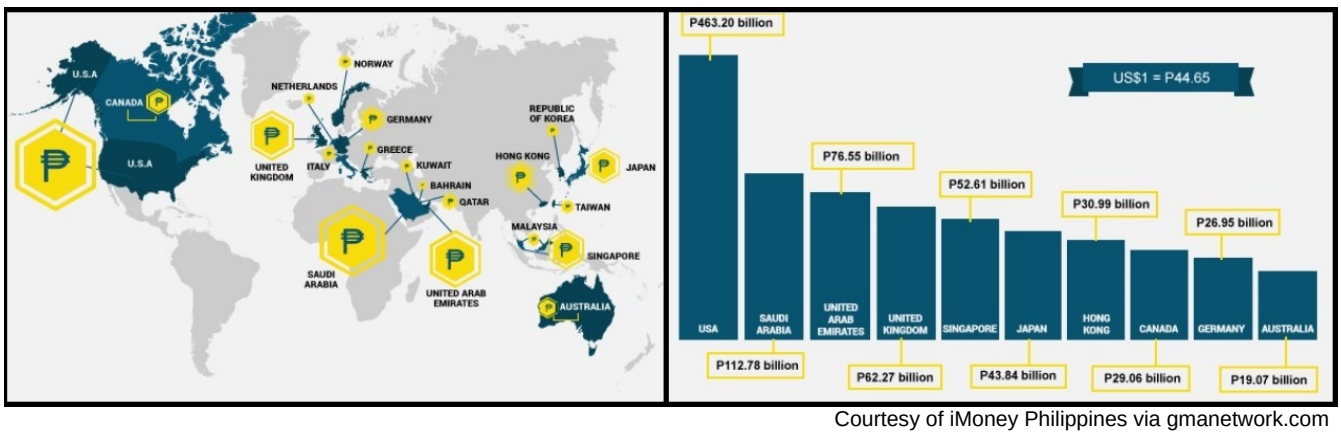
During the first quarter of 2018, Mr. Amazing Loans originated loans in the amount of $290,000, increasing cumulative loan originations to $16.5 million. In 2017, cumulative loan volume increased 14.9% to $16,209,023 from $14,109,023 at the end of 2016.



Distribution of Shares in Investment Evolution Coin Ltd.

Mr. Amazing Loans (through its Investment Evolution Crypto, LLC subsidiary) had plans to develop and launch a remittance and loan offering **targeting the Overseas Filipino Worker (OFW) market**. Every year, US-based and Australia-based Filipino OFWs remit **approximately $10 billion** to the Philippines.[i]

As Mr. Amazing Loans (through its IE Crypto subsidiary) was investigating the legalities, economic risks and benefits of its Filipino initiative, CEO Paul Mathieson incorporated **Investment Evolution Coin Ltd.** as a public unlisted company in Singapore. Investment Evolution Coin Ltd. investigated launching a new crypto-currency primarily in Singapore (to be known as **Investment Evolution Coin**), which initially is targeted "to facilitate the payment of remittances to the Philippines by Filipino Overseas Foreign Workers located in Singapore, USA and Australia." Investment Evolution Coin Ltd. plans to launch its Investment Evolution Coin crypto-currency after receiving the required regulatory approvals and licenses, currently anticipated to be in May 2018.



Courtesy of iMoney Philippines via gmanetwork.com

As Mr. Amazing Loans (through its IE Crypto subsidiary) was investigating the legalities, economic risks and benefits of its Filipino initiative, CEO Paul Mathieson incorporated **Investment Evolution Coin Ltd.** as a public unlisted company in Singapore. Investment Evolution Coin Ltd. investigated launching a new crypto-currency primarily in Singapore (to be known as **Investment Evolution Coin**), which initially is targeted "to facilitate the payment of remittances to the Philippines by Filipino Overseas Foreign Workers located in Singapore, USA and Australia." Investment Evolution Coin Ltd. plans to launch its Investment

Evolution Coin crypto-currency after receiving the required regulatory approvals and licenses, currently anticipated to be in May 2018.

CEO Paul Mathieson intends to distribute the shares of Investment Evolution Coin Ltd. to the shareholders of Mr. Amazing Loans on a share-to-share basis. Currently, both Mr. Amazing Loans and Investment Evolution Coin Ltd. each have 17,463,449 shares outstanding. The **record date** was set as **April 30, 2018**; however, to satisfy anti-money laundering requirements, "certain limited identifying information" must be provided to Mr. Mathieson in order to receive the shares. We await an announcement about the distribution.

Series H Preferred Stock

Between October 30th and December 28th, Mr. Amazing Loans issued 1,292,089 shares of Series H preferred stock, which provided **gross proceeds of $1,292,089.** All Series H preferred shares were automatically converted into common shares on 4-for-1 basis on December 31, 2017. As a result, the company had **17,463,449 shares** of common stock outstanding at year-end.

On October 30, 2017, Mr. Amazing Loans issued 934,589 shares of Series H preferred stock at $1.00 per share to four non-U.S. persons. Gross proceeds were $934,589.

On December 15, 2017, the company issued 305,000 shares of Series H preferred stock in a private placement to three non-U.S. persons. Gross proceeds were $305,000.

On December 28, 2017, Mr. Amazing Loans issued 52,500 shares of Series H preferred stock to two non-U.S. persons. Gross proceeds were $52,500.

Share Repurchase Plan

On January 9, 2017, Mr. Amazing Loans announced an open market stock repurchase program of up to $2 million worth of common stock. The Board of Directors (Paul Mathieson being the sole Director and holder of 54% of the shares outstanding) authorized the repurchase, which was initially active through December 31, 2017.

The repurchase of shares was delayed until the tender offer for share of OneMain was closed, which provided significant additional capital. However, during the third quarter, 418,773 shares were repurchased at a cost of $276,880 (an average of $0.66 per share).

On October 30, 2017, the Board of Directors approved an extension of the stock repurchase program to December 31, 2018. As October 30, 2017, $1,723,120 remained available under the stock repurchase authorization; however, **management does not intent to repurchase a significant number of shares unless additional capital is raised**.

Dividend Policy

Mr. Amazing Loans declared its maiden cash dividend of $0.005 per common share (record date June 5 and payable on August 21, 2017).

Concurrent with the reporting of second quarter financial results, Mr. Amazing Loans declared its second cash dividend of $0.005 per common share (record date of August 11, 2017). The one-member Board expects to pay ongoing quarterly dividends going forward.

The company's third cash dividend of $0.005 per common share was declared on October 30th with an ex-date of November 9, 2017 (record date of November 11th) and payable on November 20, 2017.

the administrative and transfer agent costs and banking currency conversion fees for our predominately international shareholders results in quarterly dividend costs being prohibitive.
The dividend policy is at the discretion of the Board, which has determined any future dividends, if any, will be paid annually due to the prohibitive transfer agent costs and currency conversion fees of paying out quarterly dividends. **Currently, the cash requirements required to develop the company's loan portfolio impinge on the company's ability to pay a dividend**.

KEY POINTS

- Mr. Amazing Loans Corp. is a consumer finance company that offers direct unsecured consumer loans to individuals in **20 states** *via* an online platform under the brand name "**Mr. Amazing Loans**"
  - offers unsecured personal loans to qualified individuals
    - 5-year $5,000 and $10,000 online personal loans
    - at prevailing statutory rates, between 12.0% and 29.9% APR
      - no application fees, establishment fees or prepayment penalties
      - affordable weekly payments (e.g. $38/week for $5,000 loan at 29.9% APR)
- Mr. Amazing Loans should benefit from its focused **business model**
  - **Scalable**
    - user-friendly and efficient online loan origination platform
    - the company targets a **specific demographic profile for credit worthiness**
    - low cost customer acquisition process
      - no branch network
    - **disciplined and efficient underwriting process**
    - offers <u>two</u> high margin product offerings
- Mr. Amazing Loans has achieved a **record of loan originations** since establishing its online platform
  - The company is expected to continue to raise capital through equity and debt financings to fund the loan portfolio
- Financings
  - The company has successfully funded operations and loan originations through debt, credit line and equity (both common and preferred) capital since initiating operations in the United States in 2008
    - **The Tender Offer for shares of OneMain Holdings provided $3.4 million in capital** in June 2017
      - Financially, the tender offer was equivalent to a share offering of issuing 3,039,880 shares for proceeds of $3.4 million (or roughly $1.12 per share), allowing for significantly increased lending capacity. Concurrently, MRAL shareholders, including the CEO's controlling position, experienced dilution as shares outstanding increased 31.3% from 9.71 million to 12.75 million shares.
    - Between October 30 and December 28, 2017, Mr. Amazing Loans issued 1,292,089 shares of **Series H preferred stock**, which provided **gross proceeds of $1,292,089**.
    - Management continues to seek additional capital to finance the company's growth agenda.
- Dividend Policy
  - Mr. Amazing Loans declared the company's first quarterly dividend ($0.005 per share) concurrent with reporting first quarter results. Second and third quarterly dividends (of $0.005 per share each) were declared just prior or concurrent with quarterly results.
  - The dividend policy is at the discretion of the Board, which has determined any future dividends, if any, will be paid annually due to the prohibitive costs of paying out quarterly dividends. Currently, the cash requirements required to develop the company's loan portfolio impinge on the company's ability to pay a dividend.

OVERVIEW

Headquartered in Las Vegas, Mr. Amazing Loans Corp. is a consumer finance company that offers unsecured consumer loans (under the brand name "**Mr. Amazing Loans**") to individuals in **20 states** *via* an online platform (mramazingloans.com). The company provides **$5,000 and $10,000 personal consumer loans** over a **term of five years** in Alabama, Arizona, California, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Missouri, Nevada, New Jersey, New Mexico, Ohio, Oregon, Pennsylvania, Texas, Utah, Virginia and Wisconsin.. Investment Evolution Corp (a subsidiary of Mr. Amazing Loans) holds state licenses and/or certificates of authority to lend in these 20 states. Over the intermediate-term, management plans to offer loans in 25 states, which would cover approximately 75% of the US population.

Mr. Amazing Loans is well positioned for organic growth, leveraging its unique presence in the faster-growing unsecured personal loan market and its concentration on differentiated, higher-margin products. The company's **online loan application portal** increases the potential to scale operations and enhances margins. Brick-and-mortar businesses add costs, such as rent payments and salaries/wages of branch supervisors/employees.

Through the effective execution of management's business plan, including the online loan origination platform, **effective supporting marketing programs** and the **pursuit of additional state licenses,** Mr. Amazing Loans has achieved impressive growth of its loan portfolio. The company should benefit from its **disciplined underwriting process**, which should deliver a high margin loan portfolio with relatively low underwriting credit risk.

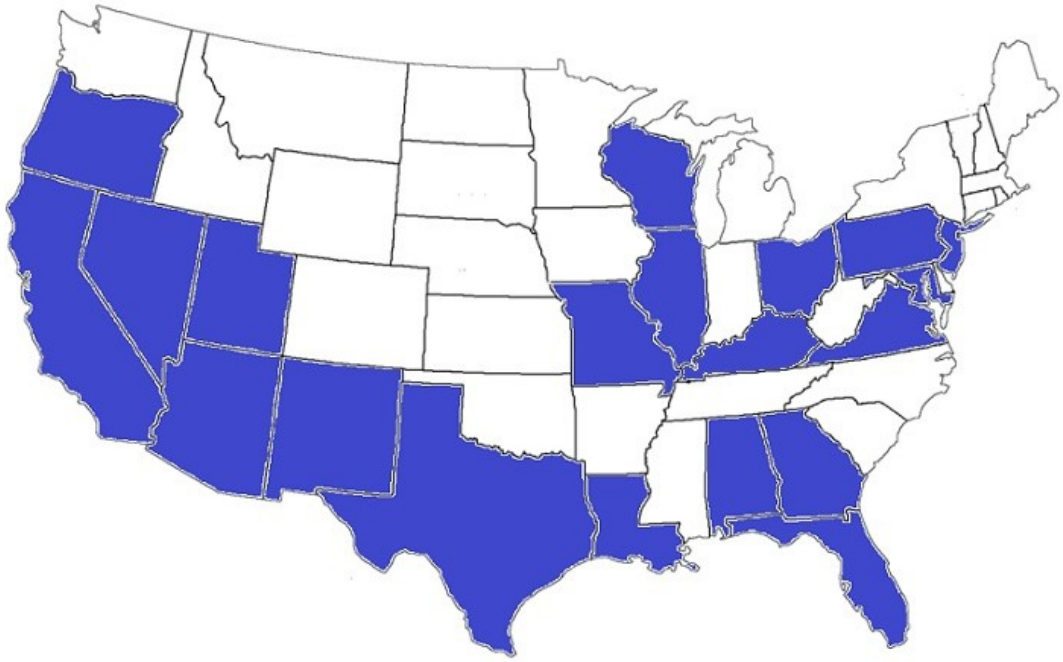
On November 3, 2016, Mr. Amazing Loans released an **update to the company's corporate strategy**. Strategically, CEO Paul Mathieson explored a full range of alternatives for the purpose of increasing stockholders' value. A **major step towards becoming profitable** is that Paul Mathieson agreed to forgo his 2016 bonus and also entered into a new consulting for 2017 which **reduced his annual base compensation** from $1.0 million to $1, which reduced operating expenses by 16% until July 1, 2017, when Paul Mathieson's annual base compensation was reinstituted at $1.2 million.

BUSINESS MODEL

The blueprint for business model of Mr. Amazing Loans had its nascence in Australia, when CEO Paul Mathieson established and grew a similar lending operation between 2005 and 2010 which ultimately lent approximately $48 million to over 11,500 customers. In general, the Australian experience narrowed the target market to **reduce the risk profile of the loan portfolio**, optimized the product offerings **to improve the potential profitability of the loan portfolio** and guided the company to **low-cost venues** of customer acquisition.

Mr. Amazing Loans specializes in a specific market segment were the company has a competitive advantage, the unsecured personal loan category. Thus far, the company has eschewed other categories of the consumer finance industry, particularly the mortgage, student, auto, home equity, credit card, payday and vehicle title loan products.

Initially, the company provided 3-to-5 year unsecured consumer loans ranging in the $2,000 to $10,000 range, but after years of experience, **Mr. Amazing Loans now concentrates on providing 5-year $5,000 and $10,000 loans**, which are the sweet spots that maximize return and minimize potential credit losses. Customer-lead acquisition costs and shorter-term loans (less than 5 years in duration) reduce the economic attributes of underwriting unsecured consumer loans. Also, credit risk significantly increases for loans greater than $10,000.



Geographical Expansion

On June 15, 2010, Mr. Amazing Loans received its first installment loan license in the United States and opened its first office on September 1, 2010 in Las Vegas, Nevada. The company expanded to offices in Chicago, Phoenix/Mesa and West Palm Beach. From 2010 to July 2013, Mr. Amazing Loans provided consumer loans through a branch network, which was comprised of one branch in each state in which the company operated (as required by state licensing regulations). In **July 2013**, Mr. Amazing Loans launched **MrAmazingLoans.com**, the company's **online loan origination platform**. Over time, all the branches except the central Las Vegas location were closed. By the end of 2014, Mr. Amazing Loans was operating online providing loans to residents in 9 states (Nevada, Illinois, Arizona, Florida, Georgia, Missouri, Virginia, New Jersey and Texas). Subsequently, other licenses were granted (see table). Most recently, Mr. Amazing Loans began offering loans online to residents of Wisconsin. Currently**, Mr. Amazing Loans holds licenses in 20 states** representing marketplace coverage over 64% of the US population. Over the intermediate-term, management plans to offer loans in 25 states, which would cover approximately 75% of the US population.

IEG Holdings Corp.			
State	License Approval Date	State	License Approval Date
Nevada	6/15/2010	**Oregon**	1/8/2015
Illinois	4/13/2011	**New Mexico**	1/29/2015
Arizona	5/20/2011	**Utah**	2/5/2015
Florida	8/29/2011	**California**	7/7/2015
Georgia	3/4/2013	**Alabama**	8/13/2015
Virginia	3/5/2014	**Louisiana**	10/2/2015
Missouri	4/7/2014	**Kentucky**	12/17/2015
New Jersey	4/24/2014	**Maryland**	10/25/2016
Texas	11/14/2014	**Ohio**	12/21/2016
Pennsylvania	12/23/2014	**Wisconsin**	6/19/2017

Online Loan Origination Platform

The company's online loan origination website is intuitive and easy to navigate. The application process for pre-approval is simple and can be quickly completed within minutes. Typical purposes for the loans are bill consolidation, home improvements, consumer durable (furniture/appliances) purchases, automobile repairs, medical/dental expenses, tax payments, vacations, etc. The company strives for same-day turnaround from the initial inquiry to cash being delivered to a customer's checking account.

The company operates in the highly fragmented and highly competitive consumer installment lending industry. A critical component of the company's online business model requires that traffic be driven to the company's website either through generating awareness among consumers or enhancing visibility via internet search engines. In addition to utilizing search engine optimization (SEO) techniques to ensure that the website appears high on the list of results returned by search engines, Mr. Amazing Loans employed **search engine and commenced banner advertising** to direct traffic to the company's website. The company also partnered with **lead generators** through joint venture arrangements. The online marketing efforts are supplemented with traditional forms of radio, television and **direct mail** advertising. Today, online and direct mail advertising generates approximately 80% of new loan applications while 20% is produced by online lead generators.

Customer Acquisition Costs

The company's website significantly reduced the company's customer acquisition costs. Not only does Mr. Amazing Loans benefit from the consumer shift to online services, the company also benefits from lower loan origination costs. Generally, traditional forms of lead generation (radio and television advertising) and the use of a branch network account for 40% to 50% of the total operational expenditure to generate a loan. By utilizing online advertising, direct mail and third-party lead generation to drive applicants to the company's online loan origination platform, **Mr. Amazing Loans has a built-in cost advantage**.

Disciplined Consumer Loan Underwriting Process

Mr. Amazing Loans **targets a specific market segment within the under-banked marketplace of non-prime consumers** which better ensures customers have the capacity to repay their loans. Parameters for certain key metrics have been set to determine the applicant's ability to repay the personal loan, including the criteria listed in the table below, which is in the company's investor presentation. The preliminary underwriting benchmarks are based not only on analysis of historical data, but also on the extensive experience of the CEO Paul Mathieson and COO Carla Cholewinski. In addition, during the fourth quarter of 2014, the company refined its loan origination model and began providing only the most lucrative modalities of $5,000 and $10,000 five-year loans at an APR between 12.0% and 29.9%.

Factor	Criteria
Minimum Income (Average ~ $61,500)	$35,000
Debt to Income – Gross	70% max
Housing Expense to Income	42% max
Credit Score Experian Vantage (Average ~653)	600+
Employment	1 yr minimum
Credit History	2 yr minimum
Checking Account	Required

Much of the loan pre-approval process is automated. An applicant provides income, employment and banking information; and the company makes a soft inquiry of the applicant's credit report. **Over 90% of applications are rejected during this pre-approval process**. If the lead passes the minimum requirements, experienced underwriters obtain a full credit report from Experian (after receiving authorization from the applicant), review of applicant's checking account statements (over the last 60-to-90 days) and verify the applicant's employment, housing costs and debt obligations. Underwriting guidelines also include identity verifications and fraud checks. Usually within hours of completing loan application, electronic loan documents are conveyed to an approved applicant.

As of September 30, 2017, only 1.88% of the loan portfolio is to borrowers defined as subprime (having credit scores below 600).

Loan Delinquency Rate

Generally, unsecured personal loans are associated with higher delinquency rates than prime and secured loans; therefore, since higher loan loss rates are expected, unsecured personal loans carry higher interest rates. The company offers personal loans at the prevailing statutory rates, between 12.0% (Virginia) and 29.9% APR with roughly two-thirds of the states in which Mr. Amazing Loans operates allowing 29.9%. By underwriting unsecured personal loans at statutory rates to customers who pass the company's stringent guidelines, Mr. Amazing Loans benefits from a high margin loan portfolio while incurring relatively low underwriting credit risk by having a healthier cushion for potential credit losses. **Management adds significant value through the implementation of its disciplined underwriting process**.

A key for lenders is to manage loan losses at reasonable levels**. Historically,** management has targeted net loss rates of approximately 5% and maintained an allowance for credit losses in the 12.0%-to-12.6% range. Beginning with the fourth quarter of 2016, the target for the allowance for credit losses was raised to 16.0%.

GROWTH DRIVERS

Mr. Amazing Loans has developed the enterprise functions to support scalability, including technology-based customer acquisition, risk-controlled loan generation, capital funding and regulatory compliance. The company's business model is expected to drive growth through **geographic expansion** (through being granted additional state licenses) and **underwriting an increasing amount of loans** (through a low cost customer acquisition approach and a highly efficient underwriting process). Given the company's track record, we expect Mr. Amazing Loans to be able to continue finance its businesses expansion through various sources of capital funding.

Loan Book Growth

After Mr. Amazing Loans launched the Mr. Amazing Loans online loan origination platform in mid- 2013, loan volumes grew dramatically. **In the first year of the online platform's operation** (June 30 2013 to June 30, 2014), **total cumulative loan originations increased over 450%** from $237,000 to approximately $1.32 million. In the second year (June 30 2014 to June 30, 2015), loan originations increased over 580% from to $9.08 million.

The strong growth in loan originations was not only a result of the online platform, but also the successful execution of other growth initiatives. Several **effective marketing programs** supported the effectiveness of the online application portal, including online advertising, partnering with online lead generators and direct mail advertising. Loan growth was also significantly enhanced by **pursuing additional state licenses**.

Furthermore, management also **positioned the company** to address and benefit from certain consumer needs, namely

1) Mr. Amazing Loans focuses on the under-banked marketplace of non-prime consumers requiring affordable credit and
2) the company offers a considerably lower cost alternative to payday loans

And of course, **management secured funding** to maintain and expand operations as well as finance the origination of loans.

However, beginning in the fourth quarter of 2016, concurrent with the implementation of the cost reduction program, the loan book portfolio (loans receivable on a 12-month rolling basis) has been experiencing negative single-digit growth as the advertising budget has contracted from $950,905 in 2015 to a run rate of roughly $7,000 in 2017.

Structural Competitive Advantages

As the company's loan portfolio reaches critical mass, Mr. Amazing Loans should also benefit from another competitive strength: a **lean operational structure**. The company does not have to maintain an extensive brick-and-mortar network of branches and requires fewer personnel than traditional consumer lending companies to make underwriting decisions. By serving multiple states through a centralized office in its Las Vegas headquarters, Mr. Amazing Loans will significantly benefit from economies of scale, particularly through low overhead costs as its loan portfolio expands. Also, an online loan origination business has the potential to scale more rapidly than the traditional brick-and-mortar consumer lending operation.

COMMON STOCK EVENTS

Series of Up-listings

The common stock Mr. Amazing Loans has undergone a series of up-listings since 2013. Generally, an up-listing benefits a company through better institutional investor awareness and increased share liquidity.

On November 29, 2013, Mr. Amazing Loans Corporation was upgraded from the OTC Pink sheets to the highest tier in the OTC Pink Markets, OTC Pink Current Information. In June 2015, Mr. Amazing Loans was up-listed to the OTCQB Venture Market after a 1-for-100 reverse stock split. On March 7, 2016, Mr. Amazing Loans was upgraded to the OTCQX Best market; however, with the resignation of two directors on November 3, 2016 that resulted in Paul Mathieson becoming the sole Director, Mr. Amazing Loans was moved back to the **OTCQB** Venture Market on January 1, 2017.

Reverse-splits

On March 14, 2013, Investment Evolution Global Corporation consummated a reverse merger transaction with Mr. Amazing Loans Corporation. Per the terms of the reverse merger, 90,815.71 shares of MRAL were received for each share of Investment Evolution Global. Immediately prior to the reverse merger, Mr. Amazing Loans completed a 1-for-6 reverse stock split. As a result, shareholder of Investment Evolution Global owned approximately 99.1% of Mr. Amazing Loans immediately after the transaction.

On June 17, 2015, the company completed a 1-for-100 reverse split, which had been just preceded by Mr. Amazing Loans being upgraded to the OTCQB.

On October 17, 2016, Mr. Amazing Loans Corporation completed a 1-for-1,000 reverse stock split, immediately followed by a 100-for-1 forward stock split. The net effect of the actions was to reduce the number of common shares by a factor of 10 (similar to a 1-for-10 reverse stock split) while also consolidating the number of stockholders.

FUNDING

Since 2012, Mr. Amazing Loans has funded loan originations in the United States with debt facilities (aka credit lines) and equity capital, both common and preferred. Currently, the company is attempting to raise capital through a private offering of up to $10 million of 10-year 12% unsecured notes.

Beginning in 2012, a **$3.0 million senior credit line facility** was extended to Mr. Amazing Loans from the Boston Finance Group (subsequently known as BFG Investment Holdings, LLC). With an effective interest rate of 18% and a minimum advance of $200,000, by the end of 2012, the company has utilized $250,000 of the revolving credit facility. Following the launch of the company's online loan originations platform in mid-June 2013, the $3.0 million facility was **replaced by a new $10.0 million senior debt facility** in November 2013. Also from the Boston Finance Group, the effective interest rate remained 18% but the minimum advance amount was lowered to $25,000. In addition, during 2013 and 2014, the company incurred various small, short-term working capital loans (between $220,000 and $60,000), which were repaid in short order.

On July 15, 2015, BFG Investment Holdings converted the revolving credit facility to a term loan. Mr. Amazing Loans paid off the $2.23 million balance of the facility in August 2015 using part of the **$6.1 million in proceeds from issuing various series of preferred stock** and $**4.58 million from the issuance of common stock** during 2015. At the end of 2015, the company had no long-term debt.

During 2016, stock offerings provided **$3,728,686** in net proceeds while the issuance of preferred shares supplied **$246,000**. Net proceeds were used primarily to fund new loan originations and general corporate purposes.

Through the third quarter of 2017, Mr. Amazing Loans received **$3,400,106** through the sale of the 151,994 shares of OneMain Holding (OMF) stock the company accepted in a tender offer. In addition, between October 30th and December 28th, Mr. Amazing Loans issued 1,292,089 shares of Series H preferred stock, which provided **gross proceeds of $1,292,089.**

VALUATION

Consumer lending companies fall into several business line categories: traditional lenders (secured loans), marketplace lenders, credit card issuers, educational finance companies, payday lenders, middle market commercial lenders, non-prime consumer loans, etc. Even though direct competitors of Mr. Amazing Loans in the state-licensed, personal loan space are companies are companies like OneMain Financial (OMF) and World Acceptance Corporation (WRLD), the company is in a unique life cycle position. Mr. Amazing Loans has exhibited dramatic loan book growth and is on the verge of positive operating cash flow and profitability.

Larger, profitable lenders tend to trade at low P/S ratios usually in the 0.7 and 2.1 times revenues; however, higher growth potential marketplace lenders are trading in a higher range (1.9 to 12.2 times revenues). Marketplace lending category is composed of companies that provide an online marketplace where investors and borrowers can connect. The companies offer a technology-based platform that automates the borrower application process and provides loan servicing, and at the same time provides analytical tools that enable investors to decide whether to add the loan to their portfolios.

Mr. Amazing Loans is still in an early phase of its life cycle with loan originations volume on a high growth trajectory over a multi-year period. The company should trade at a much higher multiple reflecting the company's potential. It is difficult to find a comparable lending company today with revenues in the $2-to-$3 million range with the same upside potential as Mr. Amazing Loans. However, in the past, LendingClub (LC), Main Street Capital (MAIN), Manhattan Bridge Capital (LOAN) and NewStar Financial (NEWS) were in roughly the same position as lenders with a particular focus but with significant loan portfolio growth potential. These stocks all attained Price-to-Sales valuation levels over 9.0 times and one as high as 28.1 times.

Utilizing annual revenues of $3.47 million, which we expect the company to attain organically in 2023, and with the expectation that the company's stock can attain a P/S ratio of 9.1 at that time, the share price target would be $1.45 at the end of 2023. However, to translate that value to a current target price, we employ a net present value (NPV) calculation with a 5.5% discount rate. This valuation methodology indicates a **price target of $1.15 for MRAL**.

Industry Comparables	**Pr Chg YTD**	**P/E CFY**	**EPS Gr 5Yr Est**	**Price/ Book**	**Price/ Sales**	**Price/ CF**
MR. AMAZING LOANS CORP	3.3	N/M	7.0	0.9	3.2	N/M
Industry Mean	-4.5	15.4	7.0	1.8	8.3	16.6
Industry Median	-20.6	15.4	7.0	1.4	7.0	15.8
S&P 500	-1.4	17.0	10.8	11.8	4.1	17.7
Peer Group						
LENDING CLUB	-35.8	N/M	N/A	1.2	1.9	N/M
MAIN STREET CAPITAL	-5.3	15.4	7.0	1.6	10.8	15.8
MANHATTAN BRIDGE CAPITAL	27.7	N/M	N/A	2.7	12.2	17.3

	Year of High	**P/E CFY**	**EPS Gr 5Yr Est**	**Peak Price/ Book**	**Peak Price/ Sales**	**Peak Price/ CF**
Historical Precedents						
LENDING CLUB	2015	N/M	N/M	9.1	28.1	N/M
MAIN STREET CAPITAL	2017	17.5	N/M	1.8	11.7	18.2
MANHATTAN BRIDGE CAPITAL	2016	N/M	N/M	2.9	12.1	18.6
NEWSTAR FINANCIAL	2013	42.7	N/M	1.0	9.1	74.6

Recent Industry Acquisition	**Year**	**Acquiror**		**Price/ Book**	**Price/ Sales**	**Price/ CF**
NEWSTAR FINANCIAL	2017	First Eagle	25.0	0.8	6.1	16.1

RISKS

- Even though the personal loan market presents an opportunity for significant growth, the consumer installment lending industry is a highly competitive and highly fragmented. Competitive reactions by both established players and newcomers could diminish the effect of the company's uniquely focused loan offerings which are provided on its online loan origination platform. In addition, other disruptive FinTech products, particularly online marketplace platforms, are impacting the competitive landscape of the unsecured consumer installment loan space.
- Although the U.S. consumer credit market is currently reasonably healthy, unfavorable changes in the macroeconomic environment may negatively impact consumer lenders, both in terms of lower availability of qualified loan applicants and higher credit risk on the existing loan portfolio.
- Until the company achieves profitability, additional capital will be needed to fund operations and loan originations. Thus far, management has been very successful in obtaining capital through equity (both common and preferred) and debt offerings.
- CEO Paul Mathieson controls a 39.5% of the outstanding shares. In addition, he is the sole Director.

INSIDER TRADING AND OWNERSHIP

- As of March 21, 2018, Paul Mathieson (founder and CEO of Mr. Amazing Loans) beneficially owned 6,900,000 common shares representing 39.5% of the shares outstanding. COO Carla Cholewinski owned 2,000 shares. CEO Paul Mathieson is no longer a majority stockholder, not due to any stock sales but due solely to the issuance of common stock.
- In addition, the Dr. Lakshman Prasad controls 1,207,451 shares (6.1%), of which 864,645 shares are held by the Dr. L Prasad Super Fund A/C. Also, Clem Tacca, as the director of Clem Tacca Pty Ltd, controls 656,000 shares (3.76%).

BALANCE SHEET

Mr. Amazing Loans

Balance Sheet	2013 12/31/2013	2014 12/31/2014	2015 12/31/2015	2016 12/31/2016	2017 12/31/2017	1Q 2018 3/31/2018
ASSETS						
Cash and cash equivalents	281,879	433,712	485,559	322,441	704,006	360,907
Loans receivable	64,719	4,316,316	7,124,702	6,374,908	4,928,704	4,540,238
Advances to officer	0	0	0	0	0	0
Other receivables	0	25,882	76,262	84,851	75,364	53,572
Prepaid expenses	0	0	7,276	12,955	18,238	6,187
Total current assets	**346,598**	**4,775,910**	**7,693,799**	**6,795,155**	**5,726,312**	**4,960,904**
Property and equipment - net	43,349	36,100	28,511	19,322	13,376	11,952
Loans receivable	361,394	0	0	0	0	0
Security deposits	39,329	39,329	35,839	7,470	11,234	11,234
Loan costs - net	131,470	77,781	0	0	0	0
Total assets	**922,140**	**4,929,120**	**7,758,149**	**6,821,947**	**5,750,922**	**4,984,090**
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)						
Accounts payable and accrued expenses	323,978	172,139	96,441	1,060	51,053	327,806
Preferred dividends payable	0	0	0	0	0	0
Common stock dividends payable	0	0	0	0	0	0
Deposit on preferred stock to be issued	0	0	0	0	0	0
Deferred rent	48,844	28,429	11,522	0	0	0
Deferred salary	0	0	0	0	0	0
CEO accrued consulting fees	0	106,588	0	0	0	0
Working capital loans	140,000	0	0	0	0	0
Current portion of senior debt	114,562	0	0	0	0	0
Total current liabilities	**627,384**	**307,156**	**107,963**	**1,060**	**51,053**	**327,806**
Senior debt	385,438	2,230,000	0	0	0	0
Deposit on preferred stock to be issued	1,910,774	0	0	0	0	0
Total liabilities	**2,923,596**	**2,537,156**	**107,963**	**1,060**	**51,053**	**327,806**
Preferred stock	0	2,400	1,160	0	0	0
Common stock	956,723	2,158,111	2,165,405	2,233,182	2,240,931	2,240,931
Additional paid-in-capital	6,323,319	14,914,705	26,025,071	29,698,025	34,074,976	34,074,976
Prepaid preferred share redemption	0	0	(160,000)	0	0	0
Subscription receivable	0	0	0	0	0	0
Accumulated deficit	(9,281,498)	(14,683,252)	(20,381,450)	(25,110,320)	(30,616,038)	(30,616,038)
Total stockholders' equity (deficit)	**(2,001,456)**	**2,391,964**	**7,650,186**	**6,820,887**	**5,699,869**	**5,699,869**
Total liabilities and shareholders' equity	**922,140**	**4,929,120**	**7,758,149**	**6,821,947**	**5,750,922**	**6,027,675**
Shares outstanding	956,723	2,158,110	2,887,428	9,714,186	17,463,449	17,463,449

PROJECTED INCOME STATEMENT

Mr. Amazing Loans

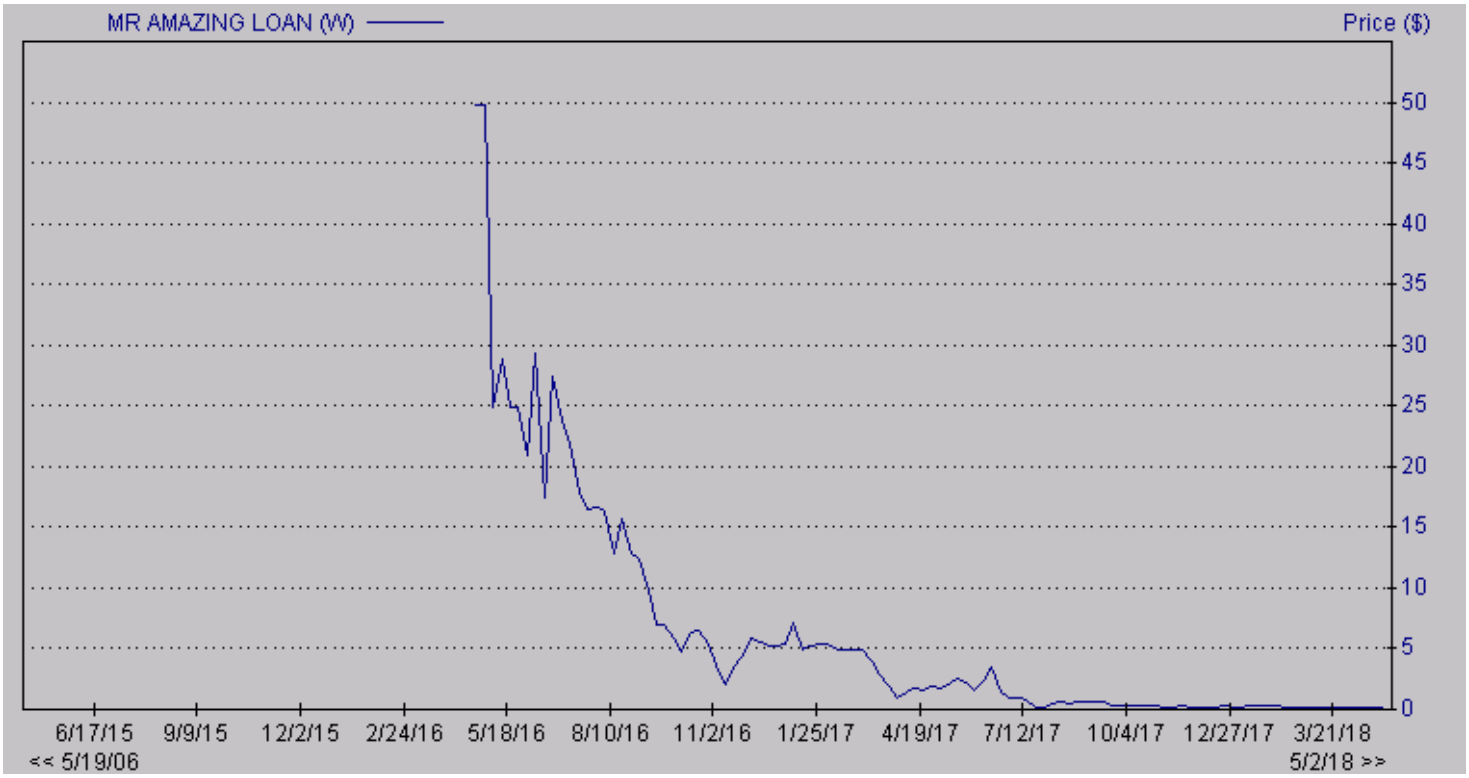
Income Statement	2013 12/31/2013	2014 12/31/2014	2015 12/31/2015	2016 12/31/2016	2017 12/31/2017	2018 E 12/31/2018
Interest revenue	56,585	521,018	1,789,701	2,086,976	1,617,494	1,551,548
Other revenue	6,364	8,207	45,464	48,070	78,634	72,794
TOTAL REVENUES	**62,949**	**529,225**	**1,835,165**	**2,135,046**	**1,696,128**	**1,624,342**
Salaries and compensation	1,345,243	1,889,136	2,126,243	1,592,990	1,494,637	1,642,099
General and administrative	277,165	-	-	-	-	-
Other operating expenses	188,110	904,920	1,399,157	1,561,045	395,352	519,319
Consulting & professional fees	563,695	871,228	1,013,690	1,154,465	0	0
Provision for credit losses	63,492	614,684	1,134,518	1,865,362	1,494,843	1,138,344
Advertising	-	459,804	950,905	373,350	407,760	403,740
Rent	290,985	250,744	244,621	178,678	66,331	71,952
Travel, meals and entertainment	79,964	376,101	129,351	141,686	0	0
Public co. & corp. finance expenses	-	-	-	-	2,555,519	2,695,898
Depreciation and amortization	36,885	15,054	14,124	8,618	5,946	5,775
Start up costs	1,500,000	-	-	-	-	-
TOTAL OPERATING EXPENSES	**4,345,539**	**5,381,671**	**7,012,609**	**6,876,193**	**6,420,388**	**6,477,127**
LOSS FROM OPERATIONS	**(4,282,590)**	**(4,852,446)**	**(5,177,444)**	**(4,741,147)**	**(4,724,260)**	**(4,852,785)**
Interest income (expense)	(195,895)	(558,257)	(527,921)	0	0	0
Gain (loss) on sale of marketable securi	-	-	-	-	(153,514)	0
(Legal settlements and related fees)	-	-	-	-	(628,376)	0
Miscellaneous income (expense)	510	8,949	7,167	12,278	431	363
TOTAL OTHER INCOME (EXPENSE)	**(195,385)**	**(549,308)**	**(520,754)**	**12,278**	**(781,459)**	**363**
NET LOSS	**(4,477,975)**	**(5,401,754)**	**(5,698,198)**	**(4,728,869)**	**(5,505,719)**	**(4,852,422)**
Dividends on preferred shares	0	(204,526)	(311,056)	(35,517)	0	0
Net income (loss) to common stock	**(4,477,975)**	**(5,606,280)**	**(6,009,254)**	**(4,764,386)**	**(5,505,719)**	**(4,852,422)**
Earnings (loss) per shares - diluted	**(7.24)**	**(4.20)**	**(2.52)**	**(0.60)**	**(0.49)**	**(0.26)**
Weighted avg. number of shares	618,850	1,334,514	2,381,258	7,918,922	11,276,456	18,663,449

Mr. Amazing Loans

	2016 12/31/2016	2017 1Q	2017 2Q	2017 3Q	2017 4Q	2017 12/31/2017
Interest revenue	2,086,976	450,729	400,986	386,565	379,214	1,617,494
Other revenue	48,070	16,654	12,955	20,805	28,220	78,634
TOTAL REVENUES	**2,135,046**	**467,383**	**413,941**	**407,370**	**407,434**	**1,696,128**
Salaries and compensation	1,592,990	120,278	118,925	419,144	836,290	1,494,637
Other operating expenses	1,561,045	115,204	79,362	104,985	95,801	395,352
Consulting & professional fees	1,154,465	-	-	-	-	0
Provision for credit losses	1,865,362	224,488	394,836	300,205	575,314	1,494,843
Advertising	373,350	880	2,580	180,808	223,492	407,760
Rent	178,678	10,857	18,032	23,826	13,616	66,331
Travel, meals and entertainment	141,686	-	-	-	-	0
Public company and corporate finance expenses	-	498,191	697,344	449,321	910,663	2,555,519
Depreciation and amortization	8,618	1,573	1,471	1,451	1,451	5,946
TOTAL OPERATING EXPENSES	**6,876,193**	**971,471**	**1,312,550**	**1,479,740**	**2,656,627**	**6,420,388**
LOSS FROM OPERATIONS	**(4,741,147)**	**(504,088)**	**(898,609)**	**(1,072,370)**	**(2,249,193)**	**(4,724,260)**
Interest income (expense)	0	0	0	0	0	0
Gain (loss) on sale of marketable securities	0	0	(153,514)	0	0	(153,514)
(Legal settlements and related fees)	0	0	0	(624,283)	(4,093)	(628,376)
Miscellaneous income (expense)	12,278	149	140	74	68	431
TOTAL OTHER INCOME (EXPENSE)	**12,278**	**149**	**(153,374)**	**(624,209)**	**(4,025)**	**(781,459)**
NET LOSS	**(4,728,869)**	**(503,939)**	**(1,051,983)**	**(1,696,579)**	**(2,253,218)**	**(5,505,719)**
Dividends on preferred shares	(35,517)	0	0	0	0	0
Net income (loss) to common stock	**(4,764,386)**	**(503,939)**	**(1,051,983)**	**(1,696,579)**	**(2,253,218)**	**(5,505,719)**
Earnings (loss) per shares - diluted	**(0.60)**	**(0.05)**	**(0.10)**	**(0.13)**	**(0.18)**	**(0.49)**
Weighted avg. number of shares	7,918,922	9,714,186	10,248,670	12,708,547	12,335,293	11,276,456

	2017 12/31/2017	2018 1Q	2018 2Q E	2018 3Q E	2018 4Q E	2018 E 12/31/2018
Interest revenue	1,617,494	381,548	385,000	400,000	385,000	1,551,548
Other revenue	78,634	12,794	18,000	20,000	22,000	72,794
TOTAL REVENUES	**1,696,128**	**394,342**	**403,000**	**420,000**	**407,000**	**1,624,342**
Salaries and compensation	1,494,637	412,099	410,000	410,000	410,000	1,642,099
Other operating expenses	395,352	146,287	124,344	124,344	124,344	519,319
Consulting & professional fees	0	0	0	0	0	0
Provision for credit losses	1,494,843	204,668	359,976	273,700	300,000	1,138,344
Advertising	407,760	1,240	2,500	250,000	150,000	403,740
Rent	66,331	17,988	17,988	17,988	17,988	71,952
Travel, meals and entertainment	0	0	0	0	0	0
Public company and corporate finance expenses	2,555,519	654,089	667,171	680,514	694,124	2,695,898
Depreciation and amortization	5,946	1,425	1,450	1,450	1,450	5,775
TOTAL OPERATING EXPENSES	**6,420,388**	**1,437,796**	**1,583,429**	**1,757,996**	**1,697,906**	**6,477,127**
LOSS FROM OPERATIONS	**(4,724,260)**	**(1,043,454)**	**(1,180,429)**	**(1,337,996)**	**(1,290,906)**	**(4,852,785)**
Interest income (expense)	0	0	0	0	0	0
Gain (loss) on sale of marketable securities	(153,514)	0	0	0	0	0
(Legal settlements and related fees)	(628,376)	0	0	0	0	0
Miscellaneous income (expense)	431	63	100	100	100	363
TOTAL OTHER INCOME (EXPENSE)	**(781,459)**	**63**	**100**	**100**	**100**	**363**
NET LOSS	**(5,505,719)**	**(1,043,391)**	**(1,180,329)**	**(1,337,896)**	**(1,290,806)**	**(4,852,422)**
Dividends on preferred shares	0	0	0	0	0	0
Net income (loss) to common stock	**(5,505,719)**	**(1,043,391)**	**(1,180,329)**	**(1,337,896)**	**(1,290,806)**	**(4,852,422)**
Earnings (loss) per shares - diluted	**(0.49)**	**(0.06)**	**(0.07)**	**(0.07)**	**(0.06)**	**(0.26)**
Weighted avg. number of shares	11,276,456	17,463,449	17,463,449	19,463,449	20,263,449	18,663,449

HISTORICAL STOCK PRICE



DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Steven Ralston, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.
Zacks SCR has received compensation from the issuer directly or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

[i] iMoney Philippines, INFOGRAPHIC: Where $26.92B of OFW remittances come from; June 9, 2015 http://www.gmanetwork.com/news/money/content/500918/infographic-where-26-92b-of-ofw-remittances-come-from/story/