Small Business Lending After the Shakeout

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Co-founder & U.S. Managing Director
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Funding Circle is the global leader in marketplace lending to small businesses

Originated over $3B to tens of thousands of small businesses since 2010
Looking back on 2016
2016 saw the start of the shakeout

- **Technology trigger**
- **Peak of inflated expectations**
- **Trough of disillusionment**
- **Slope of enlightenment**
- **Sustainable growth**
Our industry learned a lot in the past 12 months
Controls are critical, and scrutiny on the industry is increasing.
Risk models take time to get right
Bank partnerships can be transformative, but most are still very early
SME lending has unique challenges
Why?

1) Lack of standardized credit information
2) Fragmented customer acquisition channels
3) Confusing set of credit products offered to borrowers
4) Complex regulatory environment
However, there are reasons for optimism

Credit gap for small businesses persists
The opportunity to build something better is huge, and the path forward is becoming clearer.

- It will take more time to reach scale
- The gap between the haves and have-nots will get wider
- Companies will be more specialized (by product, and by target market)
- Successful companies will be well-capitalized to weather macroeconomic events
- Companies will have more diversified capital sources
Funding Circle’s path forward
Funding Circle continues to be the world's leading SME lending platform

- Proven strength with new funding
- Achieving global scale
- Targeted investments in controls and sustainability
- Continued growth of partnerships
- Diversity of capital sources
Our strength is affirmed by our 2017 equity capital raise

$100 Million
Funding Circle has established itself as the global leader in marketplace lending to small businesses.
Scale creates a virtuous cycle of data

- More loans / data
- Better marketing costs & relationship management
- Higher acceptance rates
- Better models & underwriting processes
Partnerships drive down acquisition costs and increase access for borrowers.
Our government partnerships are also growing
Scrubiny on the industries is increasing, and we continue to invest in controls

- Operational Quality & Controls
- Credit Performance
- Stability of Funding Sources
Our capital sources are both diverse and global.

- **Institutional investors**: The first rated European securitization of marketplace loans.
- **Retail investors**: 60k individual investors who increase their investment over time.
- **Government partners**: Deep relationships with Government-backed lenders.

**Income Fund**: First platform to list a permanent capital vehicle.
Our vision is steady: originate $100B a year
Stimulating job creation and economic growth in local communities across the globe

- $100 billion Origination p.a.
- 3 million New jobs p.a.
- 2 million Investors
- 750,000 SMBs p.a.
"I thought banks would like to take part in our success and help us grow — but I found out that they don’t. [Funding Circle is] so customer-service oriented and the process is really easy. They will understand your small business’s needs - and potential."

Eyal Levy
Owner of Yogibo in Nashua, New Hampshire

We are here to support small businesses
Marketplace = global