



Evolve
Capital Partners

QUARTERLY DEALS & MARKET ROUNDUP

Specialty Finance / Alternative Lending

June 2018



Collections / Servicing



Commercial Lending



Consumer Lending



Leasing



Mortgage Related



Online Lending

Specialized investment bankers at the intersection of finance and technology



Highlights

This quarter's Specialty Finance/Alternative Lending Roundup discusses the following key developments:



Alternative lenders are combining alternative data with Artificial Intelligence and Machine Learning to bring a forward-looking approach to credit appraisal



Alternate lenders are moving to mobile-only platforms to reduce loan processing time and learn more about the creditworthiness of borrowers



Alternative lenders are disrupting the short-term financing segment by offering more comprehensive solutions



Strong transaction volume growth has been observed in niche alternative lending segments



Overview of Evolve Capital Partners

ABOUT ECP

- Evolve Capital Partners (ECP) is a specialized investment bank focused on businesses serving industries at the intersection of finance and technology.
- We are dedicated investment bankers focused on evolving industries, and we support sustainable growth through transformational M&A / financing transactions.
- ECP is a dedicated, creative, and fully independent investment bank that advises private and public companies on merger, divestiture and acquisition transactions, and capital raising through private placements.
- We also provide structured financial advisory services — our investment banking practice provides a comprehensive suite of solutions to businesses.
- With over 30 engagements executed by its leaders, Evolve Capital Partners has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- We were founded in 2012 and are based in New York, NY.

HIGH-TOUCH INVESTMENT BANKING

Few investment banks have transaction experience across both corporate and asset finance.



Our Clients

- Corporations
- Management Teams
- VC & PE Backed Companies
- Independent Directors / Boards



Investment Banking Advisory

- M&A
- Strategic Alliances
- Capital Raises and Asset Finance
- Financial Restructuring



Industry Focus

Finance and Technology Firms

BPO

IoT

B2B

Specialty Finance

Enterprise Software

Analytics

Payments

Lending

InsuranceTech

Securities

Financial Services

Financial Management

We Focus Exclusively on Finance and Technology-Related Firms

Financial Management Solutions



Payments



Bank Technology Solutions



BPO



Capabilities

M&A Advisory

Sales / Recaps

Acquisitions

Divestiture

Strategic Advisory

Specialty Finance / Alternative Lending



Healthcare Tech



Securities



Financing

Private Placements

Debt Capital

Restructuring

Insurance



Data & Analytics / IoT





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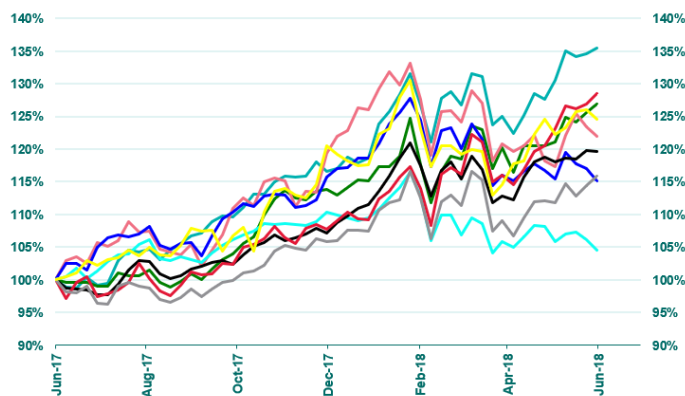
5. Select Wall Street Research & Commentary



Market Summary

Industry Stock Market Performance of ECP Sector Coverage

Last 12 Months



Payments

Financial Management Solutions

Bank Technology Solutions

Healthcare Tech

Specialty Finance / Alternative Lending

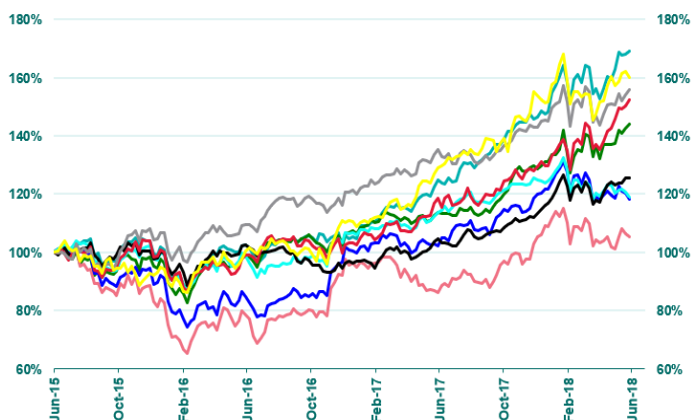
BPO

Securities

Data & Analytics / IoT

Insurance

Last 3 Years



Payments

Healthcare Tech

Data & Analytics / IoT

Financial Management Solutions

Bank Technology Solutions

BPO

Insurance

Securities

Specialty Finance / Alternative Lending

Indexed Price Performance

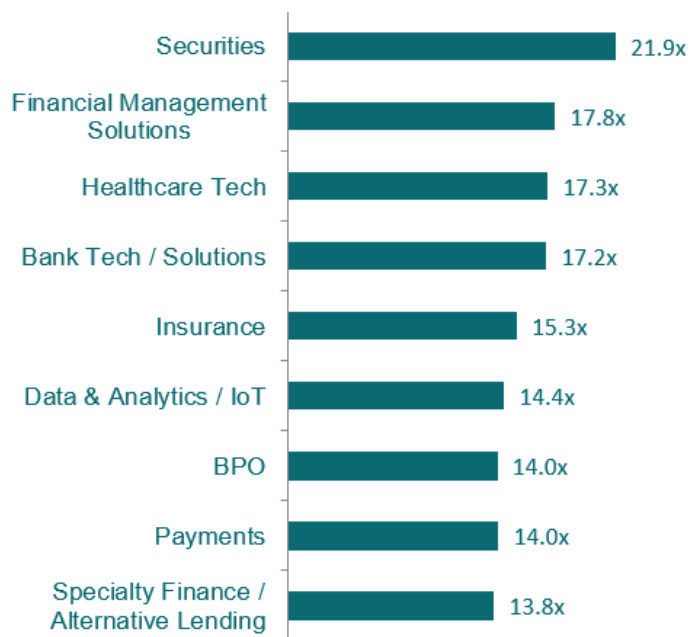
Sector	3 Months	1 Year	3 Years
Payments	6.8%	35.2%	69.0%
Bank Tech / Solutions	7.6%	26.5%	44.0%
Specialty Finance / Alternative Lending	(4.6%)	22.3%	5.3%
Securities	(7.4%)	15.6%	18.3%
Healthcare Tech	(7.3%)	4.4%	60.1%
BPO	2.3%	20.2%	25.7%
Financial Management Solutions	12.9%	28.4%	52.3%
Data & Analytics / IoT	2.9%	15.4%	56.1%
Insurance	0.9%	24.1%	18.9%

Source: Capital IQ and market data as of June 1, 2018

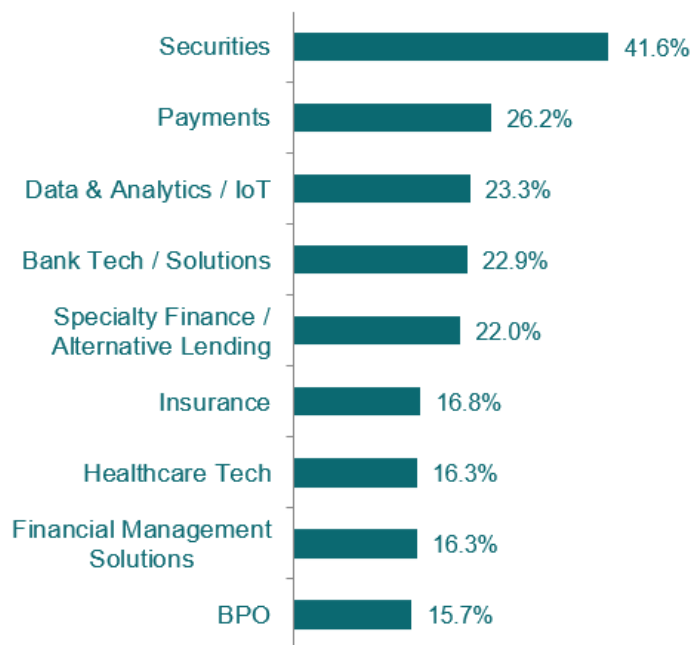
Multiples & Margins – All Sectors

Industry-wide Multiples and Margins

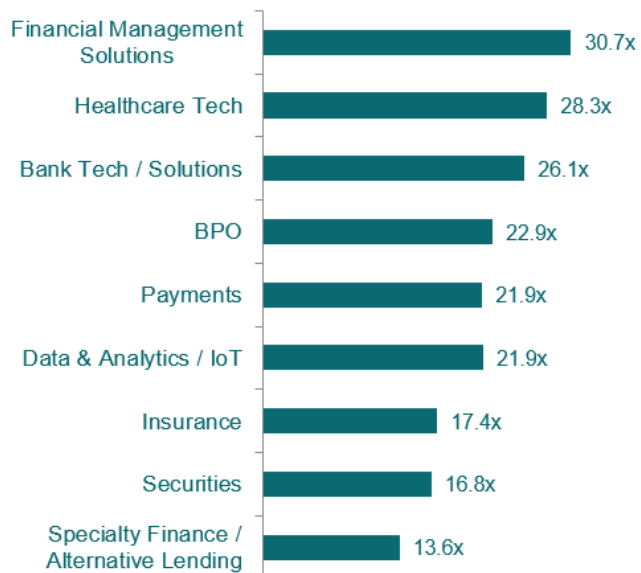
2018E EBITDA Multiples



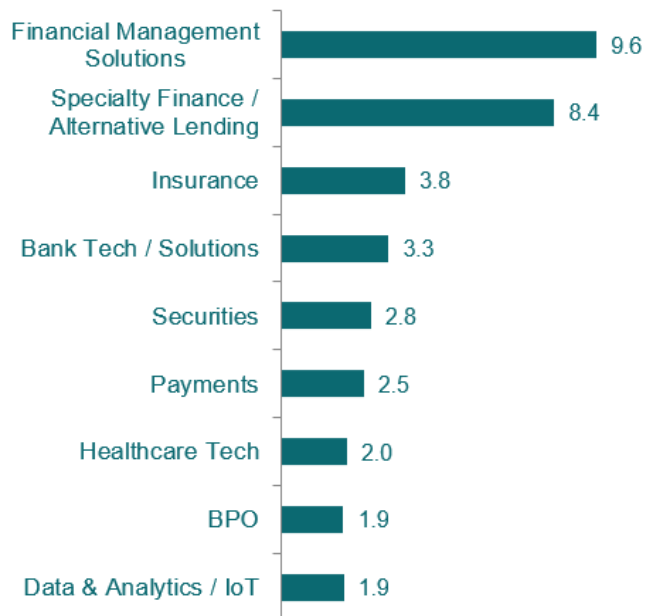
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio

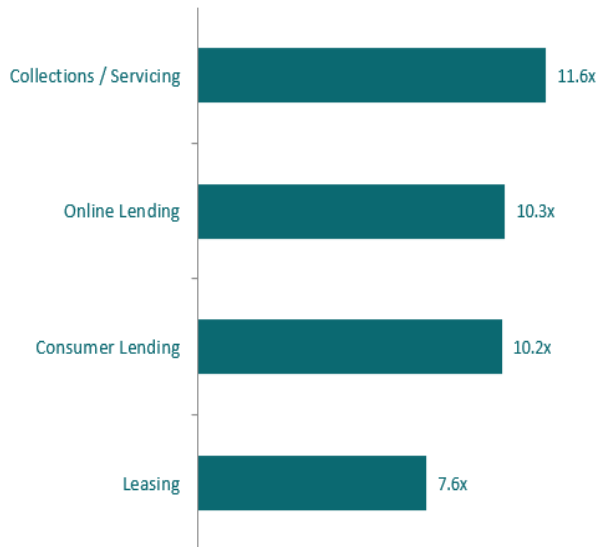


Source: Capital IQ and market data as of June 1, 2018

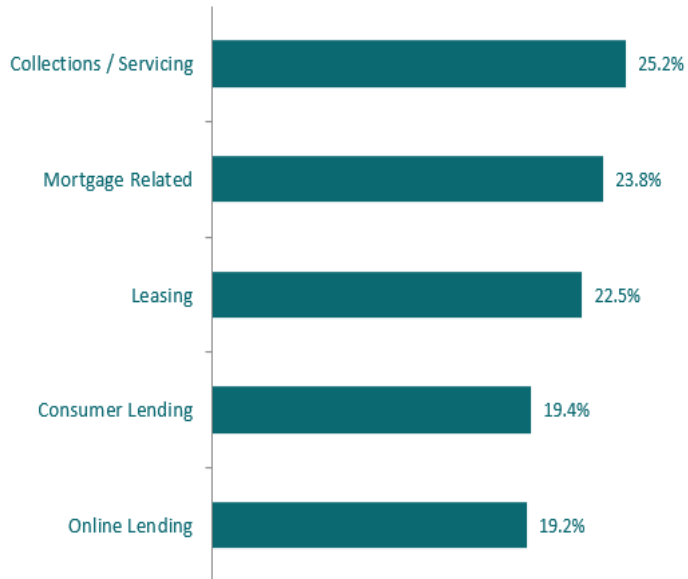
Multiples & Margins – Specialty Finance / Alternative Lending

Sub-sector Multiples and Margins

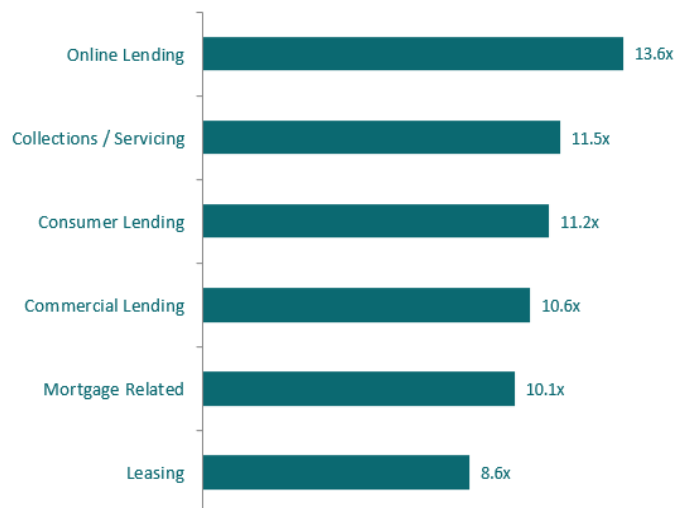
2018E EBITDA Multiples



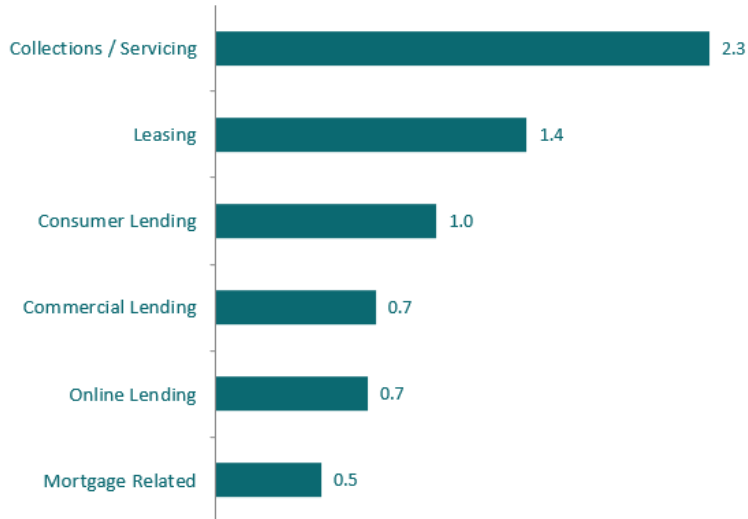
LTM EBITDA Margins



2018E Price / Earnings Multiples



2018E PEG Ratio



Source: Capital IQ and market data as of June 1, 2018

Stock Comparables– Specialty Finance / Alternative Lending

(All figures in US Dollars. Figures in millions, except per share data, as of June 1, 2018)

Specialty Finance / Alternative Lending Sub-Sector	Aggregate		Multiples					
	Market Cap	Enterprise Value	EV / Sales		EV / EBITDA		Price / Earnings	
			FY 18E	FY19E	FY 18E	FY19E	FY 18E	FY19E
Consumer Lending	\$130,817	\$11,926	1.8x	1.7x	10.2x	8.9x	11.2x	9.2x
Commercial Lending	\$13,524	\$339	11.6x	5.9x	NA	NA	10.6x	9.6x
Online Lending	\$9,068	\$5,239	1.7x	1.4x	10.3x	7.9x	13.6x	14.3x
Collections / Servicing	\$9,510	\$8,937	2.5x	2.3x	11.6x	10.6x	11.5x	10.2x
Leasing	\$22,985	\$46,732	5.1x	4.5x	7.6x	6.7x	8.6x	8.8x
Mortgage Related	\$4,341	\$7,529	7.7x	8.2x	NA	NA	10.1x	6.2x
Median			3.8x	3.4x	10.2x	8.4x	10.9x	9.4x
Mean			5.1x	4.0x	9.9x	8.5x	10.9x	9.7x

Specialty Finance / Alternative Lending Sub-Sector	Number of Companies	Growth Rates			EBITDA Margin	PEG* FY 18E	
		Revenue		EPS			
		FY 18E	FY 19E	5 Yr			
Consumer Lending	17	15.6%	10.6%	10.9%	19.4%	11.1%	1.02
Commercial Lending	7	30.0%	27.1%	2.6%	NA	12.2%	0.74
Online Lending	9	24.5%	28.4%	10.2%	19.2%	17.0%	0.70
Collections / Servicing	7	18.1%	9.3%	2.8%	25.2%	12.9%	2.28
Leasing	8	14.0%	8.8%	5.6%	22.5%	54.0%	1.44
Mortgage Related	6	14.6%	19.7%	2.5%	23.8%	7.6%	0.49
Median		16.8%	15.1%	4.2%	22.5%	12.5%	0.88
Mean		19.4%	17.3%	5.8%	22.0%	19.2%	1.11

* Price/Earnings to Growth ratio is a valuation metric for determining the relative trade-off between the price of a stock, the earnings generated per share (EPS), and the company's expected growth. In general, the P/E ratio is higher for a company with a higher growth rate.

Stock Comparables– Specialty Finance / Alternative Lending Sub-Sectors

(All figures in US Dollars. Figures in millions, except per share data, as of June 1, 2018)

Consumer Lending											
Company Name	Market	Enterprise	LTM	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value	Sales	EBITDA	FY18	FY19	FY18	FY19	FY18	FY19	FY18
Capital One Financial Corporation	\$46,099	NA	\$20,378	NA	NA	NA	NM	NM	9.4x	9.1x	0.8
Synchrony Financial	\$26,447	NA	\$7,216	NA	NA	NA	NM	NM	10.4x	8.8x	0.8
Discover Financial Services	\$25,828	NA	\$7,389	NA	NA	NA	NA	NA	9.6x	9.4x	0.9
SLM Corporation	\$5,014	NA	\$984	NA	NA	NA	NM	NM	11.2x	9.4x	0.6
Provident Financial plc	\$2,168	NA	\$822	NA	NA	NA	NA	NA	12.6x	8.8x	3.1
Santander Consumer USA Holdings Inc.	\$6,629	NA	\$3,563	NA	NA	NA	NA	NA	8.2x	7.6x	1.3
OneMain Holdings, Inc.	\$4,434	NA	\$2,106	NA	NA	NA	NM	NM	6.7x	6.0x	0.9
FirstCash, Inc.	\$4,192	\$4,460	\$1,782	15.4%	2.4x	2.3x	15.3x	13.6x	NM	NM	1.5
Aaron's, Inc.	\$2,807	\$2,977	\$3,494	14.7%	0.8x	0.7x	7.6x	6.6x	11.7x	10.4x	0.7
TCS Group Holding PLC	\$3,714	NA	\$902	NA	NA	NA	NM	NM	9.1x	7.6x	0.3
World Acceptance Corporation	\$978	\$1,191	\$549	27.5%	2.2x	2.1x	NM	NM	14.8x	11.7x	NA
International Personal Finance plc	\$616	\$1,485	\$1,116	22.3%	1.3x	1.2x	NM	NM	NM	NM	0.2
The Bancorp, Inc.	\$646	NA	\$206	NA	NA	NA	NM	NM	14.1x	12.2x	NA
EZCORP, Inc.	\$708	\$846	\$773	10.4%	1.0x	1.0x	7.6x	6.5x	15.3x	12.6x	1.3
Regional Management Corp.	\$425	\$968	\$269	26.3%	3.1x	2.8x	NM	NM	11.2x	9.5x	NA
Monobank ASA	\$89	NA	\$18	NA	NA	NA	NM	NM	12.3x	6.1x	NA
Atlanticus Holdings Corporation	\$24	NA	\$33	NA	NM	NM	NM	NM	NM	NM	NA
Median				18.9%	1.7x	1.6x	7.6x	6.6x	11.2x	9.3x	0.8
Mean				19.4%	1.8x	1.7x	10.2x	8.9x	11.2x	9.2x	1.0

Commercial Lending											
Company Name	Market	Enterprise	LTM	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value	Sales	EBITDA	FY18	FY19	FY18	FY19	FY18	FY19	FY18
CIT Group Inc.	\$5,833	NA	\$2,367	NA	NA	NA	NM	NM	12.6x	12.1x	NA
Credit Acceptance Corporation	\$6,919	NA	\$884	NA	NA	NA	NM	NM	14.0x	12.8x	0.7
NewStar Financial, Inc.	NA	NA	\$82	NA	NM	NM	NM	NM	NM	NM	NA
Marlin Business Services Corp.	\$361	NA	\$93	NA	NA	NA	NM	NM	14.1x	12.1x	NA
Chesswood Group Limited	\$132	NA	\$46	NA	NA	NA	NA	NA	6.1x	5.6x	NA
Zip Co Limited	\$193	\$339	\$20	NM	11.6x	5.9x	NM	NM	NM	NM	NA
Consumer Portfolio Services, Inc.	\$85	NA	\$155	NA	NA	NA	NA	NA	6.1x	5.4x	NA
Median				NA	11.6x	5.9x	NA	NA	12.6x	12.1x	0.7
Mean				NA	11.6x	5.9x	NA	NA	10.6x	9.6x	0.7

Online Lending											
Company Name	Market	Enterprise	LTM	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value	Sales	EBITDA	FY18	FY19	FY18	FY19	FY18	FY19	FY18
LendingClub Corporation	\$1,385	NA	\$602	NA	NA	NA	NA	NA	NM	18.3x	NA
LendingTree, Inc.	\$3,243	\$3,139	\$666	14.0%	4.0x	3.2x	21.0x	15.9x	NM	27.2x	1.4
Yirendai Ltd.	\$1,508	\$1,242	\$975	NM	1.2x	0.9x	4.4x	3.4x	6.7x	4.8x	0.3
Ferratum Oyj	\$569	NA	\$182	NA	NA	NA	NA	NA	16.7x	12.3x	0.4
Enova International, Inc.	\$1,157	NA	\$829	NA	NA	NA	NA	NA	13.8x	11.7x	NA
China Rapid Finance Limited	\$201	\$106	\$99	NM	0.9x	0.5x	NM	NM	NM	8.0x	NA
Elevate Credit, Inc.	\$320	\$752	\$710	11.3%	0.9x	0.8x	5.4x	4.5x	9.8x	6.6x	NA
On Deck Capital, Inc.	\$494	NA	\$205	NA	NA	NA	NA	NA	21.0x	15.3x	NA
MyBucks S.A.	\$191	NA	\$29	NA	NA	NA	NA	NA	NM	24.7x	NA
Median				12.7%	1.1x	0.9x	5.4x	4.5x	13.8x	12.3x	0.4
Mean				12.7%	1.7x	1.4x	10.3x	7.9x	13.6x	14.3x	0.7

Source: Capital IQ

Stock Comparables– Specialty Finance / Alternative Lending Sub-Sectors

(All figures in US Dollars. Figures in millions, except per share data, as of June 1, 2018)

Collections / Servicing

Company Name	Market	Enterprise	LTM	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value	Sales	%	FY18	FY19	FY18	FY19	FY18	FY19	FY18
NaviNet Corporation	\$3,784	NA	\$1,853	NA	NA	NA	NM	NM	7.6x	8.0x	NM
Nelnet, Inc.	\$2,526	NA	\$825	NA	NA	NA	NM	NM	11.3x	12.5x	NA
PRA Group, Inc.	\$1,788	\$3,892	\$830	37.7%	4.3x	4.0x	15.6x	13.1x	19.5x	14.4x	NA
Encore Capital Group, Inc.	\$1,042	\$4,574	\$1,234	31.0%	3.4x	3.1x	10.1x	8.9x	7.7x	5.9x	0.6
PRGX Global, Inc.	\$233	\$231	\$165	6.9%	1.3x	1.2x	9.2x	7.7x	NM	NM	3.9
Performant Financial Corporation	\$114	\$146	\$156	NM	0.9x	1.0x	NM	12.5x	NM	NM	NA
Asta Funding, Inc.	\$24	\$93	\$48	NA	NM	NM	NM	NM	NM	NM	NA
Median				31.0%	2.4x	2.2x	10.1x	10.7x	9.5x	10.3x	2.3
Mean				25.2%	2.5x	2.3x	11.6x	10.6x	11.5x	10.2x	2.3

Leasing

Company Name	Market	Enterprise	LTM	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value	Sales	%	FY18	FY19	FY18	FY19	FY18	FY19	FY18
United Rentals, Inc.	\$13,649	\$22,509	\$7,019	29.5%	3.0x	2.8x	6.1x	5.7x	10.9x	9.9x	0.6
Air Lease Corporation	\$4,672	\$14,307	\$1,537	NM	8.5x	6.9x	9.3x	7.6x	8.0x	6.9x	NM
Element Fleet Management Corp.	\$1,634	NA	\$1,027	NA	NA	NA	NM	NM	7.9x	7.6x	NA
Textainer Group Holdings Limited	\$965	\$4,014	\$507	NM	7.0x	6.6x	8.9x	8.3x	12.4x	10.6x	NA
Rent-A-Center, Inc.	\$539	\$1,055	\$2,659	2.6%	0.4x	0.4x	6.8x	5.9x	NM	16.6x	2.8
FlexiGroup Limited	\$625	NA	\$229	NA	NA	NA	NA	NA	9.5x	8.9x	2.6
CAI International, Inc.	\$495	\$2,186	\$362	30.6%	5.3x	4.8x	7.3x	6.6x	6.3x	5.8x	0.8
Fly Leasing Limited	\$406	\$2,661	\$361	0.0%	6.4x	5.7x	7.3x	6.3x	5.2x	4.5x	0.5
Median				29.5%	5.9x	5.2x	7.3x	6.5x	8.0x	8.2x	0.8
Mean				20.9%	5.1x	4.5x	7.6x	6.7x	8.6x	8.8x	1.4

Mortgage Related

Company Name	Market	Enterprise	LTM	LTM	EV / Sales		EV / EBITDA		P / E		PEG
	Cap	Value	Sales	%	FY18	FY19	FY18	FY19	FY18	FY19	FY18
Nationstar Mortgage Holdings Inc.	\$1,752	NA	\$1,102	NA	NA	NA	NA	NA	7.5x	7.6x	NA
Meta Financial Group, Inc.	\$1,110	NA	\$270	NA	NA	NA	NM	NM	15.1x	9.3x	NA
PHH Corporation	\$352	NA	\$450	NA	NA	NA	NM	NM	NM	NM	NA
PennyMac Financial Services, Inc.	\$499	NA	\$1,218	NA	NA	NA	NM	NM	7.7x	6.6x	0.5
Ocwen Financial Corporation	\$600	\$7,529	\$1,133	23.8%	7.7x	8.2x	NM	NM	NM	NM	NA
Ditech Holding Corporation	\$28	NA	\$595	NA	NA	NA	NA	NA	NM	1.0x	NA
Median				23.8%	7.7x	8.2x	NA	NA	7.7x	7.1x	0.5
Mean				23.8%	7.7x	8.2x	NA	NA	10.1x	6.2x	0.5

Source: Capital IQ

Recent Updates



Alternative lenders are combining alternative data with Artificial Intelligence and Machine Learning to bring a forward-looking approach to credit appraisal

Alternative lenders use multiple alternative data sets, such as a borrower's education and employment history, to gauge creditworthiness. These data sets are combined with traditional credit bureau reports and FICO scores. However, these sources provide a limited understanding of the actual risk of borrowers.

To address this challenge, alternative lenders are combining information from contemporary sources like Artificial Intelligence (AI) and Machine Learning (ML) that help automate data collection and analysis to generate predictive insights.

Alternative lenders are using AI and ML for multiple reasons including credit monitoring, estimating creditworthiness of borrowers, and tracking and pricing a portfolio of loans. For example, Upstart, a lending platform, combines AI and ML with traditional data points so it can observe the performance of customers' loan portfolios on a day-to-day basis.

The current usage of AI and ML is still at a nascent stage in alternative lending; however, it is expected to increase further in the coming quarters.



Alternate lenders are moving to mobile-only platforms to reduce the loan processing time and get more information on creditworthiness of borrowers

Alternative lenders are moving to mobile-only platforms to speed up loan processing and also to find more accurate information about borrowers. Alternative lenders are either developing their mobile apps or acquiring startups that provide such mobile apps.

These apps have the capabilities to scrape through a borrower's phone for data, including text messages, call-history patterns, and geolocation information with due consent. Alternative lenders verify this data with the information they already have to determine creditworthiness.

An example is how consumer lending company MyBucks developed a Harappa app that accesses users' text messages for mobile payment programs. MyBucks then has information on customers' mobile money transactions, which can be used to generate insights on customers' income and expense patterns.

The mobile apps developed by alternative lenders also monitor social media activities to verify borrower identities and understand their behavioral traits. Social media is an important source as users spend a significant portion of their time on many platforms.



Alternative lenders are disrupting the short term financing segment by offering more comprehensive solutions

Alternative lenders are continually disrupting the short-term financing segments—trade finance, receivable finance, and household loans—by offering comprehensive solutions.

Small and medium businesses (SMBs), in particular, require short-term financing. However, they qualify for limited financing from banks due to their low credit ratings.

Alternative lenders are therefore providing comprehensive solutions to improve the creditworthiness of these borrowers.

These solutions combine core lending services with value-added features such as credit scoring capabilities, data analytics, and financial advice.

Alternative lenders are also implementing new technologies to enhance these short-term finance solutions. For example, UK-based Populous is using blockchain for invoice financing to automate settlements via smart contracts.



Key Initiatives by Specialty Finance / Alternative Lending Companies

JetPay expands its customer access to business loans by partnering with Biz2Credit

JetPay Corporation, a leading provider of debit and credit card processing services, payroll, tax, and human capital management services, announced a partnership with Biz2Credit, a leading online resource for small business finance, on May 3, 2018. Through this arrangement, JetPay's customers can access capital through Biz2Credit's small business lending marketplace.

Additionally, Biz2Credit's customers can secure finance quickly, efficiently, and safely by using JetPay's processing solutions. Biz2Credit's financing platform ranges from \$5,000 to \$5 million and can be coordinated in as little as 24 hours for working capital, commercial real estate and equipment purchases, and other capital needs. This partnership is in line with the market trend where more focus is placed on providing financing options to small businesses.

SoFi intends to offer financial advice and other services to personalize its mobile experience

SoFi is personalizing its digital customer experience by offering event planning, career services, and personal finance insights through its mobile app. Advice, the company's digital financial insights and advice tool, will roll out later in 2018, along with the SoFi Money mobile banking services. Through this bundle of product offerings, the company is turning its app into a full-stack financial control center.

The objective is to meet the needs of millennial SoFi customers who prefer to organize multiple aspects of their lives digitally, including having an overview of their financial situation at their fingertips. The company is also diversifying its offerings to cater to different users. SoFi also intends to roll out capabilities to book offline career coaching appointments.

LendInvest partners with Stripe to streamline the loan application process

LendInvest partnered with Stripe on May 17, 2018, to streamline its loan application process. With this partnership, Stripe allows the broker to pay the valuation fee through LendInvest's online buy-to-let portal immediately after borrowers sign the application forms. This process was previously handled manually, where lenders first called the brokers and then the borrowers to arrange payment. Managing these payments through LendInvest's self-service online portal cuts down the overall time taken to complete the application while providing a transparent way to track this stage of the application process.









Finastra's blockchain-based tool for the syndicated lending market goes live as an app

Finastra announced on April 24, 2018, that it has made its blockchain-based Fusion LenderComm tool for the syndicated lending market commercially available as an app on R3's Corda platform. Fusion LenderComm is designed to bring more transparency and efficiency to the heavily manual loan market. It enables financial institutions acting as agents to publish loan data to the ledger and extend self-service capabilities to lenders.

Through their portal, agents can define and then publish lender-specific deal position data so individual lenders can drill down into the data without needing to ask about positions by phone, fax or email. Finastra is also making the tool commercially available as a "low-cost service" for firms acting as agent banks using its Fusion Loan HQ system. Finastra has worked with R3 and seven global banks, including State Street, BNP Paribas, and BNY Mellon to pilot this platform.

Deal Activity

Highlighted M&A Transactions

Date	Target	Acquirer	Sector	Implied EV (\$mm)
05/11/2018	 Ovation Credit Services	 LendingTree	Online Lending	\$21
04/26/2018	 Orchard	 Kabbage	Online Lending	NA
04/16/2018	 IreQuire	 LenderLive	Mortgage Related	NA
03/09/2018	 Thinking Capital	 PURPOSE INVESTMENTS	Commercial Lending	NA

Highlighted Financing Transactions

Date	Company	Key Investor	Type	Amount (\$mm)
05/01/2018	 FIGURE	 Ribbit Capital	Venture	\$50
04/18/2018	 Wunder Capital	 CYRUS CAPITAL PARTNERS	Series B	\$112

- Transaction volumes, especially funding deals, have been strong for the alternative lending sector in Q2:2018.
- Major M&A and financing deals are carried out by alternative lending companies in diverse and niche areas such as student loans and mortgage loans.
- Alternative lending companies have carried out M&A and financing deals to apply new technologies, such as blockchain, and offer value-added capabilities, such as data analytics. The alternative lending companies intend to leverage these value-added services to improve the creditworthiness of borrowers.

Strong transaction volume growth has been observed in niche alternative lending segments

Transaction volumes, especially financing deals, were strong for the alternative lending sector in Q2:2018. The steady growth is observed in diverse and niche segments such as student loans and mortgage loans.

Several new technology players have come up in these niche segments. These startups are providing opportunities for alternative lenders, PE funds, and VC funds who are funding them significantly.

Some of these niche segments such as mortgage lending are highly dependent on paperwork and therefore require automation and improvements in their loan origination process. These new technology players have used the funding proceeds to make improvements in loan origination.

Figure raised \$50 million on April 30, 2018, to develop technologies that enhance its loan origination, custody, trading, and securitization process.

M&A and financing activity for traditional alternative lending businesses has been slow in Q2:2018. Despite the slow rate of deal activity, many of these traditional lending businesses are active in developing or acquiring value-added services such as credit monitoring and data analytical services. These companies are combining these value-added services to enhance their core lending businesses.

Lending Tree acquired Ovation Credit Services on May 11, 2018, to leverage its strong credit bureau relationships and customized personal advice feature.

2018 has already seen some big-ticket M&A and financing deals in the Specialty Finance / Alternative Lending space. Many more significant deals could be in the works.

M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Implied EV (\$mm)
05/11/2018 Transaction Profiled			Online Lending	\$21
04/26/2018 Transaction Profiled			Online Lending	NA
04/16/2018 Transaction Profiled			Mortgage Related	NA
04/12/2018			Mortgage Related	NA
04/04/2018			Commercial Lending	NA
03/09/2018 Transaction Profiled			Commercial Lending	NA
02/27/2018			Mortgage Related	\$369
02/07/2018			Collections / Servicing	\$762
01/08/2018			Mortgage Related	NA

Source: Capital IQ, Pitchbook and Media Reports

Key M&A Deal Profiles (Cont'd)

Lending Tree acquires Ovation Credit Services for an implied EV of \$21 million

Target Company Overview



Ovation Credit Services offers a proprietary software application that facilitates the credit repair process and integrates directly with credit bureaus.

The company also educates consumers on credit improvement via ongoing outreach with Ovation case advisors. Ovation Credit Services was founded in 2004 and is based in Jacksonville, FL.

Solutions Offered

Ovation Credit Services improves credit reports by identifying incomplete and inaccurate information and giving free consultations to borrowers.

The company also educates borrowers on topics such as mortgage, credit repair, and credit cards. The company sends real-time alerts whenever changes to credit reports are made.

Acquisition Details



Lending Tree acquired Ovation Credit Services for \$21 million on May 11, 2018. The consideration includes \$12 million in cash at closing and contingent payments of up to \$8.7 million.

The transaction is subject to regulatory approvals and other customary closing conditions and is expected to close in the second quarter of 2018.

Transaction Rationale

Lending Tree intends to provide more financing options to borrowers and help them realize their financial goals with this acquisition.

Lending Tree intends to leverage Ovation Credit Services' experienced management team, strong credit bureau relationships, and customized software platform to advise borrowers.

Kabbage acquires Orchard for an undisclosed amount

Target Company Overview



Orchard provides market data and analytics for online lenders and financial institutions. Orchard created a platform that helps investors understand, execute, and manage online lending investments. The company was incorporated in 2013 and is based in New York, NY.

Solutions Offered

Orchard's platform helps simplify the complexities of mass-data analysis that is required in capital market transactions and online financial services.

The platform applies forecasting and predictive analytics tools to help investors make optimal decisions.

Acquisition Details



Kabbage acquired Orchard on April 26, 2018, for an undisclosed amount. The acquisition is subject to regulatory approval and customary closing conditions.

Transaction Rationale

Kabbage intends to leverage Orchard's enhanced data analytical capabilities to develop its products and services. Post the acquisition, Kabbage also wants to increase its workforce with a focus on advanced analytics, data science, and engineering.

The acquisition provides Kabbage with the opportunity to bring offline platforms on board and provide them with capital.

Source: Capital IQ, Company Websites and Media Reports



Key M&A Deal Profiles

LenderLive Services acquires reQuire for an undisclosed amount

Target Company Overview



reQuire provides residential and commercial mortgage loan underwriting and due diligence solutions for the financial services industry. reQuire offers diverse services, including lien release tracking, title search and reporting services, title curative services, due diligence, quality assurance, and asset valuation. reQuire was founded in 2002 and is based in Virginia Beach, VA.

Solutions Offered

reQuire's release tracking and reporting service provides search and reporting on mortgage liens to ensure a clear title. The company also offers a service to settlement agents and attorneys tasked with meeting closing deadlines. Its title curative services help obtain unreleased mortgage liens and missing assignments that cloud property titles.

Acquisition Details



LenderLive Services acquired reQuire, from L2 Capital Partners on April 16, 2018. The terms of the deal were not disclosed.

Transaction Rationale

LenderLive Services intends to strengthen its position as a leading provider of financial and compliance services with this acquisition. LenderLive Services wants to enhance its scale and capabilities by adding reQuire's products to its document and settlement service offerings.

Purpose Financial acquires Thinking Capital for an undisclosed amount

Target Company Overview



Thinking Capital Financial Corporation provides small business loans and funding solutions online. The company serves restaurants and bars, retail stores, auto shops, beauty salons and spas, coffee shops, bakeries, fitness clubs, food stores, florists, and pet stores, as well as construction and health services industries.

The company was incorporated in 2005 and is based in Montréal, Canada with an additional office in Toronto.

Solution Features

Thinking Capital provides fixed and flexible financing to small businesses. Funds are transferred in a minimum of 24 hours. The loans can be applied for and approved within minutes and without any paperwork.

Acquisition Details
























Purpose Financial acquired Thinking Capital from TorQuest Partners and other shareholders on March 9, 2018, for an undisclosed amount. The purchase consideration comprises a combination of cash and securities. Following the transaction, Thinking Capital will retain its headquarters in Montreal.

Transaction Rationale

Purpose Financial intends to strengthen its financial position with this acquisition and bring together services such as loan origination, asset management, and technology as a unified entity. The acquisition also enables Purpose Financial to diversify its product capabilities and optimize its technology, distribution, and funding model.

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
05/29/2018	 Octane Lending	Consumer Lending	\$14	Series B	Undisclosed
05/23/2018	 hometap	Mortgage Related	\$12	Series A	
05/22/2018	 LendingExpress	Commercial Lending	\$3	Seed	
05/16/2018	 STUDENT LOAN GENIUS	Consumer Lending	\$4	Seed	
05/01/2018	 FIGURE	Mortgage Related	\$50	Venture	
04/18/2018 <small>Transaction Profiled</small>	 CEREBRO CAPITAL	Commercial Lending	\$2	Series A	
04/18/2018	 Wunder Capital	Commercial Lending	\$112	Series B	
04/17/2018 <small>Transaction Profiled</small>	 PLUM®	Mortgage Related	\$15	Series B	
04/17/2018	 TALA	Consumer Lending	\$65	Series C	
04/17/2018	 TAX GUARD® <small>FUND WITH CONFIDENCE</small>	Commercial Lending	NA	Venture	
04/13/2018	 LEND CORE	Mortgage Related	NA	Venture	

Source: Capital IQ, Pitchbook and Media Reports

Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
04/11/2018	 Liberis	Commercial Lending	\$82	Growth	 BRITISH BUSINESS INVESTMENTS
04/05/2018	 PeerStreet	Mortgage Related	\$30	Series B	 WiL WORLD INNOVATION LAB
04/02/2018	 SoLo	Online Lending	\$2	Venture	 QEY CAPITAL  JUMPSTART! FINANCIAL SKILLS FOR STUDENTS
04/02/2018	 FinanZero	Consumer Lending	\$4	Series A	 >EF Vostok Emerging Finance
03/28/2018	 LendingCrowd THINK OUTSIDE THE BANK	Commercial Lending	\$3	Venture	 equity — gap early stage investment
03/21/2018	 CommonBond	Consumer Lending	\$50	Series D	 FIFTH THIRD BANK
03/15/2018	FUTURE • FINANCE	Consumer Lending	\$50	Series C	KCK Group
03/13/2018	 BONDMAISON	Online Lending	\$3	Venture	 SENECA PARTNERS
03/01/2018	 SUPPLY FINANCE	Commercial Lending	\$4	Venture	 FINCH CAPITAL
02/26/2018	 blender Loans Between People	Online Lending	\$16	Venture	 BLUMBERG CAPITAL
02/16/2018	 TiendaPago	Commercial Lending	\$8	Series A	 Kaszek VENTURES

Source: Capital IQ, Pitchbook and Media Reports



Key Financing Deal Profiles

Figure Technologies receives \$50 million in funding led by DCM Ventures and Ribbit Capital

Target Company Overview

FIGURE

Figure Technologies Inc. provides home equity release solutions. The company was incorporated in 2018 and is based in San Francisco, CA.

Services Offered

Figure Technologies' home equity release solutions include home equity lines of credit, home improvement loans, and home buy-lease back offerings for retirement. The company uses blockchain, artificial intelligence (AI), and advanced analytics to provide consumer credit products.

Financing Details



Figure Technologies raised \$50 million in its first round of funding on May 1, 2018. The transaction was led by DCM Ventures and Ribbit Capital and included participation from Mithril Capital Management LLC.

Use of Funds

Figure Technologies will use the proceeds to grow their business using blockchain technology to facilitate loan approvals in minutes instead of days.

Wunder Capital receives \$112 million in Series B funding led by Cyrus Capital

Target Company Overview



Wunder Capital operates an online platform that allows institutional and individual investors to invest in various solar projects. The company was founded in 2014 and is headquartered in Boulder, CO.

Platform Description

Wunder Capital develops and manages solar investment funds by leveraging its national partnership network, tested processes, proprietary underwriting framework, and best-in-class online investment portal. Wunder actively manages everything, from the sourcing of commercial solar opportunities to the underwriting, contracting, and construction of each project.

Once a system is live, Wunder manages the ongoing operation and maintenance of the array, bills the energy customer, and distributes proceeds to investors.

Financing Details



Wunder Capital received \$112 million in Series B funding led by new investor Cyrus Capital Partners, L.P. on April 18, 2018. The company issued equity and debt in the transaction. The transaction also included participation from existing investors including Techstars Central LLC.

Use of Funds

Wunder Capital will use the proceeds to help businesses go solar, scale its platform further and strengthen its position as the market leader. The company also wants to scale its commercial and industrial loan finance solutions in the United States and expand its project finance offerings. Wunder Capital also plans to double-down on its investments in technology, including the software development team, and grow its network of partners in solar development and installation.

Source: Capital IQ, Company Websites and Media Reports

IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 GreenSky	05/24/2018	\$874	\$23.00	\$26.66	16%
 LEXIN 乐信	12/21/2017	\$108	\$9.00	\$15.06	67%
 CURO	12/11/2017	\$93	\$14.00	\$22.96	64%
 拍拍贷 ppdai.com	11/09/2017	\$221	\$12.09	\$7.69	(36%)
 趣店 Qudian.com	10/18/2017	\$900	\$22.62	\$8.61	(62%)
 信而富® China Rapid Finance	04/28/2017	\$60	\$6.00	\$3.11	(48%)
 Elevate	04/06/2017	\$81	\$6.50	\$7.58	17%
 TransUnion ^{tu}	06/25/2015	\$627	\$22.50	\$69.05	207%
 BLACK KNIGHT [®] FINANCIAL SERVICES	05/19/2015	\$441	\$24.50	\$50.70	107%
 ondeck	12/17/2014	\$200	\$20.00	\$6.65	(67%)
 LendingClub	12/11/2014	\$870	\$15.00	\$3.30	(78%)
 OneMain Financial	10/16/2013	\$358	\$17.00	\$32.67	92%
 PennyMac [®]	05/10/2013	\$200	\$18.00	\$19.90	11%

Source: Capital IQ and Pitchbook, Market data as of June 1, 2018

Select Wall Street Research Updates and Commentary

Update from J.P. Morgan, April 2018

Our increasingly positive view on SC reflects both near-term and long-term catalysts. Longer-term, we believe the operating environment in sub-prime auto lending will improve as used car prices stabilize and lender competition abates. **SC's organic capital generation coupled with benefit from revaluing its net deferred tax liability position the company well headed into the 2018 CCAR process.** We believe this will enable the company to ultimately return more capital to shareholders through 1H19.



Update from Oppenheimer, May 2018

We viewed the fundamentals of Credit Acceptance's 1Q18 earnings as very favorable. Loan growth continued to accelerate, driven by faster dealer/productivity growth. **The troubled '15/'16 vintages are now a much smaller piece of the remaining cash flows to collect, and thus the collections risk seems further reduced.** The NY DFS disclosure was a negative, but we are comfortable with the risk for now. Reported EPS of \$6.17 compares to our/consensus \$6.26/\$6.10 estimates. PT earnings were right in line driven by in-line revenue/slightly higher people expenses to drive the faster loan growth/better credit vs. expectations.



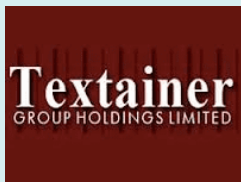
Update from Compass Point, May 2018

FFELP spreads continued to improve sequentially as stronger yields and hedging gains were partially offset by higher funding costs. From a servicing perspective, **we continue to await progress on the new ED servicing contract solicitation, but in the meantime, revenues were stronger than expected with outperformance coming from all key operating lines.** Finally, the company was active on the capital front with meaningful FFELP portfolio acquisitions and a sequential step up in buyback activity.



Update from Compass Point, May 2018

Lessors as a group continue to take down roughly 60% of new container production. Gain on sale margins remain healthy, though future dollar volume of gain on sale will likely be lower given strong lease-out activity/low inventories, despite the expectation for continued high sales prices. **Cash-on-cash yields for new container transactions have improved post-quarter and remain in the low-double digit ROE range, while maturing leases are renewed at higher per diem rates,** though the company notes only ~7% of container contracts expire in 2018. The benefit of higher renewal per diems will be more prevalent in 2019 and beyond, as some of the lowest per diem leases mature.



Update from UBS, May 2018

We are constructive on LendingTree's secular outlook. Our thesis is that **LendingTree will benefit from two trends: the sustained growth in consumer digital search for loan products, and lenders' increasing use of digital channels to source low cost leads.** As a consequence of this outlook, we forecast sustained revenue growth and expanding EBITDA margins driving strong adjusted EBITDA growth of ~30% and EPS growth of ~20-30% over the next three years, and a mid-teens level over the longer term.



Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows:

1	Payments:	ADS, FLT, ENXTPA:EDEN, WEX, FIS, FISV, JKHY, ACIW, EPAY, V, MA, AXP, PYPL, SHOP, ENXTAM:GTO, DBD, CATM, MB, EVRI, PMTS, BOVESPA:CIEL3, FDC, GPN, TSS, VNTV, SQ, LSE:WPG, XTRA:WDI, ENXTPA:WLN, DLX, LSE:PAYS, TSE:3769, QIWI, EVTC, LSE:PAY, UEPS, NEWT, JTPY, ENXTPA:ING, NCR, SZSE:002152, PAY, SEHK:327, AIM:SCH, PAR, WU, EEFT, HAWK, GDOT, MGI, ASX:OFX, PLPM
2	Bank Technology Solutions:	FIS, FISV, JKHY, SWX:TEMN, BSE:532466, TSE:6457, QTWO, SGX:5CP, EPAY, OTCPK:CSVI, BSE:538835, SWX:CLXN, AIM:MONI, LSE:EXPN, EFX, TRU, OM:IJ, FICO, FNF, ZG, CSGP, ELLI, CLGX, BKFS, LSE:ZPG, STC, TSX:REAL, ASPS, REIS, ENXTAM:WKL, PEGA, DNB, ENXTPA:SOP, WSE:ACP, MITK, AIM:SQS, NTWK, INTC, IBM, AXP, PYPL, FDC
3	Specialty Finance / Alternative Lending:	NAVI, NNI, PRAA, ECPG, PRGX, PFMT, ASFI, CIT, CACC, NEWS, MRLN, TSX:CHW, ASX:ZML, CPSS, COF, SYF, DFS, SLM, LSE:PFG, SC, OMF, FCFS, AAN, LSE:TCS, SGBK, WRLD, LSE:IPF, TBBK, EZPW, RM, OB:MONO-ME, ATLC, URI, AL, TSX:EFN, TGH, RCII, ASX:FXL, CAI, FLY, NSM, CASH, PHH, PFSI, OCN, WAC, LC, TREE, YRD, DB:FRU, ENVA, XRF, ELVT, ONDK, DB:MBC
4	Securities:	BGCP, LSE:NXG, LSE:IGG, IBKR, ENXTAM:FLOW, KCG, VIRT, ITG, ENXTPA:VIL, INTL, SWX:CFT, BMV:FINAMEX O, WFC, BAC, C, LSE:HSBA, ASX:CBA, TSX:RY, TSX:TD, ENXTPA:BNP, USB, AXP, LSE:LLOY, PNC, ASX:NAB, TSX:BMO, LSE:BARC, SEHK:11, LSE:RBS, SGX:D05, TSX:CM, NSEI:ICICIBANK, MTB, BIT:MB, UMBF, LSE:CBG, FII, NSEI:IIFL, XTRA:COM, CME, ICE, SEHK:388, XTRA:DB1, LSE:LSE, BOVESPA:BVMF3, NDAQ, CBOE, ASX:ASX, SGX:S68, ENXTPA:ENX, BME:BME, TSX:X, SPGI, TSX:TRI, MCO, INFO, MSCI, FDS, ENXTPA:FIM, MORN, NSEI:CRISIL, VALU, JPM, GS, MS, SWX:UBSG, DB:DBK, SWX:CSGN, ASX:MQG, TSE:8604, RJF, LAZ, SF, PJC, GHL, COWN, AMEX:LTS, AIM:NUM, JMP, BLK, BK, BEN, NTRS, AMP, TROW, IVZ, LSE:HL, LSE:INVP, JHG, AB, CNS, WDR, APAM, WETF, VRTS, SCHW, AMTD, ETFC, MKTX, TSE:8628, AIM:PLUS, TSE:8698, YIN, LSE:CMCX, SWX:SQN, GCAP, GLBR, STT, BR, SEIC, ASX:CPU, DST, LPLA, LSE:TCAP, FNGN, ENV, LSE:SNN, ASX:BVS, ENXTAM:KA, SSNC, CPSE:SIM, LSE:ALFA, ASX:IRE, LSE:FDSA, AIM:FDP, ENXTPA:LIN, AIM:SOG
5	Insurance:	LSE:REL, VRSK, DNB, ACXM, MMC, AON, WLTW, AJG, BRO, LSE:JLT, MET, PRU, CI, TSX:MFC, AFL, LSE:AV, TSX:GWO, TSX:SLF, LSE:LGEN, PFG, LNC, SWX:SLHN, LSE:SL, ENXTAM:AGN, TMK, PRI, ANAT, LSE:HSD, DB:ALV, ENXTPA:CS, AIG, SWX:ZURN, ALL, AFG, GNW, LSE:MONEY, RATE, EHTH, ASX:ISU, QNST, CB, TRV, PGR, HIG, CINF, LSE:RSA, THG, MCY, SIGI, EIG, STFC, MKL, WRB, AIZ, AWH, PRA, AFSI, RLI, AGII, OB, NAVG, AMSF, GBLI, GWRE, EBIX, SPNS, CRD.B, AMEX:MJCO, TSXV:SY, PN, FNF, ORI, FAF, STC
6	BPO:	ENXTPA:RCF, CVG, TTEC, SYKE, SRT, ESRX, ATHN, HQY, BOVESPA:QUAL3, MDRX, HMSY, QSII, CSLT, CPSI, RCM, ADP, PAYX, ULTI, WAGE, TNET, CSOD, NSP, BNFT, ACN, NSEI:TCS, CTSH, NSEI:INFY, DXC, BSE:507685, NSEI:HCLTECH, ENXTPA:CAP, ENXTPA:ATO, DOX, OTEX, NSEI:TECHM, CACI, EXLS, WNS, CALD, SYNT, BSE:532819, NSEI:HEXAWARE, VRTU, UIS, VDSI, LSE:MCGN, BIT:BET, TSX:GIB.A, LSE:CPI, G, BSE:526299, CSGS, BSE:532809, AIM:IBPO, PRGX
7	Financial Management Solutions:	INTU, LSE:SGE, BL, COUP, ASX:RKN, TYL, PEGA, ASX:TNE, QADA, AMSW.A, LSE:MCGN, NSEI:RAMCOSYS, ADP, PAYX, WDAY, ULTI, HRB, PAYC, WAGE, PCTY, CSOD, NSP, LSE:HRG
8	Analytics / IoT:	ORCL, DB:SAP, CRM, VMW, LSE:EXPN, OTEX, SPLK, DATA, FICO, XTRA:SOW, RP, NEWR, MSTR, CLDR, AYY, HDP, VERI, DWCH, GOOGL, MSFT, AMZN, KOSE:A005930, T, CMCS.A, VZ, QCOM, TMUS, HLSE:NOKIA, S, GRMN, LOGM, SLAB, IDCC, AMBA, GLOB, FIT, CTRL, GE, INTC, CSCO, DB:SIE, HON, TXN, TSE:6501, HPE, SWKS, RHT, ARW, PTC, ZBRA, CY, IRDM, TSX:SW, ORBC, CAMP, IBM, LSE:REL, EFX, NLSN, VRSK, IT, TRU, DNB, TDC, CLGX, VRNT, ACXM, FORR, TSX:AIM, MATR
9	Healthcare Tech:	INOV, OMCL, VCRA, TRHC, STRM, CERN, DB:COP, MDRX, EVH, QSII, HSTM, AIM:EMIS, CPSI, COTV, HMSY, ATHN, AIM:CRW, RCM, SREV, UNH, AET, ANTM, HUM, CNC, WCG, NUAN, MMS, MOH, MGLN, GTS, HIIQ



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