



Evolve  
Capital Partners

# QUARTERLY DEALS & MARKET UPDATE

## Specialty Finance / Alternative Lending

December 2019



*Collections / Servicing*



*Commercial Lending*



*Consumer Lending*



*Leasing*



*Mortgage Related*



*Online Lending*

Specialized investment bankers at the intersection of finance and technology

# Overview of Evolve Capital Partners

## ABOUT EVOLVE CAPITAL PARTNERS

- Evolve Capital Partners (Evolve) 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.
- Evolve 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 has served as a proud partner, bringing renewed value to companies at the intersection of finance and technology.
- Founded in 2012 and 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*

**Securities**

**Financial Services**

**Financial Management**

**Specialty Finance**

**Enterprise Software**

**Analytics**

**Payments**

**Lending**

**Insurance**

**BPO**

**IoT**

**B2B**

# We Focus Exclusively on Finance and Technology-Related Firms

## Securities



## Payments



## Insurance



## BPO



## Capabilities

### M&A Advisory

*Sales / Recaps*

*Acquisitions*

*Divestiture*

*Strategic Advisory*

## Specialty Finance / Alternative Lending



## Enterprise Software / Data & Analytics



## Financing

*Private Placements*

*Debt Capital*

*Restructuring*

## Bank Technology / Solutions



## Healthcare Tech



## Financial Management Solutions



# Market Summary and Key Multiples

## Industry Stock Market Performance of Evolve Sector Coverage

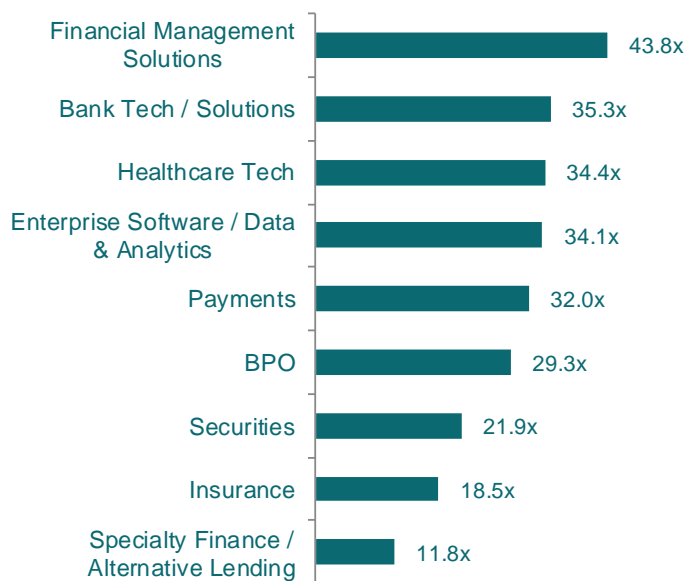
### Indexed Price Performance \*

Sector	3 Months	1 Year	3 Years
Bank Tech / Solutions	1.0%	23.1%	67.8%
BPO	6.2%	11.8%	64.4%
Enterprise Software / Data & Analytics	8.3%	19.3%	63.6%
Financial Management Solutions	8.0%	37.6%	127.2%
Healthcare Tech	14.0%	6.5%	59.0%
Insurance	7.8%	19.2%	53.3%
Payments	1.6%	20.8%	116.0%
Securities	10.8%	9.0%	31.8%
Specialty Finance / Alternative Lending	4.4%	10.4%	34.3%

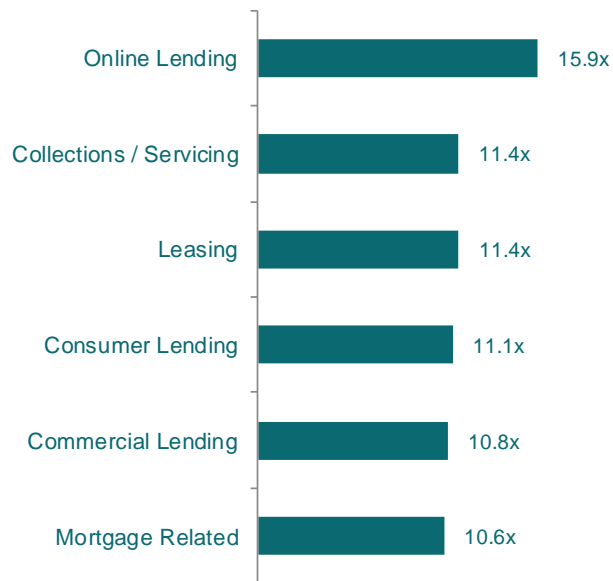
\* Equal weighting method.

## Industry-wide Multiples and Subsector Multiples

### Sector 2020E Price / Earnings Multiples



### Specialty Finance / Alternative Lending 2020E Price / Earnings Multiples



Data as of December 1, 2019  
Source: Pitchbook

## Stock Comparables – Specialty Finance / Alternative Lending Sub-Sectors (1/2)

(All figures in millions of USD, except per share data. Data as of December 1, 2019)

### Collections / Servicing

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
Navient	\$14.35	98.2%	\$3,172	\$1,985	\$497	1%	(9%)	(4%)	25%	1.6x	1.7x	6.0x	5.3x	1.0x	17%
Nelnet	\$63.00	33.2%	\$2,501	\$913	\$121	26%	1%	(14%)	13%	2.2x	2.1x	12.3x	12.1x	1.1x	7%
PRA Group	\$36.64	46.5%	\$1,664	\$952	\$74	4%	7%	(14%)	8%	1.7x	1.6x	20.6x	14.7x	1.5x	16%
Encore Capital Group	\$36.47	90.0%	\$1,133	\$1,399	\$172	(0%)	4%	8%	12%	0.8x	0.8x	6.9x	6.1x	1.2x	21%
PRGX Global	\$4.50	99.9%	\$104	\$173	(\$1)	(2%)	0%	NA	(1%)	0.6x	0.6x	NMF	20.9x	1.9x	(5%)
Asta Funding	\$10.43	91.6%	\$69	\$19	\$9	NA	NA	21%	47%	NA	NA	NA	NA	0.8x	7%
Performant Financial	\$0.95	93.1%	\$51	\$146	(\$28)	1%	19%	NA	(19%)	0.3x	0.3x	NMF	NMF	0.9x	(31%)
<b>MEAN</b>						<b>5%</b>	<b>4%</b>	<b>(1%)</b>	<b>12%</b>	<b>1.2x</b>	<b>1.2x</b>	<b>11.4x</b>	<b>11.8x</b>	<b>1.2x</b>	<b>4%</b>
<b>MEDIAN</b>						<b>1%</b>	<b>3%</b>	<b>(4%)</b>	<b>12%</b>	<b>1.2x</b>	<b>1.2x</b>	<b>9.6x</b>	<b>12.1x</b>	<b>1.1x</b>	<b>7%</b>

### Commercial Lending

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
Credit Acceptance	\$430.46	84.3%	\$8,091	\$1,446	\$646	3%	11%	25%	45%	5.4x	4.9x	12.3x	13.7x	3.4x	30%
CIT Group	\$45.52	86.7%	\$4,312	\$2,313	\$472	(21%)	6%	(1%)	20%	2.4x	2.2x	9.0x	9.2x	0.8x	9%
zipMoney	\$2.65	72.0%	\$934	\$59	(\$8)	40%	67%	NA	(13%)	11.2x	6.7x	NMF	NMF	18.5x	(25%)
Funding Circle	\$1.30	66.6%	\$452	\$207	(\$69)	8%	21%	NA	(33%)	2.0x	1.7x	NMF	NMF	1.0x	(20%)
Marlin Business Services	\$21.44	23.9%	\$261	\$134	\$25	2%	10%	8%	18%	1.9x	1.7x	10.0x	8.2x	1.2x	13%
Chesswood Group	\$8.08	81.6%	\$131	\$66	\$11	45%	8%	(2%)	16%	1.4x	1.3x	13.0x	9.7x	1.2x	11%
Consumer Portfolio Services	\$3.35	84.4%	\$75	\$241	\$11	43%	(12%)	(13%)	4%	0.2x	0.2x	9.6x	6.6x	0.4x	5%
<b>MEAN</b>						<b>17%</b>	<b>16%</b>	<b>3%</b>	<b>8%</b>	<b>3.5x</b>	<b>2.7x</b>	<b>10.8x</b>	<b>9.5x</b>	<b>3.8x</b>	<b>3%</b>
<b>MEDIAN</b>						<b>8%</b>	<b>10%</b>	<b>(1%)</b>	<b>16%</b>	<b>2.0x</b>	<b>1.7x</b>	<b>10.0x</b>	<b>9.2x</b>	<b>1.2x</b>	<b>9%</b>

### Consumer Lending

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
Capital One Financial	\$100.01	45.3%	\$46,577	\$27,410	\$5,324	4%	4%	9%	19%	1.6x	1.6x	9.0x	8.4x	0.8x	11%
Discover	\$84.87	85.9%	\$26,604	\$11,322	\$2,884	1%	5%	11%	25%	2.3x	2.2x	9.3x	8.9x	2.4x	28%
Synchrony Financial	\$37.41	45.5%	\$24,174	\$17,434	\$3,799	(23%)	(1%)	17%	22%	1.8x	1.8x	6.8x	8.2x	1.6x	26%
Santander Consumer USA	\$23.55	93.0%	\$8,005	\$6,497	\$953	21%	6%	6%	15%	1.0x	1.0x	8.3x	7.8x	1.1x	13%
OneMain Holdings	\$43.09	94.3%	\$5,865	\$3,681	\$762	2%	9%	2%	21%	1.6x	1.4x	7.3x	6.8x	1.4x	21%
Aaron's	\$58.40	99.5%	\$3,922	\$3,937	\$200	0%	12%	22%	5%	1.0x	0.9x	19.2x	13.5x	2.1x	27%
Aaron's	\$58.40	65.4%	\$3,922	\$3,937	\$200	0%	12%	22%	5%	1.0x	0.9x	19.2x	13.5x	2.1x	27%
TCS Group Holding	\$18.40	78.9%	\$3,667	\$1,759	\$507	5%	22%	30%	29%	2.0x	1.6x	6.3x	5.4x	2.9x	75%
Sallie Mae	\$8.53	97.1%	\$3,601	\$1,653	\$567	2%	8%	20%	34%	2.1x	2.0x	6.8x	6.1x	1.3x	5%
First Cash Financial Services	\$80.84	84.9%	\$3,450	\$1,847	\$159	1%	5%	5%	9%	1.8x	1.7x	21.3x	18.8x	2.6x	12%
Provident Financial	\$5.54	80.1%	\$1,404	\$1,297	\$76	7%	0%	(26%)	6%	1.0x	1.0x	10.5x	8.3x	1.6x	8%
GreenSky	\$7.44	75.7%	\$1,339	\$506	\$37	6%	18%	NA	7%	2.5x	2.1x	12.0x	10.4x	62.4x	399%
ECN Capital	\$3.35	86.6%	\$805	\$252	(\$123)	(2%)	15%	NA	(49%)	3.2x	2.8x	NMF	15.6x	1.1x	2%
World Acceptance	\$94.99	74.3%	\$752	\$554	\$57	3%	9%	(9%)	10%	1.3x	1.2x	15.1x	13.4x	1.9x	11%
The Bancorp	\$11.09	74.3%	\$631	\$238	\$57	4%	10%	19%	24%	2.6x	2.3x	10.4x	9.2x	1.3x	12%
Curo Financial Technologies	\$13.61	74.0%	\$565	\$1,052	\$67	9%	7%	NA	6%	0.5x	0.5x	5.6x	4.6x	16.1x	481%
International Personal Finance	\$1.81	54.0%	\$404	\$1,077	\$92	8%	(4%)	(3%)	9%	0.3x	0.4x	5.0x	4.7x	0.7x	18%
Regional Management	\$32.50	62.2%	\$358	\$302	\$40	17%	12%	17%	13%	1.0x	0.9x	9.1x	7.8x	1.2x	14%
Ezcorp	\$5.12	91.3%	\$284	\$839	\$2	3%	8%	NA	0%	0.3x	0.3x	17.8x	6.7x	0.4x	4%
Atlanticus Holdings	\$7.95	99.7%	\$126	\$305	\$47	NA	NA	NA	15%	NA	NA	NA	NA	45.1x	NA
<b>MEAN</b>						<b>4%</b>	<b>8%</b>	<b>9%</b>	<b>11%</b>	<b>1.5x</b>	<b>1.4x</b>	<b>11.1x</b>	<b>9.4x</b>	<b>7.5x</b>	<b>63%</b>
<b>MEDIAN</b>						<b>3%</b>	<b>8%</b>	<b>11%</b>	<b>12%</b>	<b>1.6x</b>	<b>1.4x</b>	<b>9.2x</b>	<b>8.3x</b>	<b>1.6x</b>	<b>14%</b>

Source: Pitchbook



## Stock Comparables – Specialty Finance / Alternative Lending Sub-Sectors (2/2)

(All figures in millions of USD, except per share data. Data as of December 1, 2019)


Leasing															
	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
United Rentals	\$153.05	90.5%	\$11,503	\$9,201	\$1,146	1%	3%	26%	12%	1.2x	1.2x	10.0x	8.8x	3.2x	28%
Air Lease	\$46.43	97.7%	\$5,233	\$1,918	\$552	5%	22%	17%	29%	2.6x	2.1x	9.2x	7.5x	1.0x	10%
Element Fleet Management	\$8.63	92.1%	\$3,755	\$1,061	\$159	(30%)	5%	NA	15%	5.1x	4.8x	19.8x	14.0x	1.5x	11%
Rent-A-Center	\$26.03	97.0%	\$1,425	\$2,664	\$135	(0%)	1%	9%	5%	0.5x	0.5x	8.8x	10.0x	3.3x	46%
Fly Leasing	\$19.63	72.2%	\$607	\$443	\$182	26%	(24%)	NA	41%	1.1x	1.4x	3.1x	5.5x	0.8x	15%
FlexiGroup	\$1.32	84.6%	\$521	\$341	\$44	1%	3%	(8%)	13%	1.5x	1.5x	11.4x	10.3x	1.2x	15%
Textainer Group Holdings	\$9.13	64.4%	\$519	\$678	\$40	(2%)	(2%)	(27%)	6%	0.8x	0.8x	13.2x	8.8x	0.4x	5%
CAI International	\$24.10	95.1%	\$420	\$459	\$34	(6%)	1%	1%	7%	1.0x	1.0x	15.8x	7.4x	0.7x	9%
<b>MEAN</b>						<b>(1%)</b>	<b>1%</b>	<b>3%</b>	<b>16%</b>	<b>1.7x</b>	<b>1.7x</b>	<b>11.4x</b>	<b>9.0x</b>	<b>1.5x</b>	<b>17%</b>
<b>MEDIAN</b>						<b>0%</b>	<b>2%</b>	<b>5%</b>	<b>13%</b>	<b>1.2x</b>	<b>1.3x</b>	<b>10.7x</b>	<b>8.8x</b>	<b>1.1x</b>	<b>13%</b>

Mortgage Related															
	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
PennyMac Financial Services	\$34.31	63.7%	\$2,692	\$1,422	\$279	0%	6%	17%	20%	1.9x	1.8x	7.5x	7.4x	1.4x	19%
MetaBank	\$35.57	98.8%	\$1,337	\$452	\$97	3%	NA	(0%)	21%	2.9x	NA	13.7x	9.1x	1.6x	13%
Ocwen Financial	\$1.56	98.6%	\$210	\$1,173	(\$179)	(3%)	(8%)	NA	(15%)	0.2x	0.2x	NMF	NMF	0.6x	(51%)
<b>MEAN</b>						<b>0%</b>	<b>(1%)</b>	<b>9%</b>	<b>9%</b>	<b>1.6x</b>	<b>1.0x</b>	<b>10.6x</b>	<b>8.3x</b>	<b>1.2x</b>	<b>(6%)</b>
<b>MEDIAN</b>						<b>0%</b>	<b>(1%)</b>	<b>9%</b>	<b>20%</b>	<b>1.9x</b>	<b>1.0x</b>	<b>10.6x</b>	<b>8.3x</b>	<b>1.4x</b>	<b>13%</b>

Online Lending															
	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
LendingTree	\$360.53	82.9%	\$4,687	\$1,054	\$13	6%	18%	NA	1%	4.2x	3.6x	NMF	67.9x	12.0x	16%
LendingClub	\$13.81	79.7%	\$1,217	\$645	(\$44)	19%	13%	NA	(7%)	1.6x	1.4x	NMF	36.7x	1.4x	(1%)
Enova International	\$23.03	72.9%	\$778	\$1,221	\$96	2%	8%	(3%)	8%	0.6x	0.6x	10.6x	5.6x	1.8x	30%
Yirendai	\$5.18	15.3%	\$319	\$1,245	\$253	(2%)	15%	NA	20%	0.3x	0.2x	3.2x	3.1x	1.2x	35%
OnDeck	\$4.11	11.8%	\$295	\$398	\$33	12%	6%	NA	8%	0.7x	0.6x	13.8x	13.1x	0.9x	13%
Ferratum Group	\$11.01	73.3%	\$238	\$327	\$27	(3%)	14%	NA	8%	0.8x	0.7x	6.8x	5.6x	1.8x	99%
Elevate Credit	\$4.15	51.2%	\$183	\$767	\$28	(2%)	4%	NA	4%	0.2x	0.2x	5.9x	4.7x	1.3x	23%
MyBucks	\$0.90	72.1%	\$11	\$53	(\$16)	NA	NA	NA	(31%)	NA	NA	NA	NA	NA	(127%)
China Rapid Finance	\$2.75	29.2%	\$2	\$75	(\$67)	82%	31%	NA	(89%)	0.0x	0.0x	55.0x	NA	2.0x	(246%)
<b>MEAN</b>						<b>14%</b>	<b>14%</b>	<b>(3%)</b>	<b>(9%)</b>	<b>1.0x</b>	<b>0.9x</b>	<b>15.9x</b>	<b>19.5x</b>	<b>2.8x</b>	<b>(18%)</b>
<b>MEDIAN</b>						<b>4%</b>	<b>14%</b>	<b>(3%)</b>	<b>4%</b>	<b>0.6x</b>	<b>0.6x</b>	<b>8.7x</b>	<b>5.6x</b>	<b>1.6x</b>	<b>16%</b>













Source: Pitchbook

## Key M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Value (\$mm)	Transaction Comments
12/9/2019	 gradifi <small>A First Republic Company</small>	 E*TRADE	Consumer Lending	\$30	<ul style="list-style-type: none"> <li>Gradifi provides an online program to pay student loan debt</li> <li>The transaction adds financial wellness and student loan tools to E*Trade's product portfolio</li> </ul>
11/8/2019	 Grow Technologies (Technology Assets)	 ATB Financial	Collections / Servicing	NA	<ul style="list-style-type: none"> <li>Grow Technologies provides technology solutions to banks and other financial institution</li> <li>Through the acquisition, ATB seeks to improve its current products to bring an enhanced experience to its customers</li> </ul>
10/28/2019	 capsilon	 EllieMae	Online Lending	NA	<ul style="list-style-type: none"> <li>Capsilon is a provider of AI-enabled mortgage automation software</li> <li>EllieMae plans to Integrating Capsilon's AI-powered solutions with its Encompass Digital Lending platform</li> </ul>
10/17/2019	 Ly Hour (70% stake)	 SBI Holdings	Consumer Lending	\$44	<ul style="list-style-type: none"> <li>Ly Hour is a Cambodian microfinance provider</li> <li>With the acquisition, SBI re-enters the growing banking business in Cambodia</li> </ul>
10/1/2019	 precisionlender	 Q2	Online Lending	\$510	<ul style="list-style-type: none"> <li>PrecisionLender provides an online pricing management solution for lenders</li> <li>The transaction enables Q2 to broaden its technical prowess, solidifying its leading position as a provider of end-to-end digital banking solutions</li> </ul>
9/12/2019	 canvas	 fair	Leasing	NA	<ul style="list-style-type: none"> <li>Canvas is a California-based provider of vehicle leasing platform</li> <li>The transaction furthers Fair's leading position in the vehicle subscription space</li> </ul>

Source: Pitchbook and Media Reports

## Key Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
12/2/2019		Online Lending	\$90	Series C	
11/19/2019		Commercial Lending	\$103	Series F	
11/18/2019		Commercial Lending	\$10	VC Round	
10/28/2019		Crowdfunding	\$60	Series C	
10/22/2019		Real Estate Tech	NA	Series C	
9/30/2019		Consumer Lending	\$50	VC Round	

Source: Pitchbook and Media Reports



## IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 微贷网 weidai.com.cn	11/15/2018	\$45	\$10.00	\$5.95	(41%)
 Funding Circle	9/28/2018	\$392	\$5.87	\$1.30	(78%)
 GreenSky	5/24/2018	\$874	\$23.00	\$7.44	(68%)
 LEXIN乐信	12/21/2017	\$108	\$9.00	\$11.91	32%
 CURO	12/11/2017	\$93	\$14.00	\$13.61	(3%)
 拍拍贷 ppdai.com	11/9/2017	\$221	\$12.09	\$2.93	(76%)
 趣店 Qudian.com	10/18/2017	\$900	\$22.62	\$4.96	(78%)
 信而富® China Rapid Finance	4/28/2017	\$60	\$6.00	\$2.75	(54%)
 Elevate	4/6/2017	\$81	\$6.50	\$4.15	(36%)
 TransUnion <sup>tu</sup>	6/25/2015	\$627	\$22.50	\$86.31	284%
 BLACK KNIGHT <sup>®</sup> FINANCIAL SERVICES	5/19/2015	\$441	\$24.50	\$63.01	157%
 ondeck	12/17/2014	\$200	\$20.00	\$4.11	(79%)
 LendingClub	12/11/2014	\$870	\$15.00	\$13.81	(8%)
 OneMain Financial	10/16/2013	\$358	\$17.00	\$43.09	153%
 PennyMac <sup>®</sup>	5/10/2013	\$200	\$18.00	\$34.31	91%

Data as of December 1, 2019

Source: Pitchbook

## Select Wall Street Research Updates and Commentary



### Update from Raymond James, November 2019

Credit quality continues to be solid. Auto loan growth is strong. While card loan growth is still slightly below our estimate, COF could ramp up origination for the Walmart portfolio in the holiday season and could see some growth acceleration from here. We maintain our estimates and OP rating. Risks to our thesis include higher reserve build.



### Update from Oppenheimer, November 2019

We increase our '20E EBITDA by 1% on higher Opex leverage and maintain our \$25 PT following a solid 3Q profitability beat (EBITDA \$3M above the Street estimate). **We are most encouraged by Originations (+17% y/y) vs. 3% marketing growth and \$1.7B in new committed funding sources, both of which point to LC's ability to remain resilient during a potential downturn where we would expect margins to surpass its 25% medium-term margin target on higher marketing leverage.** We monitor the decelerating revenue implied by 4Q guidance that appears more driven by profitability initiatives and lower fees on a higher-grade mix shift. Trading at 4x our '19E EV/EBITDA vs. expectations for '18-'20 EBITDA growing 34%, we see the market underappreciating LC's scale and ability to weather difficult operating conditions. Maintain Outperform.



### Update from Citi, December 2019

The billion \$ revenue milestones that URI has set in the past for Specialty were both achieved ahead of schedule. We expect it to reach ~\$2.2BB of revenues in 2019, 2-plus years ahead of schedule from the target set in early 2016. The COO (and former Specialty head) believes it can reach \$3BB in the next 4-5 years mostly via organic growth, implying a ~7% CAGR. **We expect URI to continue to allocate a disproportionate amount of its growth capital towards specialty assets. Compared to the (often) more commoditized gen rent, specialty is typically more of a consultative, "solutions" type deal, where price/rate is not the primary differentiator.**



### Update from Morgan Stanley, November 2019

Results included weaker transaction volumes and noise related to one-time items, but overall did little to change the story for GSKY for the near term. Despite the weaker volumes and (run-rate) top line growth, mgmt still sees a path for 20%+ growth in volumes this year, and announced multiple new partnerships to help support its growth. Moreover, **while our estimates come down post-results, we think the issues that will matter more to investors than its fundamentals are 1) the end result of GSKY's strategic alternative review, and 2) its progress towards expanding beyond bank partner funding.**



### Update from Credit Suisse, November 2019

ELVT reported 3Q19 EPS of \$0.11, above our estimate of \$0.06 and consensus of \$0.05. Direct marketing came in \$5 mil below our estimate and was the major driver of the beat (\$0.08 benefit), driven by lower-than-expected CAC and new customers. Lower provision also contributed \$0.05 benefit, driven by lower dollar loss for RISE and Elastic. These were offset by slightly higher-than-expected opex (\$0.02 impact) and other cost of sales. Meanwhile, revenues was in line with our estimate. **We view the quarter as moderately positive given the beat in CAC and provision as well as the raise in profitability guidance, though loan growth was a bit underwhelming and mgmt lowered rev guidance.** While mgmt continues to be conservative in terms of growth, we find initial positive results from the new credit models encouraging, and believe ELVT could return to more normal revenue and loan growth in 2H20.

# Appendix – Coverage Universe Components

The coverage universe for various sectors is as follows:

- 1 Payments:**

PINX:EDNMY, NYS:ADS, NYS:FLT, NYS:WEX, NYS:SHOP, NAS:PYPL, NYS:SQ, PINX:ADYYF, LON:BOKU, NYS:PAGS, NAS:STNE, NYS:EB, NAS:PYPL, NYS:AXP, NYS:MA, NYS:V, NAS:PMTS, NAS:CATM, NYS:DBD, NYS:EVRI, BSP:CIEL3, PAR:WLN, NAS:NEWT, NAS:QIWI, NAS:UEPS, ETR:WDI, NYS:DLX, NYS:EVTC, NYS:GPN, TKS:3769, LON:PAY, NYS:TSS, NAS:IIIV, NAS:EVOP, NAS:ACIW, NAS:EPAY, NAS:FISV, NAS:JKHY, NYS:FIS, GREY:INGIF, HKG:327, SHE:2152, NYS:NCR, NYS:PAR, TSE:LSPD, IDX:MCAS, NAS:EEFT, NAS:MGI, NYS:GDOT, ASX:OFX, NYS:WU
- 2 Bank Technology Solutions:**

NAS:INTC, NAS:PYPL, NYS:AXP, NYS:IBM, BOM:532466, BOM:538835, NAS:EPAY, NAS:FISV, NAS:JKHY, PINX:CSVI, SWX:CLXN, NYS:FIS, TKS:6457, NYS:QWTO, SES:5CP, SWX:TEMN, STO:INTRUM, NYS:EFX, LON:EXPN, NYS:FICO, NYS:TRU, NAS:ASPS, NAS:CSGP, NAS:RDFN, NAS:RP, NAS:ZG, NYS:BKI, NYS:CLGX, NYS:FNF, TSE:REAL, NYS:STC, AMS:WKL, PAR:SOP, NAS:MITK, NAS:NTWK, NAS:PEGA, PINX:ASOZY
- 3 Specialty Finance / Alternative Lending:**

NAS:ASFI, NAS:PCPG, NAS:NAVI, NAS:PFMT, NAS:PRAA, NAS:PRGX, NYS:NNI, NAS:CPSS, NAS:CACC, LON:FCH, NAS:MRLN, TSE:CHW, NYS:CIT, ASX:Z1P, NAS:ATLC, NAS:EZPW, NYS:AAN, NAS:FCFS, NAS:SLM, NAS:TBBK, NAS:WRLD, TSE:ECN, NYS:CURO, NAS:GSKY, NYS:AAN, NYS:COF, NYS:DFS, LON:IPF, NYS:OMF, LON:PFG, NYS:RM, NYS:SC, NYS:SYF, LON:TCS, NAS:RCII, NYS:AL, NYS:CAI, TSE:EFN, ASX:FXL, NYS:FLY, NYS:TGH, NYS:URI, NAS:CASH, PINX:DHCPQ, NYS:OCN, NYS:PFSI, NAS:TREE, ETR:FRU, STU:MBC, NYS:XRF, NYS:ELVT, NYS:ENVA, NYS:LC, NYS:ONDK, NYS:YRD
- 4 Securities:**

AMS:FLOW, PAR:VIL, IEXG:IBKR, NAS:BGCP, NAS:TW, NAS:VIRT, LON:IGG, NYS:LM, NYS:IVZ, NAS:WETF, NYS:BLK, NYS:BEN, NYS:AB, MEX:FINAMEXO, NAS:INTL, SWX:CFT, MIL:MB, PAR:BNP, NSE:ICIBANK, NSE:IIFL, PINX:HSNGY, ETR:COM, NYS:AXP, NYS:BAC, LON:BARC, TSE:BMO, TSE:CM, NYS:C, LON:CBG, ASX:CBA, SES:D05, NYS:FII, LON:HSBA, NYS:JPM, NYS:BAC, NYS:HSBC, LON:LLOY, NYS:MTB, ASX:NAB, NYS:PNC, TSE:RY, LON:RBS, TSE:TD, NYS:USB, NYS:WFC, LON:BME, BSP:B3SA3, PAR:ENX, NAS:CME, NAS:NDAQ, PINX:HKXCY, ETR:DB1, ASX:ASX, BATS:CBOE, NYS:ICE, LON:LSE, SES:S68, TSE:X, NAS:VALU, NAS:MORN, NSE:CRISIL, NYS:FDS, NYS:INFO, NYS:MCO, NYS:MSCI, NYS:IT, NAS:FORR, NYS:RELX, NYS:SPGI, TSE:TRI, LON:NUM, NAS:COWN, ETR:DBK, SWX:CSGN, NYS:GHL, NYS:JPM, NYS:JMP, ASE:LTS, NYS:LAZ, ASX:MQG, NYS:MS, TKS:8604, NYS:PJC, NYS:RJF, NYS:SF, NYS:GS, SWX:UBSG, NYS:AB, NYS:AMP, NYS:APAM, NYS:BLK, NYS:BK, NYS:CNS, NYS:BEN, LON:HL, NYS:IVZ, NYS:JHG, NAS:NTRS, NAS:SEIC, NAS:UMBF, NYS:MTB, NAS:TROW, NAS:VRTS, NYS:WDR, NAS:WETF, NYS:SCHW, LON:CMCX, NAS:ETFC, NYS:GCAP, NAS:MKTX, TKS:8628, NAS:VIRT, IEXG:IBKR, NAS:TIGR, NAS:FHL, TKS:8698, LON:PLUS, SWX:SQN, NAS:AMTD, NAS:YIN, AMS:KA, NAS:LPLA, NYS:AMK, NAS:SEIC, ASX:BVS, NYS:BR, ASX:CPU, NYS:ENV, LON:SNN, NYS:STT, LON:TCAP, PINX:FDRVF, LON:SOG, CSE:SIM, PAR:LIN, NAS:SSNC, LON:ALFA, ASX:IRE, SWX:TEMN
- 5 Insurance:**

NAS:BNFT, NAS:HQY, NAS:PAYX, NAS:WDAY, NYS:NSP, NYS:TNET, NAS:VRSK, NYS:RAMP, LON:REL, NYS:CLGX, NYS:FICO, NAS:WLTW, NYS:AON, NYS:AJG, NYS:BRO, NYS:MMC, NAS:GSHD, PINX:AZSEY, PINX:AXAHY, NYS:ALL, NYS:AFG, NYS:AIG, SWX:ZURN, NAS:EVER, NAS:EHTH, NAS:QNST, LON:GOCO, ASX:ISU, LON:MONY, NAS:CINF, NAS:SIGI, NAS:STFC, NYS:CB, NYS:EIG, NYS:MCY, NYS:PGR, LON:RSA, NYS:THG, NYS:HIG, NYS:TRV, HKG:6060, NAS:AMSF, NAS:GBLI, NYS:ARGO, NYS:AIZ, NYS:MKL, NYS:PRA, NYS:RLI, NYS:WRB, NAS:SPNS, NAS:MJCO, NAS:EBIX, NYS:CRD.B, NYS:GWRE, NYS:FNF, NYS:FAF, NYS:ORI, NYS:STC, PINX:AEGOF, NAS:ANAT, NAS:PFG, NYS:AFL, LON:AV, NYS:CI, TSE:GWO, LON:HSD, LON:LGEN, NYS:LNC, TSE:MFC, NYS:MET, NYS:PRI, NYS:PRU, LON:SLA, TSE:SLF, SWX:SLHN, NYS:GL
- 6 BPO:**

PINX:TLFPY, NAS:SYKE, NAS:TTEC, BSP:QUAL3, NAS:CPSI, NAS:HMSY, NAS:HQY, NAS:MDRX, NAS:NXGN, NAS:RCM, NYS:CSLT, NAS:BNFT, NAS:ADP, NAS:CSOD, NAS:PAYX, NYS:NSP, NYS:TNET, MIL:BET, BOM:507685, NYS:ATO, PINX:CGEMY, NAS:OSPN, NAS:CTSH, NAS:DOX, NAS:EXLS, TSE:OTEX, NAS:VRTU, NSE:HCLTECH, NSE:HEXAWARE, NSE:INFY, NSE:MINDTREE, NSE:TCS, NSE:TECHM, NYS:ACN, LON:APTD, NYS:CACI, NYS:DXC, NYS:UIS, NYS:WNS, LON:IBPO, BOM:526299, BOM:532809, NAS:PRGX, LON:CPI, TSE:GIB.A, NYS:G
- 7 Financial Management Solutions:**

NAS:BL, NAS:COUP, NAS:INTU, ASX:RKN, NAS:DOCU, LON:SGE, NYS:AVLR, ASX:XRO, NAS:MSTR, NAS:SPLK, NYS:TDC, NAS:AMSWA, NAS:APPN, NAS:EPAY, NYS:PLAN, PINX:BPRMF, LON:APTD, NAS:PEGA, NAS:QADA, NSE:RAMCOSYS, ASX:TNE, BSP:TOTS3, NYS:TYL, NAS:ADP, NAS:CSOD, NYS:CDAY, NAS:PAYX, NAS:PCTY, NAS:WDAY, NYS:HRB, NYS:NSP, NYS:PAYC
- 8 Enterprise Software / Data & Analytics:**

ETR:SAP, NAS:VERI, NAS:MSTR, TSE:OTEX, NAS:SPLK, PINX:STWRY, NYS:AYX, NAS:WDAY, NYS:MDLA, NAS:CDLX, NYS:CLDR, LON:EXPN, NYS:FICO, NYS:NEWR, NYS:ORCL, NYS:CRM, NYS:VMW, HEL:NOKIA, GREY:SSNLF, NAS:AMBA, NAS:AMZN, NAS:CMCSA, NAS:GOOGL, NAS:GRMN, NAS:IDCC, NAS:LOGM, NAS:MSFT, NAS:QCOM, NAS:SLAB, NAS:TMUS, NYS:T, NYS:FIT, NYS:GLOB, NYS:S, NYS:VZ, ETR:SAP, NYS:ZUO, NYS:ORCL, NYS:IBM, NYS:CRM, NAS:ADBE, NAS:MSFT, NYS:VMW, NAS:SYMC, NAS:PEGA, NAS:FORR, NAS:VRNT, NAS:VRSK, TSE:AIM, NYS:CLGX, NYS:EFX, NYS:IT, NYS:IBM, NYS:RAMP, LON:REL, NYS:TDC, NYS:NLSN, NYS:TRU
- 9 Healthcare Tech:**

LON:EMIS, NAS:CERN, NAS:CPSI, NAS:HSTM, NAS:MDRX, NAS:NXGN, ETR:COP, NAS:NH, NYS:EVH, NAS:HIIQ, NAS:MGLN, NAS:NUAN, NYS:ANTM, NYS:CNC, NYS:HUM, NYS:MMS, NYS:MOH, NYS:GTS, NYS:UNH, NYS:WCG, NAS:STRM, NAS:TRHC, NAS:HCAT, NAS:INOV, NAS:OMCL, NYS:VCRA, LON:CRW, NAS:STRM, NYS:PHR, NAS:HMSY, NAS:CHNG, NAS:RCM, NAS:SREV



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