



Evolve  
Capital Partners

# QUARTERLY DEALS & MARKET UPDATE

## Specialty Finance / Alternative Lending

March 2020



*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**

**Evolve Capital Partners**

**Capabilities**

**M&A Advisory**

*Sales / Recaps*

*Acquisitions*

*Divestiture*

*Strategic Advisory*

**Financing**

*Private Placements*

*Debt Capital*

*Restructuring*

**Specialty Finance / Alternative Lending**

**Enterprise Software / Data & Analytics**

**Bank Technology / Solutions**

**Healthcare Tech**

**Financial Management Solutions**

# Market Summary and Key Multiples

## Industry Stock Market Performance of Evolve Sector Coverage

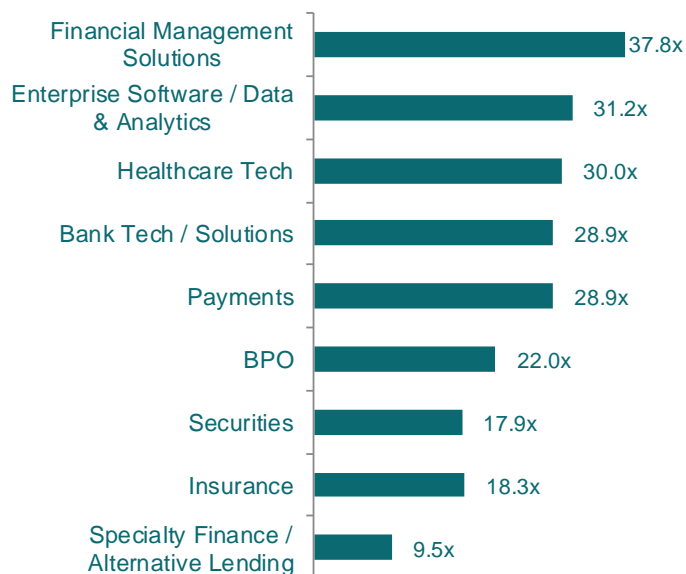
### Indexed Price Performance \*

Sector	3 Months	1 Year	3 Years
Bank Tech / Solutions	1.8%	13.4%	51.1%
BPO	(8.5%)	(4.7%)	38.3%
Enterprise Software / Data & Analytics	(2.9%)	9.3%	43.0%
Financial Management Solutions	(3.2%)	12.4%	97.5%
Healthcare Tech	(2.2%)	0.9%	45.9%
Insurance	(9.3%)	4.8%	30.9%
Payments	(5.5%)	4.7%	79.8%
Securities	(5.7%)	(1.1%)	15.1%
Specialty Finance / Alternative Lending	(9.1%)	(5.0%)	19.7%

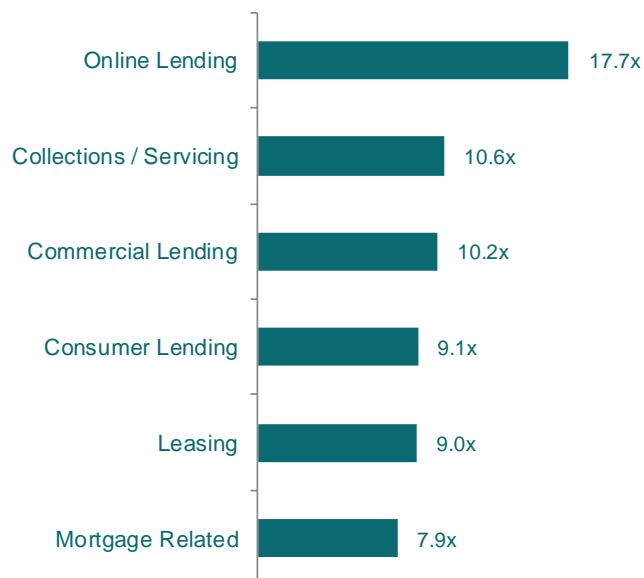
\* Equal weighting method.

## Industry-wide Multiples and Subsector Multiples

### Sector 2021E Price / Earnings Multiples



### Specialty Finance / Alternative Lending 2021E Price / Earnings Multiples



Data as of February 28, 2020  
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 February 28, 2020)

### 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	\$11.23	100.0%	\$2,171	\$1,996	\$597	4%	(8%)	(1%)	30%	1.1x	1.2x	4.6x	3.7x	0.7x	18%
Nelnet	\$53.10	39.4%	\$2,110	\$979	\$142	14%	0%	(12%)	14%	1.8x	1.8x	10.4x	10.6x	0.9x	7%
PRA Group	\$38.82	37.7%	\$1,763	\$952	\$74	13%	12%	(14%)	8%	1.8x	1.6x	21.8x	13.8x	1.5x	17%
Encore Capital Group	\$37.16	75.9%	\$1,156	\$1,398	\$168	2%	9%	8%	12%	0.8x	0.8x	7.0x	5.8x	1.1x	21%
PRGX Global	\$3.61	94.9%	\$83	\$173	(\$1)	(3%)	(2%)	NA	(1%)	0.5x	0.5x	NMF	19.0x	1.6x	0%
Asta Funding	\$9.91	71.7%	\$65	\$20	\$7	NA	NA	25%	35%	NA	NA	NA	NA	0.7x	7%
Performant Financial	\$1.01	94.8%	\$55	\$146	(\$28)	(2%)	19%	NA	(19%)	0.4x	0.3x	NMF	NMF	1.0x	(31%)
<b>MEAN</b>						<b>5%</b>	<b>5%</b>	<b>1%</b>	<b>11%</b>	<b>1.1x</b>	<b>1.0x</b>	<b>10.9x</b>	<b>10.6x</b>	<b>1.1x</b>	<b>6%</b>
<b>MEDIAN</b>						<b>3%</b>	<b>5%</b>	<b>(1%)</b>	<b>12%</b>	<b>1.0x</b>	<b>1.0x</b>	<b>8.7x</b>	<b>10.6x</b>	<b>1.0x</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	\$403.20	73.5%	\$7,319	\$1,489	\$656	16%	10%	24%	44%	4.9x	4.5x	11.6x	18.0x	3.1x	30%
CIT Group	\$39.71	73.7%	\$3,893	\$2,338	\$511	(25%)	15%	8%	22%	2.1x	1.8x	7.8x	8.8x	0.6x	9%
Zip Co	\$1.79	78.9%	\$699	\$82	(\$24)	95%	69%	NA	(29%)	8.4x	5.0x	NMF	NMF	5.4x	(24%)
Funding Circle	\$1.02	44.9%	\$355	\$207	(\$69)	18%	15%	NA	(33%)	1.6x	1.4x	NMF	NMF	0.8x	(11%)
Marlin Business Services	\$19.66	18.7%	\$238	\$134	\$25	30%	9%	8%	18%	1.7x	1.6x	9.2x	8.7x	1.1x	14%
Chesswood Group	\$6.86	77.3%	\$112	\$66	\$11	16%	8%	2%	16%	1.2x	1.1x	11.0x	8.2x	1.1x	11%
Consumer Portfolio Services	\$3.67	79.1%	\$83	\$241	\$11	(12%)	(15%)	(13%)	4%	0.2x	0.3x	10.5x	7.2x	0.4x	6%
<b>MEAN</b>						<b>19%</b>	<b>16%</b>	<b>6%</b>	<b>6%</b>	<b>2.9x</b>	<b>2.2x</b>	<b>10.0x</b>	<b>10.2x</b>	<b>1.8x</b>	<b>5%</b>
<b>MEDIAN</b>						<b>16%</b>	<b>10%</b>	<b>8%</b>	<b>16%</b>	<b>1.7x</b>	<b>1.6x</b>	<b>10.5x</b>	<b>8.7x</b>	<b>1.1x</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	\$88.26	63.7%	\$40,346	\$27,831	\$5,192	5%	6%	8%	19%	1.4x	1.3x	8.0x	7.5x	0.7x	11%
Discover	\$65.58	88.0%	\$20,221	\$11,459	\$2,908	7%	5%	13%	25%	1.8x	1.7x	7.2x	7.4x	1.8x	28%
Synchrony Financial	\$29.10	42.7%	\$17,852	\$17,170	\$3,747	(18%)	(4%)	15%	22%	1.3x	1.4x	5.3x	7.3x	1.2x	25%
Santander Consumer USA	\$24.40	73.4%	\$8,277	\$6,573	\$994	30%	7%	7%	15%	1.1x	1.0x	8.5x	8.7x	1.1x	14%
OneMain Holdings	\$36.75	44.4%	\$5,005	\$3,814	\$855	12%	9%	9%	22%	1.3x	1.2x	6.2x	5.6x	1.2x	22%
Sallie Mae	\$10.37	75.1%	\$4,383	\$1,672	\$561	23%	9%	25%	34%	2.6x	2.4x	8.3x	5.5x	1.5x	22%
TCS Group Holding	\$21.90	71.1%	\$4,365	\$1,759	\$507	50%	21%	48%	29%	2.4x	2.0x	7.9x	7.5x	3.4x	57%
First Cash Financial Services	\$76.92	87.9%	\$3,230	\$1,864	\$165	5%	4%	5%	9%	1.7x	1.7x	20.2x	18.6x	2.4x	13%
Aaron's	\$39.33	76.2%	\$2,625	\$3,948	\$31	3%	7%	(16%)	1%	0.7x	0.6x	12.9x	10.7x	1.5x	18%
Aaron's	\$39.33	48.6%	\$2,625	\$3,948	\$31	3%	7%	(16%)	1%	0.7x	0.6x	12.9x	10.7x	1.5x	18%
GreenSky	\$7.98	50.0%	\$1,436	\$506	\$37	29%	12%	NA	7%	2.7x	2.4x	12.9x	10.9x	67.0x	504%
Provident Financial	\$5.18	67.6%	\$1,312	\$1,297	\$76	(0%)	(4%)	(22%)	6%	1.0x	1.0x	10.4x	8.2x	1.4x	50%
ECN Capital	\$4.10	72.0%	\$985	\$249	(\$24)	22%	14%	NA	(10%)	3.9x	3.5x	NMF	19.5x	1.3x	8%
The Bancorp	\$12.17	84.2%	\$693	\$238	\$57	15%	13%	19%	24%	2.8x	2.5x	11.4x	9.4x	1.4x	13%
World Acceptance	\$78.10	82.0%	\$620	\$561	\$45	14%	7%	(13%)	8%	1.1x	1.0x	10.9x	11.2x	1.6x	14%
International Personal Finance	\$1.88	88.6%	\$420	\$1,077	\$92	4%	(4%)	1%	9%	0.4x	0.4x	5.1x	4.8x	0.7x	17%
Curo Financial Technologies	\$9.23	50.0%	\$383	\$1,052	\$67	5%	3%	NA	6%	0.3x	0.3x	3.8x	3.1x	7.6x	481%
Regional Management	\$25.65	54.3%	\$282	\$302	\$40	16%	14%	17%	13%	0.8x	0.7x	7.2x	6.4x	0.9x	16%
Ezcorp	\$4.80	70.5%	\$267	\$854	\$7	7%	4%	NA	1%	0.3x	0.3x	7.4x	9.7x	0.4x	3%
Atlanticus Holdings	\$13.00	82.0%	\$206	\$306	\$47	NA	NA	NA	15%	NA	NA	NA	NA	74.1x	NA
<b>MEAN</b>						<b>12%</b>	<b>7%</b>	<b>7%</b>	<b>13%</b>	<b>1.5x</b>	<b>1.4x</b>	<b>9.3x</b>	<b>9.1x</b>	<b>8.6x</b>	<b>70%</b>
<b>MEDIAN</b>						<b>7%</b>	<b>7%</b>	<b>8%</b>	<b>11%</b>	<b>1.3x</b>	<b>1.2x</b>	<b>8.1x</b>	<b>8.2x</b>	<b>1.5x</b>	<b>18%</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 February 28, 2020)













	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	\$132.48	55.2%	\$9,853	\$9,351	\$1,174	16%	3%	24%	13%	1.1x	1.0x	8.7x	7.4x	2.6x	29%
Air Lease	\$38.36	76.8%	\$4,348	\$2,017	\$575	20%	14%	16%	29%	2.2x	1.9x	7.6x	6.4x	0.8x	10%
CAI International	\$24.74	83.7%	\$431	\$423	\$34	9%	(2%)	1%	8%	1.0x	1.0x	16.0x	8.7x	0.7x	10%
Rent-A-Center	\$21.29	77.9%	\$1,166	\$2,664	\$135	(0%)	5%	8%	5%	0.4x	0.4x	7.2x	8.1x	2.5x	46%
Fly Leasing	\$17.10	92.1%	\$528	\$465	\$226	39%	(28%)	76%	49%	0.9x	1.3x	2.7x	4.9x	0.6x	19%
Element Fleet Management	\$9.38	68.4%	\$4,095	\$1,062	\$40	(17%)	4%	(4%)	4%	5.4x	5.2x	21.1x	15.8x	1.7x	4%
Textainer Group Holdings	\$8.25	70.2%	\$469	\$678	\$40	9%	3%	(27%)	6%	0.7x	0.7x	12.5x	12.7x	0.4x	5%
FlexiGroup	\$1.01	73.7%	\$448	\$329	\$44	43%	(2%)	(4%)	13%	1.4x	1.4x	9.1x	8.5x	1.0x	15%
<b>MEAN</b>						<b>15%</b>	<b>(0%)</b>	<b>11%</b>	<b>16%</b>	<b>1.6x</b>	<b>1.6x</b>	<b>10.6x</b>	<b>9.0x</b>	<b>1.3x</b>	<b>17%</b>
<b>MEDIAN</b>						<b>12%</b>	<b>3%</b>	<b>5%</b>	<b>10%</b>	<b>1.0x</b>	<b>1.2x</b>	<b>8.9x</b>	<b>8.3x</b>	<b>0.9x</b>	<b>12%</b>

	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	\$35.26	56.1%	\$2,770	\$1,477	\$393	45%	8%	23%	27%	1.9x	1.8x	7.3x	7.2x	1.3x	23%
MetaBank	\$32.85	89.1%	\$1,194	\$457	\$103	56%	3%	26%	22%	2.4x	2.3x	15.2x	8.7x	1.5x	15%
Ocwen Financial	\$1.25	82.1%	\$169	\$1,123	(\$142)	7%	(5%)	NA	(13%)	0.1x	0.2x	NMF	NMF	0.4x	(32%)
<b>MEAN</b>						<b>36%</b>	<b>2%</b>	<b>25%</b>	<b>12%</b>	<b>1.5x</b>	<b>1.4x</b>	<b>11.3x</b>	<b>7.9x</b>	<b>1.1x</b>	<b>2%</b>
<b>MEDIAN</b>						<b>45%</b>	<b>3%</b>	<b>25%</b>	<b>22%</b>	<b>1.9x</b>	<b>1.8x</b>	<b>11.3x</b>	<b>7.9x</b>	<b>1.3x</b>	<b>15%</b>

	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	\$275.82	63.4%	\$3,598	\$1,107	\$18	46%	14%	NA	2%	3.2x	2.8x	NMF	62.1x	8.9x	27%
LendingClub	\$11.01	55.2%	\$979	\$655	(\$31)	29%	5%	NA	(5%)	1.3x	1.2x	NMF	34.3x	1.1x	0%
Enova International	\$19.22	55.8%	\$624	\$1,175	\$37	28%	16%	2%	3%	0.5x	0.4x	8.9x	4.1x	1.7x	36%
Yirendai	\$4.16	9.3%	\$256	\$1,245	\$253	46%	(27%)	NA	20%	0.2x	0.3x	2.8x	3.7x	1.0x	28%
Ferratum Group	\$11.22	58.4%	\$242	\$327	\$27	9%	15%	NA	8%	0.8x	0.7x	9.0x	7.1x	1.8x	102%
OnDeck	\$3.49	15.5%	\$204	\$400	\$28	27%	7%	NA	7%	0.5x	0.4x	11.7x	8.5x	0.9x	9%
Elevate Credit	\$3.30	71.4%	\$142	\$747	\$32	(5%)	2%	NA	4%	0.2x	0.2x	4.7x	3.9x	0.9x	28%
MyBucks	\$0.73	60.2%	\$56	\$31	(\$44)	NA	NA	NA	NMF	NA	NA	NA	NA	NA	NA
China Rapid Finance	\$1.67	23.9%	\$1	\$50	(\$38)	55%	31%	NA	NMF	0.0x	0.0x	33.4x	NA	NA	NA
<b>MEAN</b>						<b>29%</b>	<b>8%</b>	<b>2%</b>	<b>6%</b>	<b>0.8x</b>	<b>0.8x</b>	<b>11.7x</b>	<b>17.7x</b>	<b>2.3x</b>	<b>33%</b>
<b>MEDIAN</b>						<b>29%</b>	<b>11%</b>	<b>2%</b>	<b>4%</b>	<b>0.5x</b>	<b>0.4x</b>	<b>8.9x</b>	<b>7.1x</b>	<b>1.1x</b>	<b>28%</b>

Source: Pitchbook

## Key M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Value (\$mm)	Transaction Comments
2/24/2020	 credit karma	 intuit	Consumer Lending	\$7,100	<ul style="list-style-type: none"> <li>▪ Credit Karma offers free credit scores and personalized financial recommendations</li> <li>▪ The acquisition enables Intuit to create a consumer finance platform leveraging artificial intelligence</li> </ul>
2/18/2020	 RADIUS BANK	 LendingClub	Online Lending	\$185	<ul style="list-style-type: none"> <li>▪ Radius Bank is an online bank providing a full complement of accounts and services</li> <li>▪ With Radius Bank's deposit gathering platform and fintech partnership, LendingClub will create a digitally native marketplace bank</li> </ul>
2/12/2020	 MONEYMOUR	 Klarna	Consumer Lending	NA	<ul style="list-style-type: none"> <li>▪ Moneymour is an Italian provider of POS financing services that following the "buy now, pay later" model</li> <li>▪ Klarna will inherit Moneymour's scoring engine and adopt it to the current products</li> </ul>
1/10/2020	 PaySense	 PayU	Consumer Lending	\$185	<ul style="list-style-type: none"> <li>▪ PaySense is a data-driven platform offering long-term loans to Indian consumers</li> <li>▪ PayU will merge PaySense with its short-term consumer lending business LazyPay, to further diversify its offerings</li> </ul>
1/8/2020	 VARAGON CAPITAL PARTNERS	 Aflac	Commercial Lending	NA	<ul style="list-style-type: none"> <li>▪ Varagon is an asset manager that lends directly to middle market companies</li> <li>▪ Recognizing middle market credit as a strategically important asset class, Aflac diversifies its revenue streams with the transaction</li> </ul>
12/9/2019	 gradifi <small>A Visa 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>

Source: Pitchbook and Media Reports

## Key Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
2/27/2020		Commercial Lending	\$55	Series E (Debt & Equity)	
2/26/2020		Commercial Lending	\$55	Venture Round	 
2/12/2020		Consumer Lending	NA	Corporate Financing	
1/26/2020		Commercial Lending	\$125	Series B	
1/22/2020		Commercial Lending	\$42	Growth	
12/2/2019		Online Lending	\$90	Series C	

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	\$2.04	(80%)
 Funding Circle	9/28/2018	\$392	\$5.87	\$1.02	(83%)
 GreenSky	5/24/2018	\$874	\$23.00	\$7.98	(65%)
 LEXIN乐信	12/21/2017	\$108	\$9.00	\$11.64	29%
 CURO	12/11/2017	\$93	\$14.00	\$9.23	(34%)
 拍拍贷 ppdai.com	11/9/2017	\$221	\$12.09	\$1.98	(84%)
 趣店 Qudian.com	10/18/2017	\$900	\$22.62	\$2.62	(88%)
 信而富® China Rapid Finance	4/28/2017	\$60	\$6.00	\$1.67	(72%)
 Elevate	4/6/2017	\$81	\$6.50	\$3.30	(49%)
 TransUnion <sup>tu</sup>	6/25/2015	\$627	\$22.50	\$88.92	295%
 BLACK KNIGHT <sup>®</sup> FINANCIAL SERVICES	5/19/2015	\$441	\$24.50	\$66.71	172%
 ondeck	12/17/2014	\$200	\$20.00	\$3.49	(83%)
 LendingClub	12/11/2014	\$870	\$15.00	\$11.01	(27%)
 OneMain Financial	10/16/2013	\$358	\$17.00	\$36.75	116%
 PennyMac <sup>®</sup>	5/10/2013	\$200	\$18.00	\$35.26	96%

Data as of February 28, 2020

Source: Pitchbook

## Select Wall Street Research Updates and Commentary



### Update from Credit Suisse, February 2020

Card Growth More Or Less The Same, No Noticeable Acceleration Yet: EOP Domestic Card loans grew 10% y/y to \$115.5 Bn, a 5 bps deceleration from December. Growth is tracking ~2 ppt below our 1Q estimate of 12.6%. Credit Continues To Be Very Healthy, 1Q Losses Tracking Significantly Below (Better Than) Estimate: Delinquencies in January were down 6 bps y/y. COF no longer discloses the impact of the Walmart portfolio on delinquency, though we believe the y/y change continues to indicate solid trend. Accelerating Growth in Auto, Credit Solid: Auto loans grew 8% y/y (111 bps m/m acceleration) to \$60.9 Bn. Growth has been rebounding considerably for a while now. Bottom Line: **credit quality continues to be very solid. Auto loan growth is strong. That said, card loan growth continues to be below our estimate.** We maintain our estimates and OP rating. Risks to our thesis include higher reserve build.



### Update from Morgan Stanley, February 2020

**We believe LendingClub's planned acquisition of Radius will be a watershed moment both for its trajectory as a business (given its nearly complete strategy shift towards actual marketplace banking), as well as for the broader fintech banking-related space as its peers and investors monitor the success (or lack thereof) of this move.** As we stated at the time of the announcement (here), it certainly could be the singular step needed to give LC its stated strategic and financial goals (such as recapturing economics in the ecosystem and allowing for more diversified earnings streams).



### Update from Credit Suisse, March 2020

Nelnet reiterated that they **filed an application for a Utah industrial bank with plans to take online deposits and offer private student loans.** We are interested in the project's level of investment, upfront and ongoing. We also note that NNI extended the maturity and size of one of their credit facilities and ask whether they plan to make more refi or consumer loans. Reiterating that they are making CapEx over buybacks, in 2019 management invested \$103mm into venture capital, solar, and real estate and we are curious whether **they will continue to spend ~4% of equity on unique projects. Regarding telecommunications, Allo is considering expansion to certain mid-west communities** and they recently announced they will enter Imperial Nebraska. They expect 2020 CapEx of \$35-\$45mm. Last, we are attentive to Hudl's valuation and any plans for an exit.



### Update from Credit Suisse, February 2020

**Still Good Growth But Decelerated From Last Month: Card loans grew 5.4% y/y (48 bps deceleration from December) to \$75.9 Bn. Growth in 1QTD is tracking below our estimate for the quarter of 6%. Mgmt mentioned at a conference last year that DFS has been taking some risk off, partly through cutting back on line increases for existing accounts.** Maintain Estimates and Reiterate Outperform. In summary, continued good growth (though decelerating) and stable credit quality (consistent with mgmt's view that delinquencies have largely stabilized) support our view of continued strength in U.S. consumer. The focus in 2020 will be on DFS' heavy spending plan. No change to our estimates, target price and Outperform rating.



### Update from Oppenheimer, February 2020

TREE filed an 8-K with new Revenue/Contribution-Profit Segment disclosures in Home, Consumer, Insurance, and Other. We update our model's revenue/MMM drivers to conform with new disclosures but leave our '20E/'21E total revenue/EBITDA largely unchanged. We believe the new operating segments will allow investors to better gauge MLT's impact on overall margins and the underlying health of TREE's products. Key takeaways from new disclosures are: **1) Insurance is generating 40% segment margins that we expect to remain relatively stable; 2) Consumer margins declined ~700bps in 2Q:19/3Q:19 on CC&PL competition; and 3) Home margins are improving on better refinance trends. TREE reports 4Q results (2/25 BTO),** and we expect limited change to FY outlook compared to its 12/11/19 Investor Day. Maintain Outperform and \$380 PT.

# 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, NYS: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:UEPL, 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:QTWO, 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:ECPG, 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:ICIBIBANK, 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:FI, 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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