



Evolve  
Capital Partners

# QUARTERLY DEALS & MARKET UPDATE

## Specialty Finance / Alternative Lending

September 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



## Capabilities

### M&A Advisory

*Sales / Recaps*

*Acquisitions*

*Divestiture*

*Strategic Advisory*

### Specialty Finance / Alternative Lending



### Enterprise Software / Data & Analytics



### Bank Technology / Solutions



### Healthcare Tech



## Financing

*Private Placements*

*Debt Capital*

*Restructuring*

### Financial Management Solutions



## Market Summary and Key Multiples

### Industry Stock Market Performance of Evolve Sector Coverage

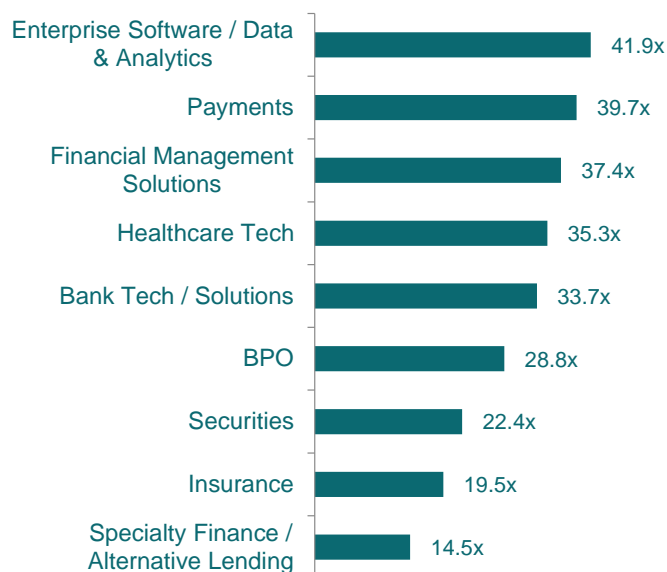
#### Indexed Price Performance \*

Sector	3 Months	1 Year	3 Years
Bank Tech / Solutions	19.4%	25.5%	63.3%
BPO	22.2%	3.2%	40.9%
Enterprise Software / Data & Analytics	16.3%	31.1%	77.5%
Financial Management Solutions	23.9%	40.5%	115.0%
Healthcare Tech	15.1%	36.4%	41.7%
Insurance	13.4%	(0.2%)	18.6%
Payments	19.9%	15.2%	86.0%
Securities	11.1%	9.8%	16.6%
Specialty Finance / Alternative Lending	23.3%	(10.1%)	19.0%

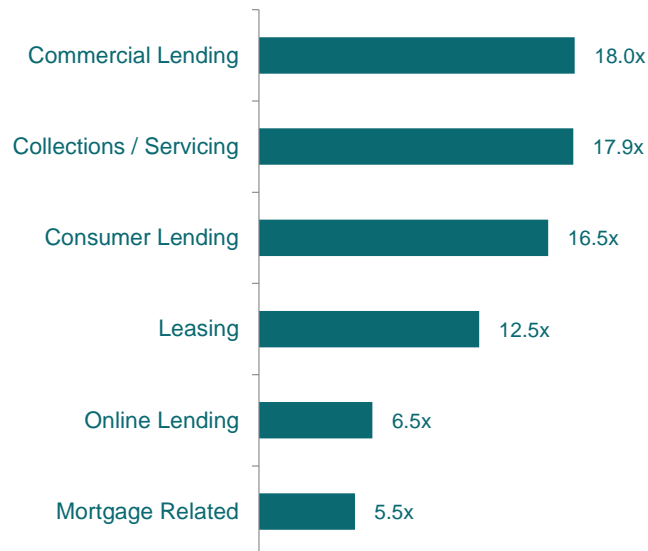
\* Equal weighting method.

### Industry-wide Multiples and Subsector Multiples

#### Sector 2021E Price / Earnings Multiples



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



Data as of September 1, 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 September 1, 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	Revenue		Earnings LT		CY 2020	CY 2021	CY 2020	CY 2021			CY 2020	CY 2021
Nelnet	\$66.19	94.6%	\$2,537	\$1,073	\$122	14%	(1%)	(14%)	11%	2.2x	2.2x	12.9x	16.6x	1.1x	7%		
PRA Group	\$46.50	98.2%	\$2,119	\$1,026	\$129	13%	5%	(8%)	13%	2.1x	2.0x	24.6x	16.1x	1.8x	29%		
Navient	\$9.13	58.9%	\$1,771	\$1,693	\$336	4%	(8%)	(11%)	20%	0.9x	1.0x	3.8x	6.0x	0.8x	20%		
Encore Capital Group	\$48.43	99.8%	\$1,518	\$1,419	\$202	2%	4%	9%	14%	1.1x	1.0x	9.1x	6.3x	1.5x	24%		
PRGX Global	\$5.55	87.4%	\$131	\$165	(\$9)	(1%)	(4%)	NA	(5%)	0.8x	0.8x	NMF	44.4x	2.6x	4%		
Asta Funding	\$13.04	97.5%	\$86	\$17	\$3	NA	NA	90%	19%	NA	NA	NA	NA	0.9x	4%		
Performant Financial	\$0.62	50.0%	\$34	\$159	(\$32)	(5%)	19%	NA	(20%)	0.2x	0.2x	NMF	NMF	1.0x	(9%)		
MEAN						5%	2%	13%	7%	1.2x	1.2x	12.6x	17.9x	1.4x	11%		
MEDIAN						3%	2%	(8%)	13%	1.0x	1.0x	11.0x	16.1x	1.1x	7%		

### 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							
				Revenue	Net Income	CY 2020	CY 2021	LT							
Credit Acceptance	\$374.07	69.4%	\$6,602	\$1,560	\$340	16%	8%	5%	22%	4.4x	4.1x	10.7x	32.9x	3.2x	16%
Zip Co	\$5.89	76.5%	\$2,301	\$82	(\$24)	105%	108%	NA	(29%)	26.3x	12.6x	NMF	NMF	16.3x	(24%)
CIT Group	\$19.46	39.7%	\$1,916	\$2,327	(\$462)	(25%)	(2%)	NA	(20%)	1.0x	1.1x	3.8x	NMF	0.4x	(1%)
Funding Circle	\$1.04	52.5%	\$365	\$214	(\$108)	13%	(11%)	NA	(51%)	1.7x	1.9x	NMF	NMF	0.9x	(14%)
Marlin Business Services	\$6.85	26.9%	\$82	\$134	(\$2)	18%	(17%)	NA	(2%)	0.6x	0.7x	3.2x	NMF	0.4x	3%
Consumer Portfolio Services	\$3.30	76.7%	\$75	\$199	\$16	20%	(20%)	(8%)	8%	0.2x	0.3x	9.4x	3.1x	0.6x	11%
Chesswood Group	\$4.47	52.9%	\$73	\$71	(\$9)	48%	(11%)	NA	(12%)	0.8x	0.8x	7.2x	NMF	0.8x	4%
MEAN						28%	8%	(1%)	(12%)	5.0x	3.1x	6.9x	18.0x	3.2x	(1%)
MEDIAN						18%	(11%)	(1%)	(12%)	1.0x	1.1x	7.2x	18.0x	0.8x	3%

### 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		Earnings		CY 2020	CY 2021	CY 2020	CY 2021		
				Revenue	Net Income	CY 2020	CY 2021	LT							
Capital One Financial	\$68.58	63.7%	\$31,316	\$27,471	(\$118)	5%	(3%)	NA	(0%)	1.1x	1.1x	6.2x	NMF	0.6x	1%
Discover	\$52.97	60.6%	\$16,231	\$11,394	\$1,008	7%	(4%)	(8%)	9%	1.4x	1.5x	5.8x	50.7x	1.9x	11%
Synchrony Financial	\$24.86	65.1%	\$14,512	\$16,085	\$2,099	(18%)	(12%)	5%	13%	1.1x	1.2x	4.5x	17.9x	1.3x	16%
Santander Consumer USA	\$17.09	62.8%	\$5,231	\$6,667	\$278	30%	1%	(21%)	4%	0.7x	0.7x	6.0x	NMF	1.1x	4%
TCS Group Holding	\$24.70	90.5%	\$4,923	\$2,231	\$599	23%	3%	80%	27%	2.9x	2.9x	9.2x	11.1x	3.2x	47%
OneMain Holdings	\$29.14	59.6%	\$3,914	\$3,941	\$630	12%	2%	10%	16%	1.0x	1.0x	4.9x	8.5x	1.2x	17%
Aaron's	\$56.55	71.9%	\$3,797	\$4,099	(\$279)	3%	4%	NA	(7%)	1.0x	0.9x	18.6x	NMF	2.5x	30%
Sallie Mae	\$7.68	62.3%	\$2,882	\$1,907	\$533	23%	9%	20%	28%	1.7x	1.6x	6.1x	7.1x	1.8x	24%
First Cash Financial Services	\$58.21	57.1%	\$2,412	\$1,830	\$148	5%	(9%)	5%	8%	1.3x	1.4x	15.3x	21.3x	2.0x	12%
ECN Capital	\$4.03	86.4%	\$975	\$251	(\$6)	22%	4%	NA	(2%)	3.9x	3.8x	NMF	33.6x	1.4x	11%
Provident Financial	\$3.06	47.8%	\$776	\$1,097	\$46	(11%)	(5%)	(32%)	4%	0.7x	0.7x	7.2x	NMF	0.8x	5%
GreenSky	\$4.24	43.1%	\$773	\$542	\$18	29%	3%	NA	3%	1.4x	1.4x	6.8x	18.4x	NA	NMF
World Acceptance	\$94.65	66.4%	\$702	\$548	\$35	13%	(8%)	(17%)	6%	1.2x	1.3x	13.7x	15.3x	1.8x	13%
The Bancorp	\$9.52	69.3%	\$548	\$257	\$55	(12%)	12%	24%	21%	2.2x	2.0x	8.9x	7.5x	1.0x	14%
Curo Financial Technologies	\$7.93	46.7%	\$324	\$949	\$116	26%	(22%)	NA	12%	0.3x	0.4x	3.3x	4.8x	3.5x	207%
Ezcorp	\$5.45	63.9%	\$300	\$870	(\$46)	7%	(1%)	NA	(5%)	0.3x	0.3x	8.4x	NMF	0.4x	1%
Regional Management	\$18.33	52.5%	\$208	\$336	\$29	29%	2%	18%	9%	0.6x	0.6x	4.8x	16.0x	0.8x	12%
International Personal Finance	\$0.87	37.2%	\$194	\$1,053	\$92	8%	(7%)	1%	9%	0.2x	0.2x	2.3x	2.5x	0.4x	16%
Atlanticus Holdings	\$9.49	51.7%	\$152	\$401	\$35	NA	NA	(3%)	9%	NA	NA	NA	NA	6.8x	NMF
MEAN						11%	(2%)	6%	9%	1.3x	1.3x	7.8x	16.5x	1.8x	26%
MEDIAN						10%	(0%)	5%	9%	1.1x	1.2x	6.2x	15.3x	1.3x	13%

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 September 1, 2020)

### Leasing

	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %	
						Revenue		Earnings		CY 2020	CY 2021	CY 2020	CY 2021			CY 2020
				Revenue	Net Income	CY 2020	CY 2021	LT								
United Rentals	\$182.54	97.7%	\$13,158	\$9,008	\$1,114	16%	(10%)	21%	12%	1.4x	1.6x	11.9x	15.1x	3.4x	25%	
Element Fleet Management	\$8.28	81.3%	\$3,627	\$1,019	\$35	(19%)	(6%)	(20%)	3%	4.9x	5.2x	18.9x	19.6x	1.6x	5%	
Air Lease	\$31.59	63.2%	\$3,594	\$2,112	\$590	20%	4%	20%	28%	1.8x	1.7x	6.3x	6.8x	0.6x	10%	
Rent-A-Center	\$31.36	93.6%	\$1,688	\$2,703	\$160	0%	4%	8%	6%	0.6x	0.6x	10.6x	11.0x	3.5x	36%	
Textainer Group Holdings	\$12.29	99.6%	\$655	\$652	\$51	(2%)	(5%)	(22%)	8%	1.0x	1.1x	18.3x	16.6x	0.5x	2%	
CAI International	\$22.48	76.0%	\$395	\$358	(\$8)	9%	(22%)	(10%)	(2%)	0.9x	1.2x	14.6x	17.1x	0.7x	9%	
FlexiGroup	\$0.83	46.9%	\$339	\$329	\$44	47%	(5%)	(4%)	13%	1.0x	1.1x	8.7x	10.6x	0.8x	13%	
Fly Leasing	\$7.37	31.8%	\$225	\$398	\$175	39%	(37%)	NA	44%	0.4x	0.6x	1.2x	3.5x	0.3x	13%	
MEAN						14%	(10%)	(1%)	14%	1.5x	1.6x	11.3x	12.5x	1.4x	14%	
MEDIAN						12%	(6%)	(4%)	10%	1.0x	1.1x	11.3x	13.1x	0.8x	11%	

### Mortgage Related




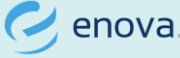








	Stock Price	% of 52-Wk. High	Market Value	LTM		Growth Rates:			LTM Net Income %	Market Value / Rev.		Price / Earnings		Price Book	ROE %
						Revenue	Earnings	LT		CY 2020	CY 2021	CY 2020	CY 2021		
				Revenue	Net Income	CY 2020	CY 2021	LT		CY 2020	CY 2021	CY 2020	CY 2021		
PennyMac Financial Services	\$53.85	96.2%	\$3,898	\$2,470	\$933	46%	117%	43%	38%	2.7x	1.3x	11.2x	3.4x	1.7x	45%
MetaBank	\$19.19	48.0%	\$665	\$441	\$112	57%	(9%)	29%	25%	1.3x	1.5x	7.9x	7.5x	0.8x	13%
Ocwen Financial	\$18.40	59.8%	\$160	\$1,026	(\$31)	5%	(35%)	NA	(3%)	0.1x	0.2x	NMF	NMF	0.4x	(8%)
MEAN						36%	24%	36%	20%	1.4x	1.0x	9.5x	5.5x	1.0x	17%
MEDIAN						46%	(9%)	36%	25%	1.3x	1.3x	9.5x	5.5x	0.8x	13%

### 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	Earnings	CY 2020		CY 2021	LT	CY 2020	CY 2021		
				Revenue	Net Income										
LendingTree	\$312.21	79.5%	\$4,095	\$1,033	(\$9)	46%	(20%)	16%	(1%)	3.7x	4.6x	NMF	NMF	10.0x	21%
Enova International	\$17.80	60.7%	\$536	\$1,211	\$30	28%	(16%)	8%	2%	0.4x	0.5x	8.2x	5.7x	1.1x	28%
LendingClub	\$5.48	35.8%	\$392	\$468	(\$155)	29%	(62%)	NA	(33%)	0.5x	1.3x	NMF	NMF	0.5x	(9%)
Ferratum Group	\$5.48	34.9%	\$118	\$297	\$12	2%	(18%)	8%	4%	0.4x	0.5x	4.6x	NMF	0.8x	77%
OnDeck	\$1.67	35.5%	\$98	\$372	(\$39)	27%	(25%)	NA	(10%)	0.2x	0.3x	5.6x	NMF	0.5x	(12%)
Elevate Credit	\$2.12	35.5%	\$86	\$660	\$17	(5%)	(34%)	NA	3%	0.1x	0.2x	3.0x	7.2x	0.6x	30%
MyBucks	\$0.36	36.0%	\$28	\$31	(\$44)	NA	NA	NA	(141%)	NA	NA	NA	NA	NA	NA
China Rapid Finance	\$1.89	26.4%	\$26	\$49	(\$10)	67%	41%	NA	(20%)	0.2x	0.1x	37.9x	NA	4.2x	NA
MEAN						28%	(19%)	10%	(25%)	0.8x	1.1x	11.9x	6.5x	2.5x	22%
MEDIAN						28%	(20%)	8%	(6%)	0.4x	0.5x	5.6x	6.5x	0.8x	24%

Source: Pitchbook

## Key M&A Transaction Activity Summary

Date	Target	Acquirer(s)	Sector	Value (\$mm)	Transaction Comments
8/17/2020	 Kabbage		Online Lending	~\$850	<ul style="list-style-type: none"> <li>Kabbage is a FinTech and data company providing an automated platform for small businesses to access working capital.</li> <li>The acquisition will accelerate AMEX's plans to offer U.S. small businesses an easy and efficient way to manage payments and cash flow digitally in one place.</li> </ul>
7/28/2020			Online Lending	\$90	<ul style="list-style-type: none"> <li>OnDeck uses data analytics and digital technology to make real-time lending decisions and deliver capital rapidly to small businesses online.</li> <li>The acquisition brings together two complementary, market-leading businesses with world-class capabilities in consumer and small business online lending.</li> </ul>
7/27/2020			Mortgage Related	\$1,800	<ul style="list-style-type: none"> <li>Optimal Blue's online marketplace aims to connect originators, investors, and providers in the mortgage industry with each other.</li> <li>Black Knight said it plans to combine its Compass Analytics business with Optimal Blue to form a new entity.</li> </ul>
7/3/2020			Online Lending	NA	<ul style="list-style-type: none"> <li>London-based Lending Works enables partner firms to provide their customers with access to credit products easily.</li> <li>Intriva Capital will help to expand existing operations and venture into new areas and products, leveraging its extensive operational experience managing and growing consumer lending businesses in the UK and across Europe.</li> </ul>
6/17/2020			Consumer Lending	\$15	<ul style="list-style-type: none"> <li>Qbera is a fintech platform that disburses loans to salaried individuals through various lending partnerships.</li> <li>The acquisition will augment InCred's digital distribution strengths. Conversely, InCred's legacy personal loans expertise will be beneficial to the platform business.</li> </ul>
6/16/2020			Commercial Lending	NA	<ul style="list-style-type: none"> <li>Omni provides digital working capital solutions to SME suppliers of large companies in Chile and Colombia.</li> <li>The acquisition of Omni will significantly expand Greensill's capabilities in Latin America, which is considered a highly attractive growth market for the company.</li> </ul>

Source: Pitchbook and Media Reports

## Key Financing Transaction Activity Summary

Date	Target	Sector	Amount (\$mm)	Type	Key Investor(s)
7/24/2020	 GLOBAL MONEY APP	Consumer Lending	\$580	Series D	<b>Ribbit Capital</b> <b>TSG CONSUMER</b> <b>TCV</b>
7/23/2020		Mortgage Related	\$53 (Incl. \$38 of debt)	Series A	<b>P1CUS CAPITAL</b> <b>GFC</b>
6/24/2020		Commercial Lending	\$28	Series E	<b>capitalG</b>   <b>Lightstone</b>
6/18/2020		Online Lending	\$12	Series B	<b>KFW DEG</b>  <b>mercado libre</b>
6/17/2020		Consumer Lending	\$45	Series D	 <b>Ribbit Capital</b>  
6/3/2020		Consumer Lending	\$241	Series D	  <b>WARBURG PINCUS</b>

Source: Pitchbook and Media Reports



## IPO Activity Summary

Company	IPO Date	Amount Raised (\$mm)	IPO Price	Current Market Price	Total Return
 <b>ROCKET</b>	8/6/2020	\$1,800	\$18.00	\$30.71	71%
 <b>velocity</b> Financial, Inc.	1/17/2020	\$94	\$13.00	\$5.05	(61%)
 <b>金融壹账通</b> ONECONNECT	1/16/2020	\$312	\$10.00	\$21.48	115%
 <b>微贷网</b> weidai.com.cn	11/15/2018	\$45	\$10.00	\$1.27	(87%)
 <b>Funding Circle</b>	9/28/2018	\$392	\$5.87	\$1.04	(82%)
 <b>GreenSky</b>	5/24/2018	\$874	\$23.00	\$4.24	(82%)
 <b>LEXIN 乐信</b>	12/21/2017	\$108	\$9.00	\$7.73	(14%)
 <b>CURO</b>	12/11/2017	\$93	\$14.00	\$7.93	(43%)
 <b>拍拍贷</b> ppdai.com	11/9/2017	\$221	\$12.09	\$1.87	(85%)
 <b>趣店</b> Qudian.com	10/18/2017	\$900	\$22.62	\$1.53	(93%)
 <b>信而富</b> <sup>®</sup> China Rapid Finance	4/28/2017	\$60	\$6.00	\$1.89	(68%)
 <b>E/evate</b>	4/6/2017	\$81	\$6.50	\$2.12	(67%)
 <b>TransUnion</b> <sup>tu</sup>	6/25/2015	\$627	\$22.50	\$87.93	291%
 <b>BLACK KNIGHT</b> <sup>®</sup> FINANCIAL SERVICES	5/19/2015	\$441	\$24.50	\$85.48	249%
 <b>ondeck</b>	12/17/2014	\$200	\$20.00	\$1.67	(92%)
 <b>LendingClub</b>	12/11/2014	\$870	\$15.00	\$5.48	(63%)
 <b>OneMain</b> Financial	10/16/2013	\$358	\$17.00	\$29.14	71%
 <b>PennyMac</b> <sup>®</sup>	5/10/2013	\$200	\$18.00	\$53.85	199%

Data as of September 1, 2020

Source: Pitchbook

## Select Wall Street Research Updates and Commentary

### Update from Credit Suisse, August 2020



Card Growth Continues To Decelerate & At Faster Pace Than Last Month: EOP Domestic Card loans was down 5% y/y at \$98.2 Bn, a 188 bps deceleration from June, slower than May but faster than June. Del Continues To Decline, 3Q Losses Tracking Significantly Below (Better Than) Estimate: Delinquencies in July were down 105 bps y/y, vs a decrease of 66 bps y/y last month. This continues to highlight the positive impact of forbearance program and consumer responsibly paying down debt. Accelerating Growth in Auto, Credit Very Strong: Auto loans grew 10% y/y (44 bps m/m acceleration) to \$64.3 Bn. Growth in auto continues to be strong, a function of recovery in COF's targeted market and lower payment since a higher % of auto loan balance is in forbearance. **Bottom Line: Very good credit performance trend continued, though growth in card continues to face headwinds.** We maintain our estimates and OP rating. Risks to our thesis include higher reserve build.

### Update from Credit Suisse, August 2020



Formal guidance continues to be suspended, but management did give directional commentary that 3Q20 loan origination volume should land between \$500mm and \$600mm. **It does appear LendingClub has bounced from the trough and is on a path to theoretically recover sequentially from here, on what is now a relatively rationalized fixed cost base. For now, there is a decreased focus on new applicants in favor of prioritizing the existing 3mm members that can be serviced at a lower CAC.** We have decreased our medium term loan origination volume estimates as we model in a more gradual pace of recovery throughout 2H20 as well as 2021 – our prior estimates contemplated a fairly sharp, V-shaped pick up in volume in 2H21. Our price target as a result decreases to \$12 (versus \$15 prior) and we maintain our Neutral rating.

### Update from Credit Suisse, August 2020



2Q was neutral, with strong NII (act \$67mm vs est \$60mm) & share repo (act 1.47mm vs 1mm est) but weaker fee rev and continued uncertainty on Ed servicing. The outlook for the next several quarters is a bit better due to expectations for higher NIM. We expect NNI to slow share repo due to the higher stock price and the need to fund the bank. **Although 2Q margin was better at 1.32% vs our est for 1.20% and compared to 1Q's 1.07%, we remain neutral due to the Dept of Ed contract uncertainty, capital allocation, & growth prospects.**

### Update from Credit Suisse, August 2020



Growth decelerating, and decelerated more than prior month: Card loan growth was -4.8% y/y (174 bps deceleration from June) to \$69.8 Bn. This is greater than the deceleration in June by 81 bps, though period-end balance was equal to average balance. Charge-off rate down and in line with seasonality, while delinquencies formation lower (2.0% in July, -14 bps m/m and -34 bps y/y), likely supported by stimulus and forbearance programs. **Credit quality continues to be very resilient. We are also encouraged to see forbearance enrollment continuing to trend down though improvement has plateaued. Meanwhile, period-end balance was equal to average balance, so receivable may no longer be shrinking sequentially.** No change to our estimates, TP and Outperform rating.

### Update from Oppenheimer, August 2020



While softer 3Q guidance highlights persistent near-term headwinds in the Consumer Segment (CC/PL/SMB), we believe high revenue diversification combined with a stronger balance sheet (\$200M in proforma cash) is positioning TREE to accelerate market share gains during/post the COVID-19 recession. **We view management's propensity to invest near the levels laid out at its Dec. 19th investor day as indicative of a high degree of confidence in revenue/ VMM returning to pre-pandemic levels over the next 12–18 months.** Despite lowering or '21/'22 EBITDA by 12%/8%, we raise our PT to \$395 to reflect our view that TREE will be better positioned competitively to justify an elevated multiple.

# 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:SQ, 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:FNH, 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: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: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:RFJ, NYS:SF, 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:ETHH, 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:FNH, 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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