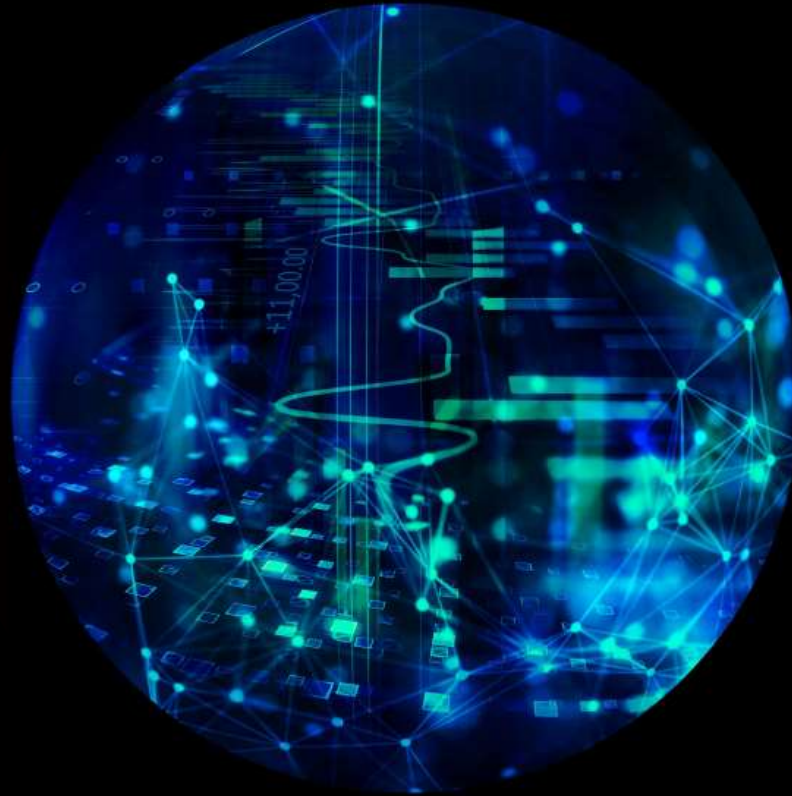


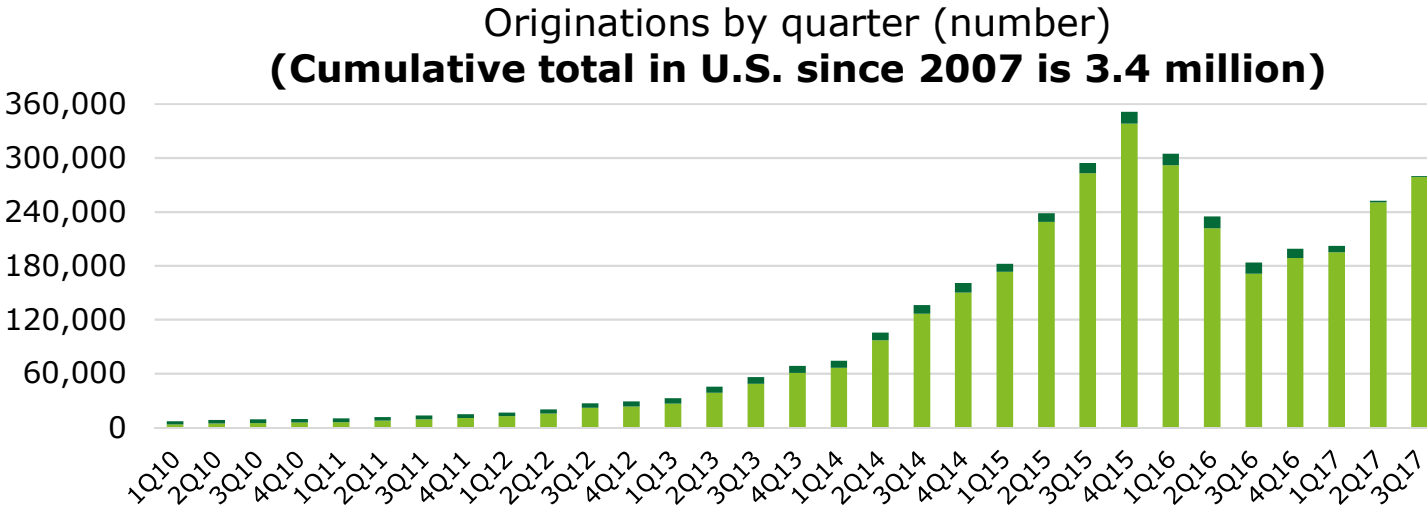
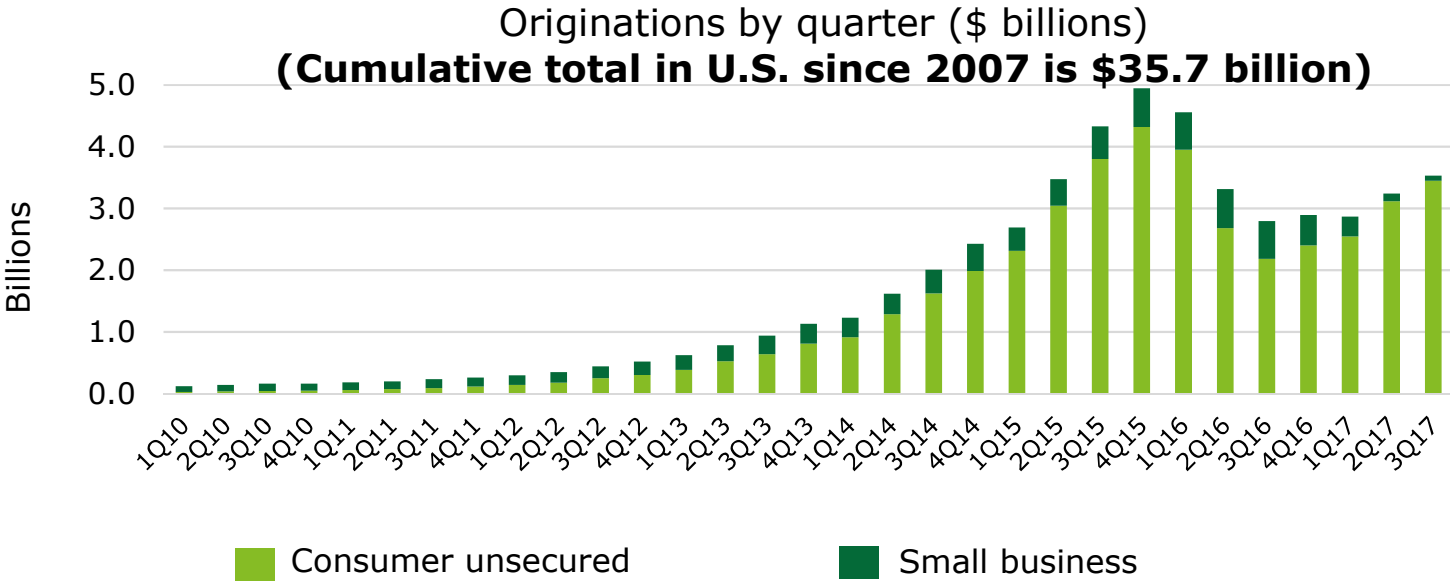
Deloitte.



**Cost of Capital
Preliminary Survey Results**

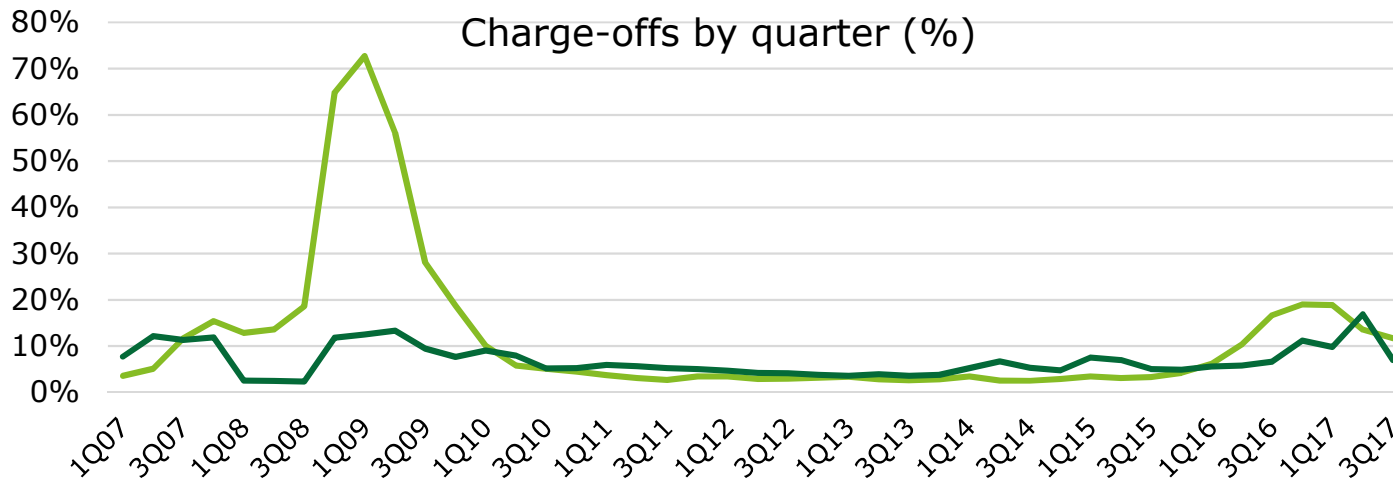
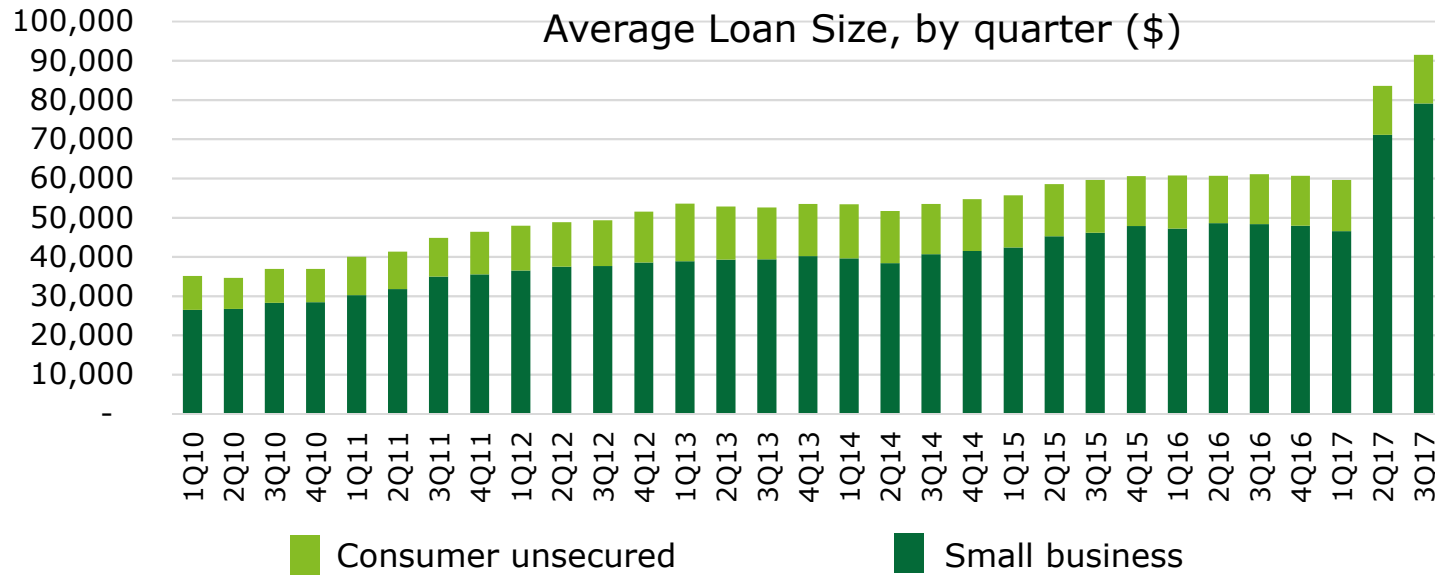
April 2018

Origination of online lenders



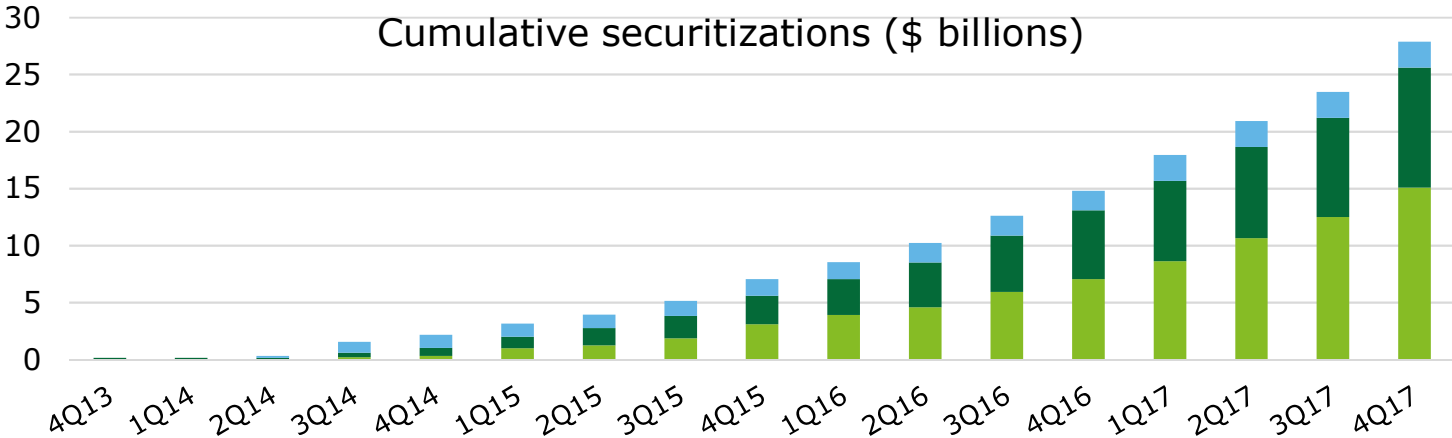
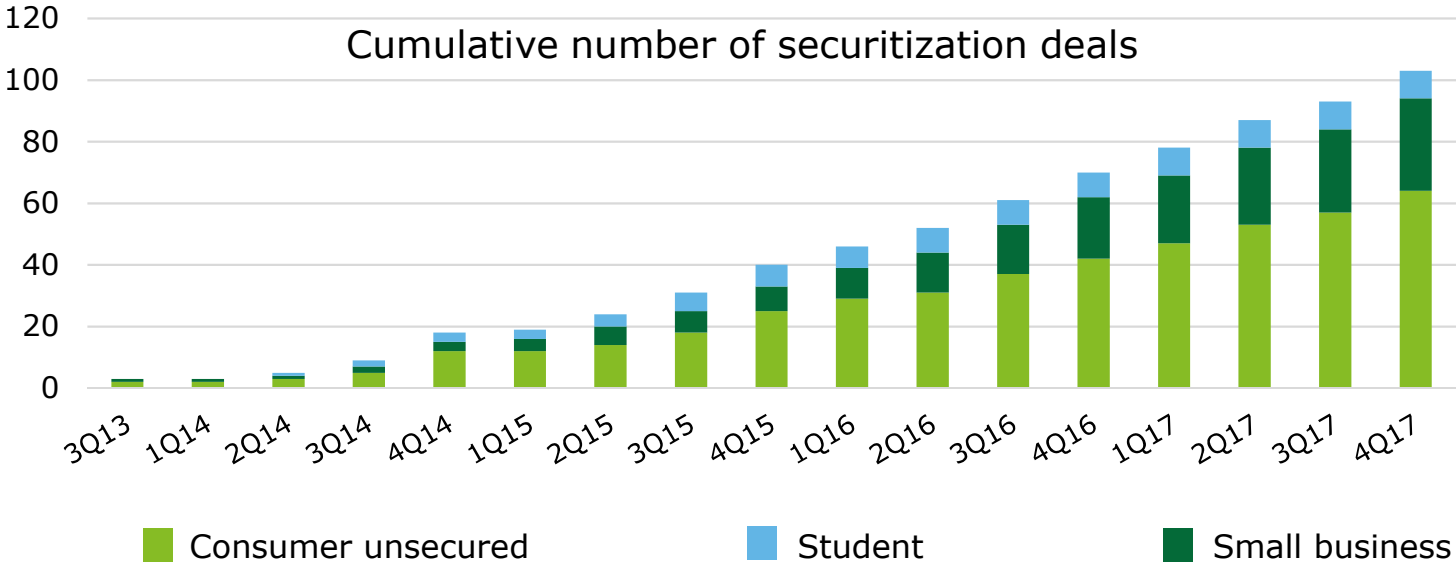
Source: Orchard

Average loan size and charge-offs



Source: Orchard

Online lending-backed asset securitizations

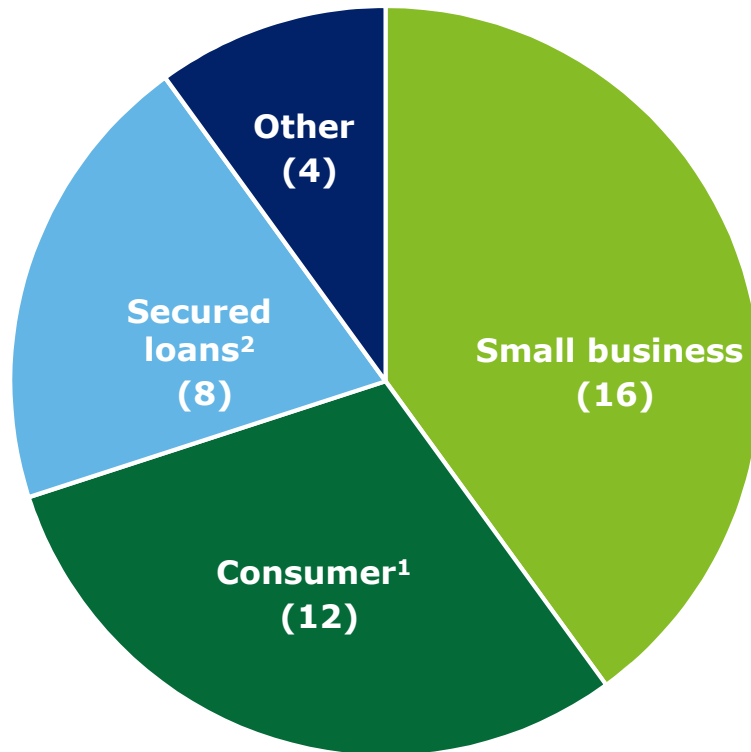


Source: PeerIQ: Quarterly Securitization Trackers

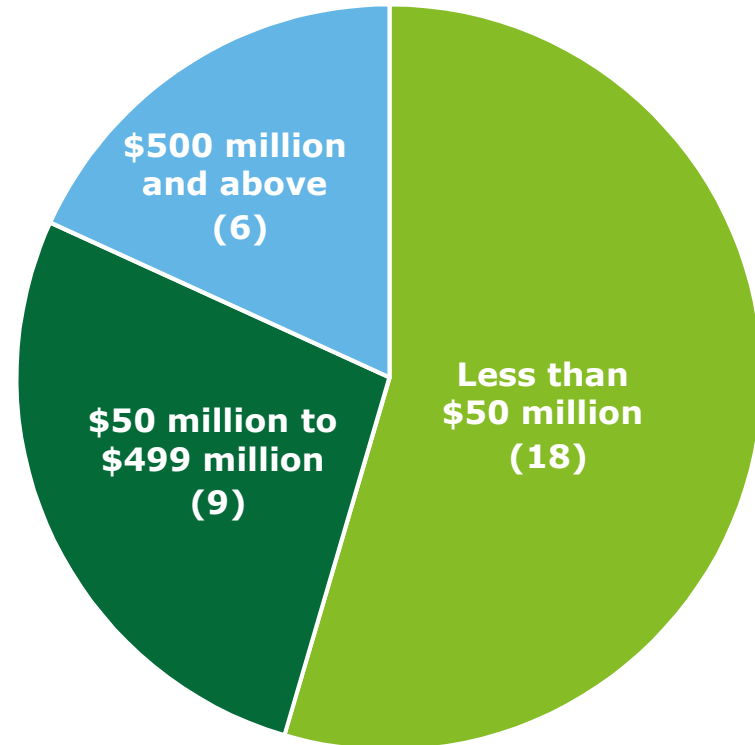
The initial cost of capital survey included...

- The size of the 34 respondents' portfolios generally reflects the market, comprising a few big players and mostly smaller companies.
- Also reflecting the market, most participating online lenders specialized in one asset class, while consumer unsecured and small business loans dominated.

Types of asset classes*



Loan Portfolio Size

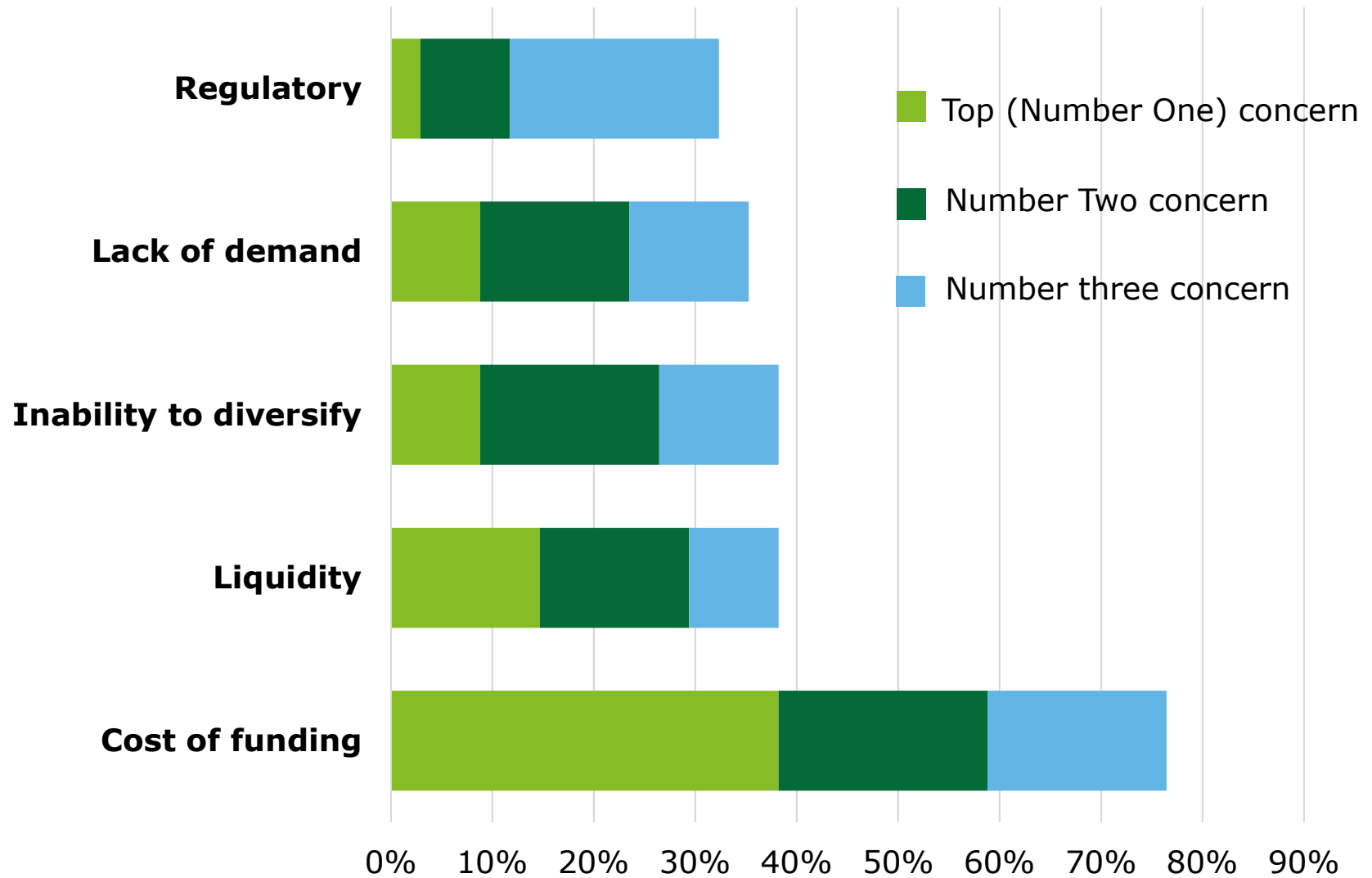


* Four respondents loaned two asset classes, and one company loaned three asset classes

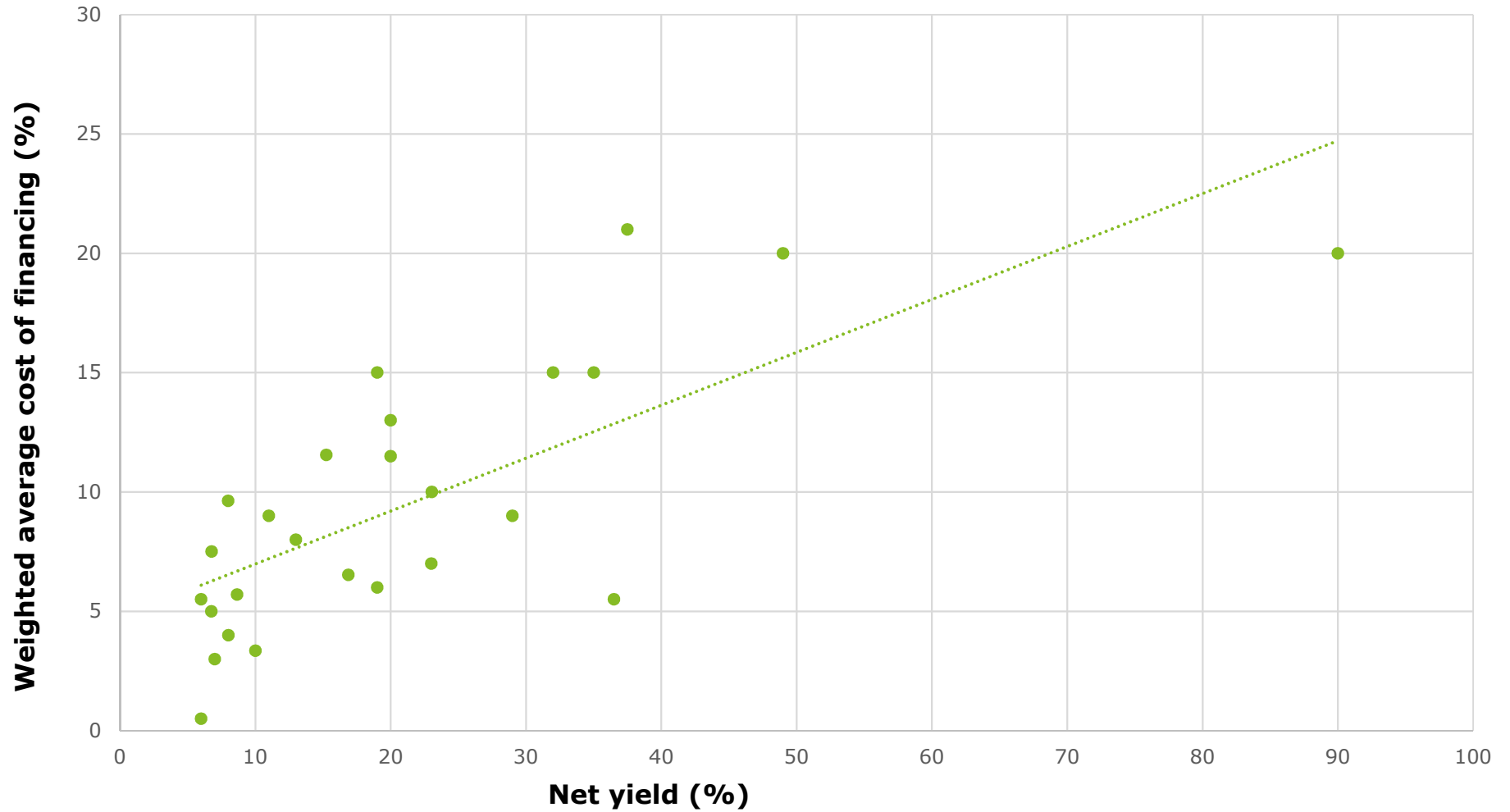
1 Commercial real estate, residential real estate, and auto loans

2 Consumer unsecured and student loans

Top three concerns for 2018

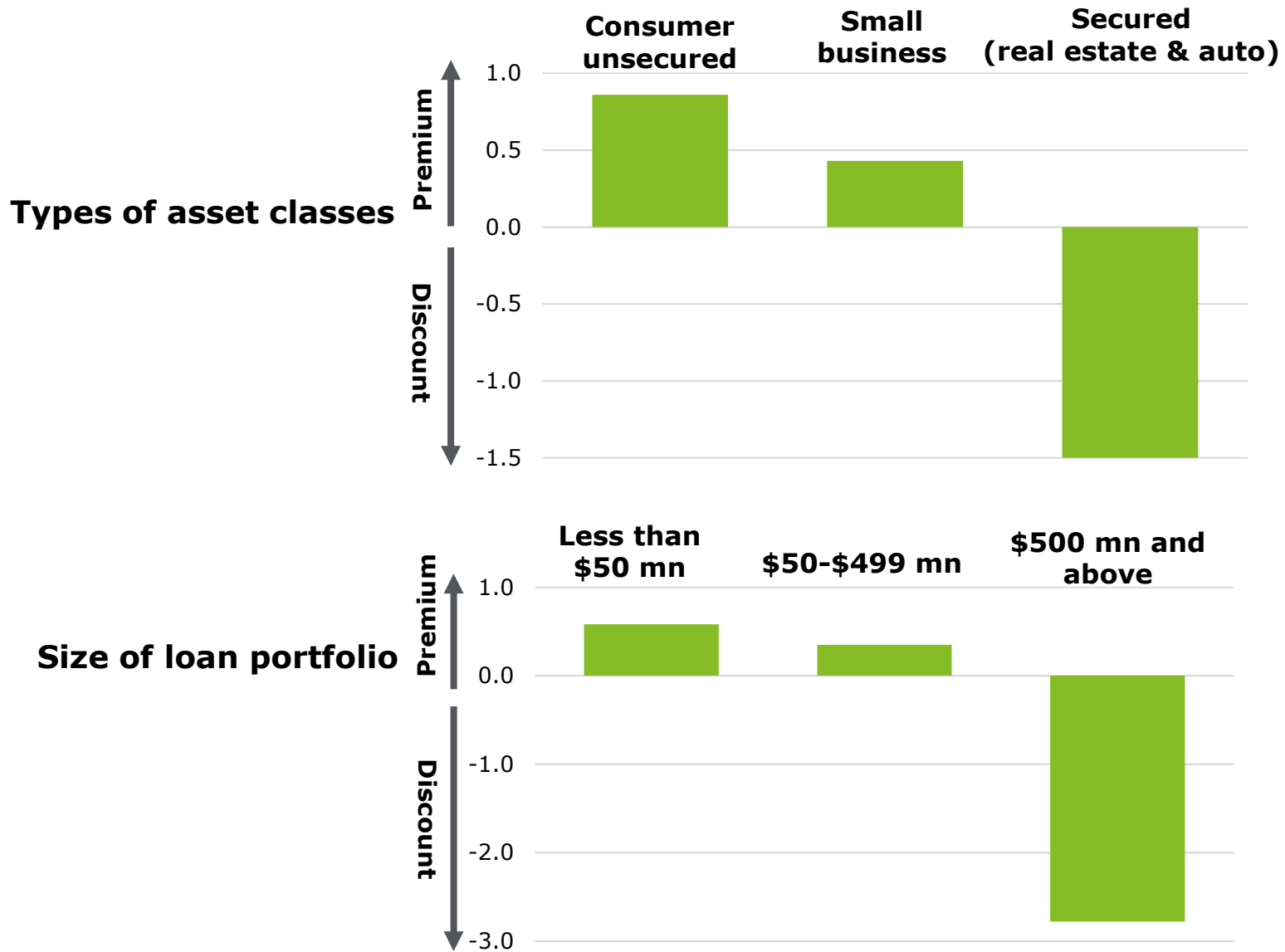


Weighted average cost of capital plotted to net yield*

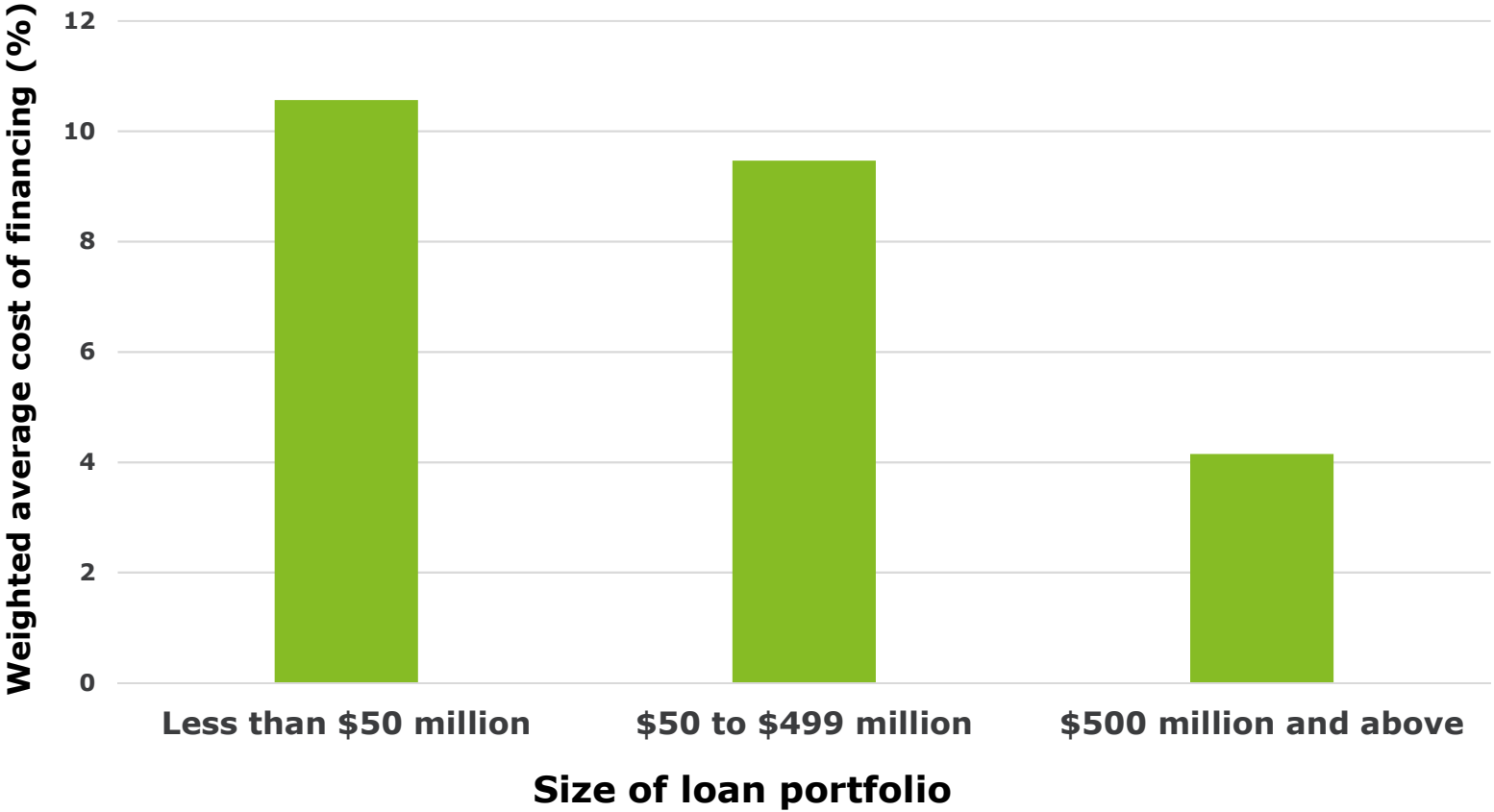


* Net yield = Gross asset yield - Loss rate

Net yield regression analysis indicates pricing direction

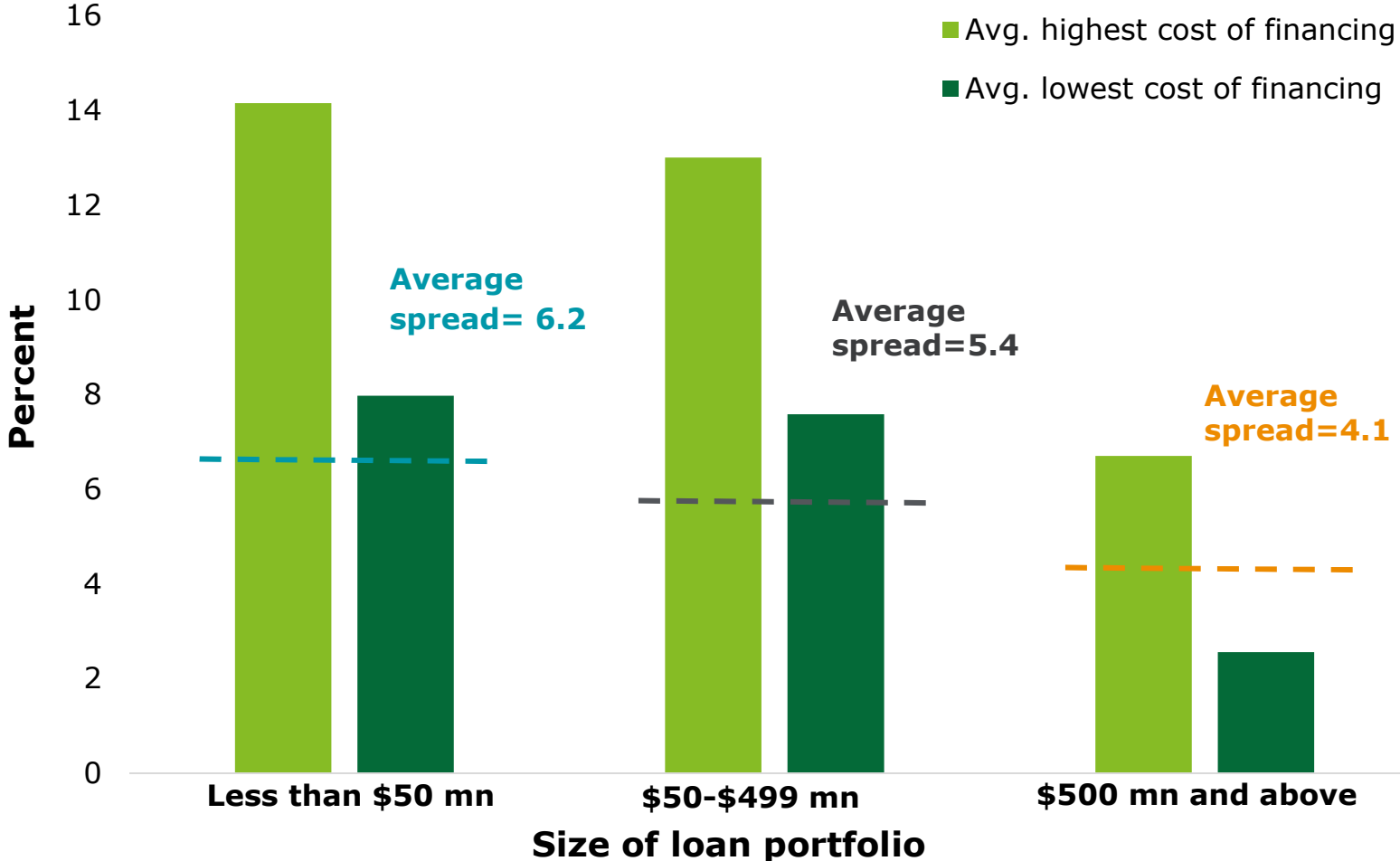


Weighted average cost of financing by portfolio size

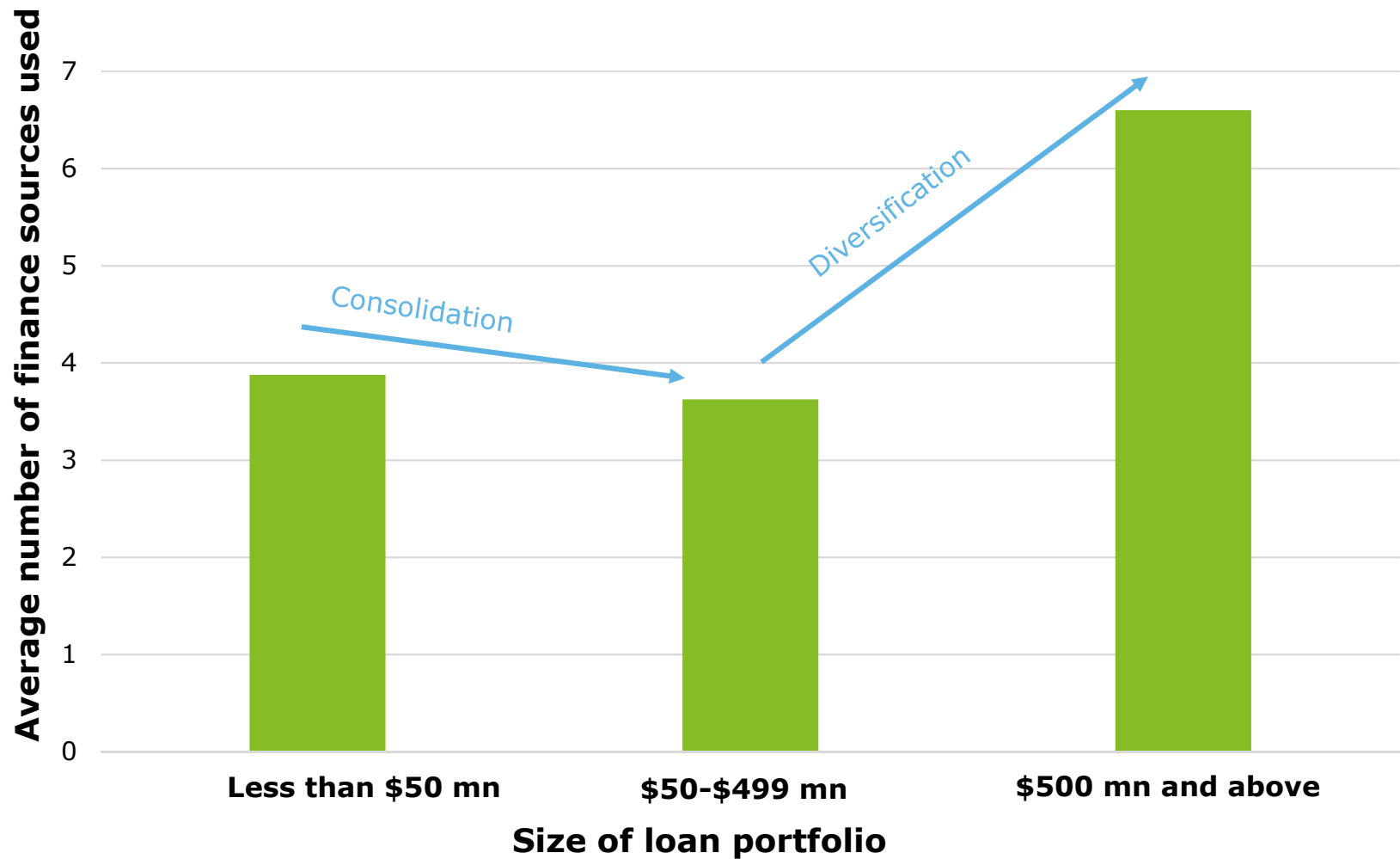


Cost of financing: Average highest vs average lowest

Overall spread between average high and average low = 5.6%

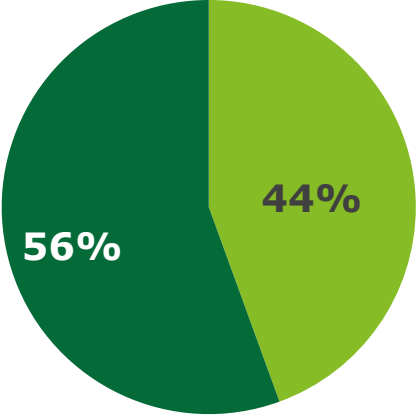


Average number of sources of financing used and the weighted average cost of financing



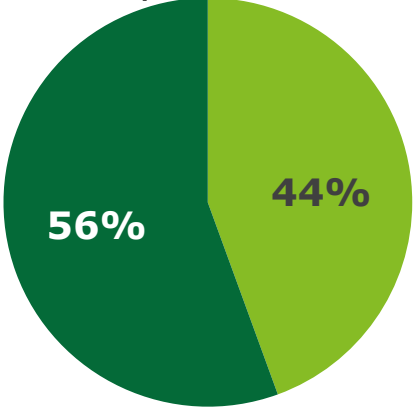
Back-up servicer

Less than \$50 million

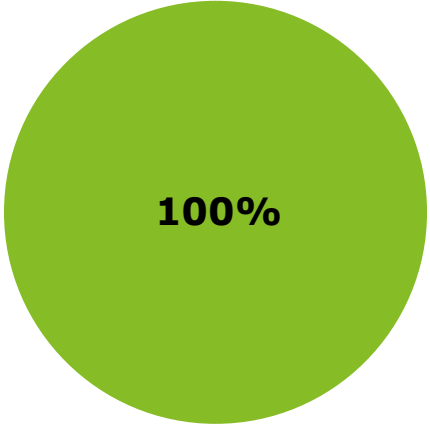


YES
NO

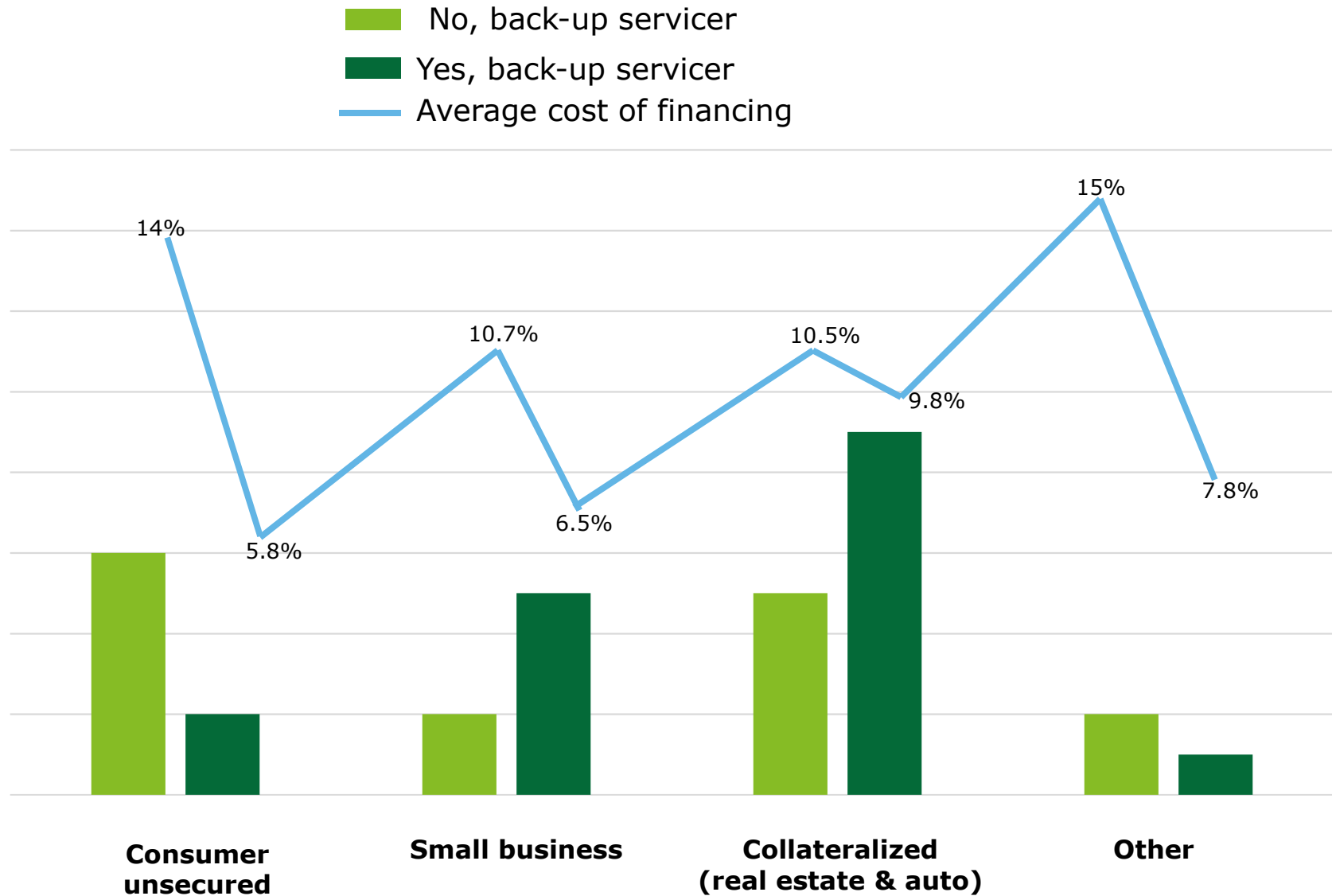
\$50 to \$499 million



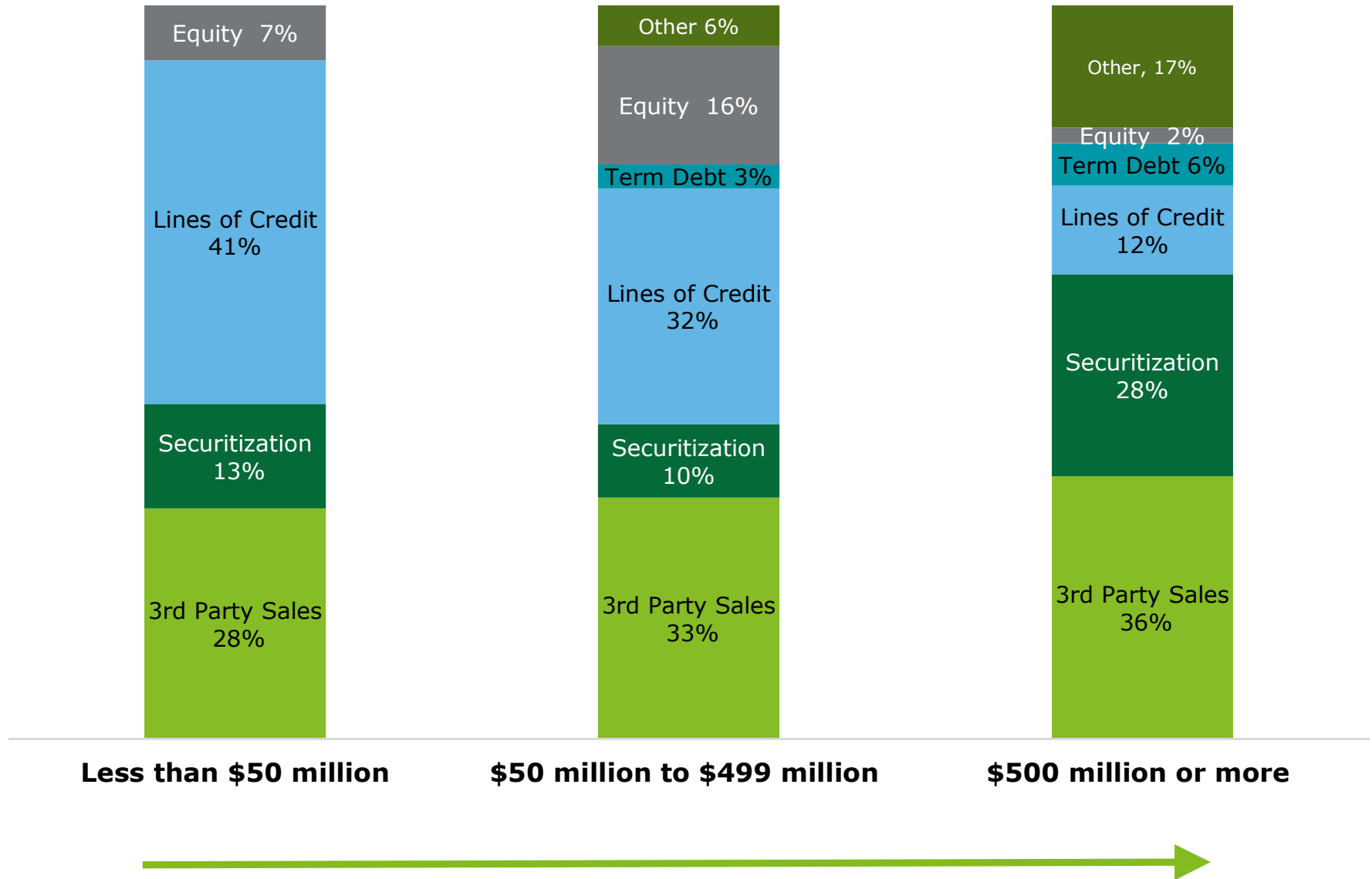
\$500 million and above



Average cost of capital by asset class having a back-up servicer



Change in Capital Mix



Other cost of capital considerations

- 1: Advance rates
- 2: Servicing fees
- 3: Origination fees
- 4: Loan term (duration)
- 5: Legal fees
- 6: Contract terms and covenants

Q&A

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