

Access to finance for SME – P2P lending in Germany



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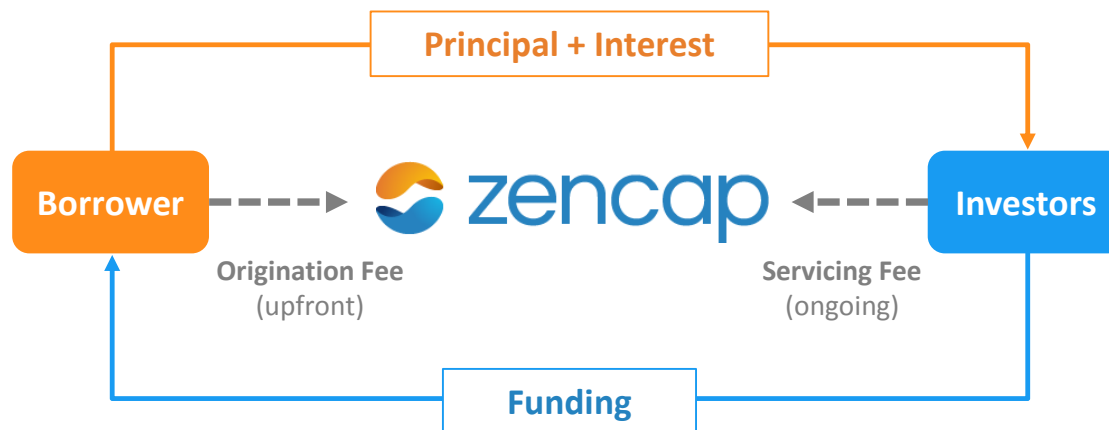
I. Company and business model

II. Market opportunity

III. Appendix

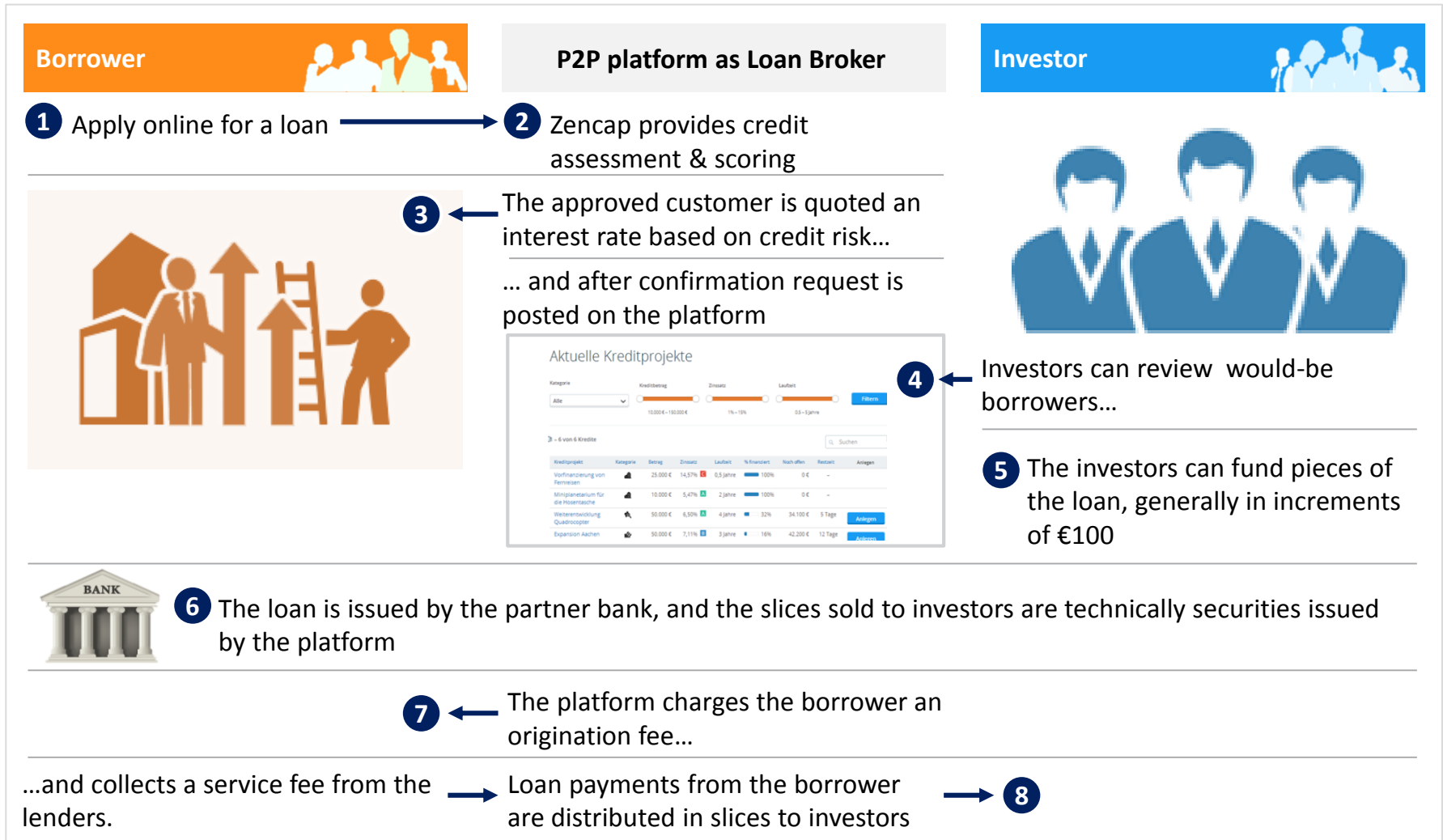


German model: P2P platform provider acting as a loan broker

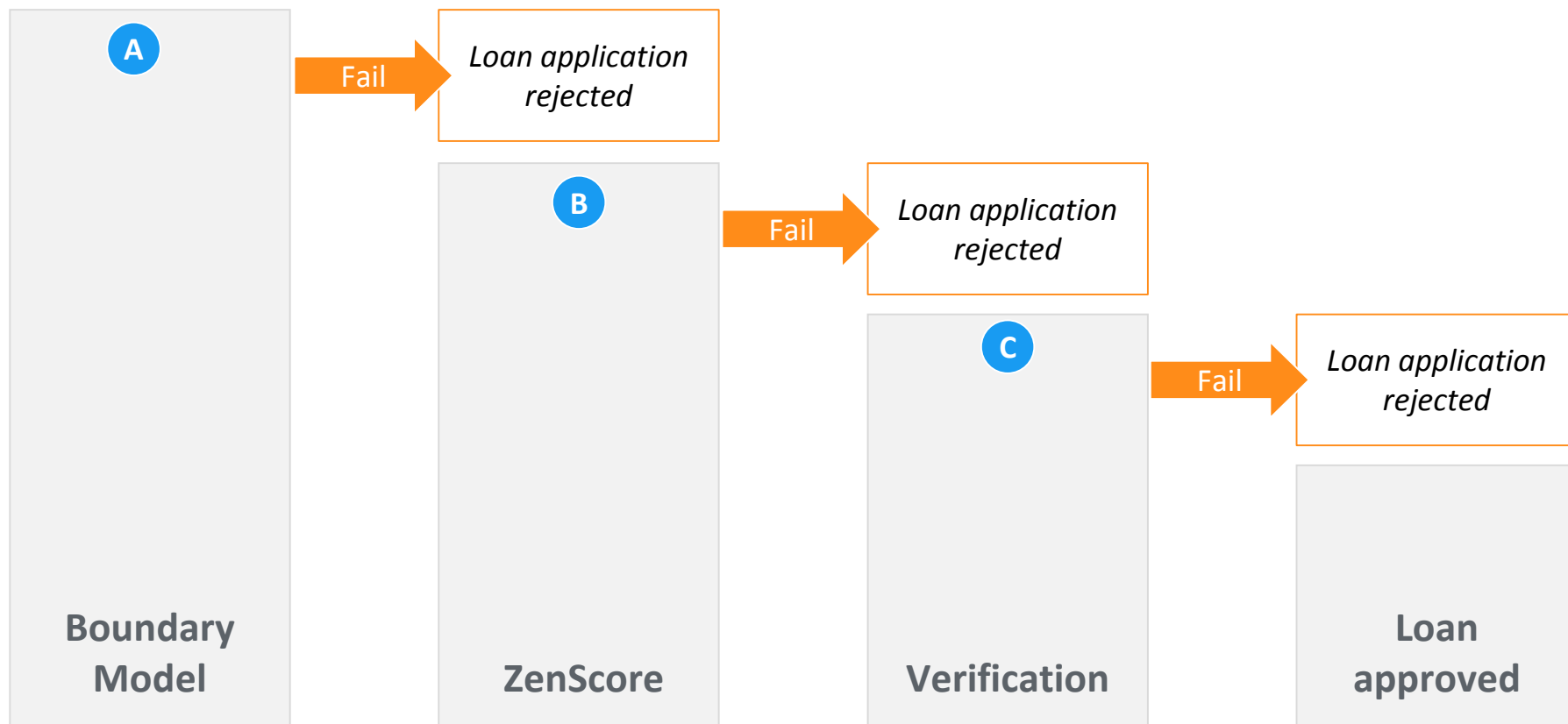


- Borrowers: **identify and approach SMEs seeking access to finance**
 - working capital, growth capital, asset financing, extraordinary event, etc.
- Investors: **Attract retail and institutional investors to platform**
 - experienced investors active in capital markets, e.g. large cap stocks and bonds
- Information: **evaluate risk, detect fraud and aggregate information**
- Process: ensure activity and process are **compliant with German financial regulation**

1 Fast and safe access to financing for SME



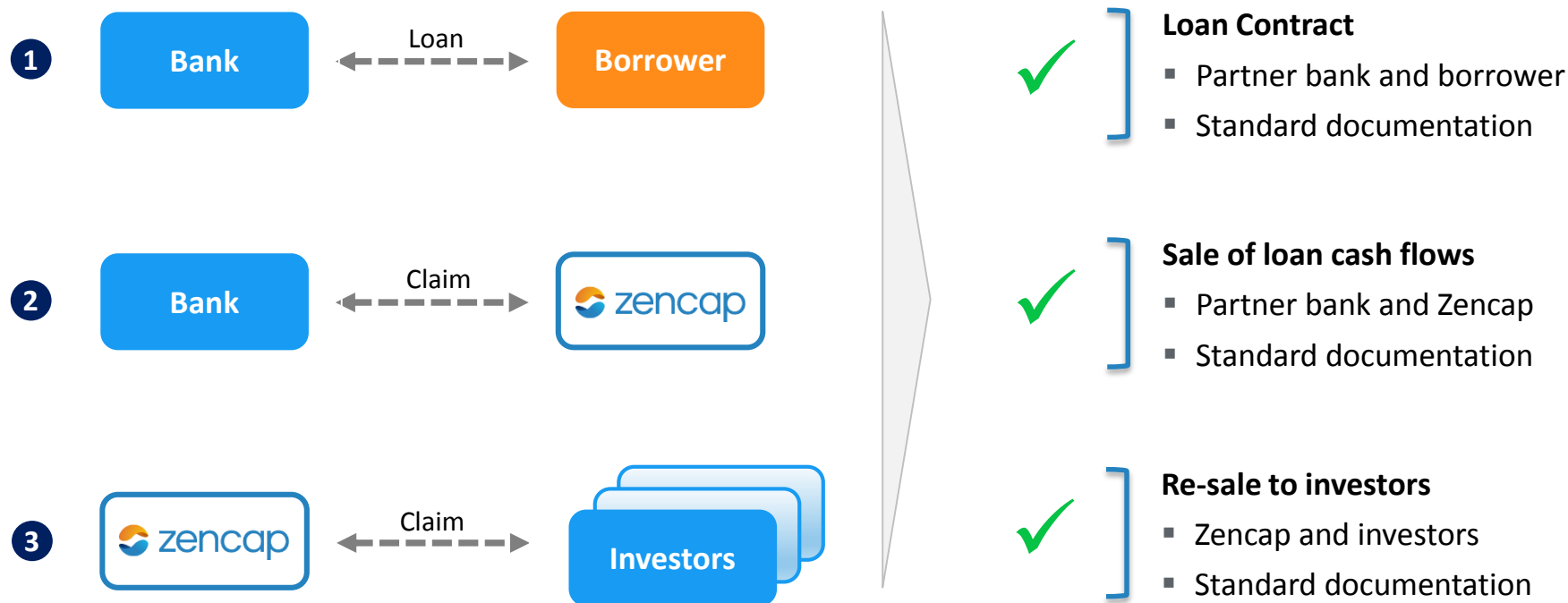
2 Rigorous counterparty and risk assessment



Currently, **overall rejection rate** across the three stages is at approx. **80%**

3 Required contractual agreements

Once a business loan is successfully funded by investors, the following three steps take place, in sequential order.



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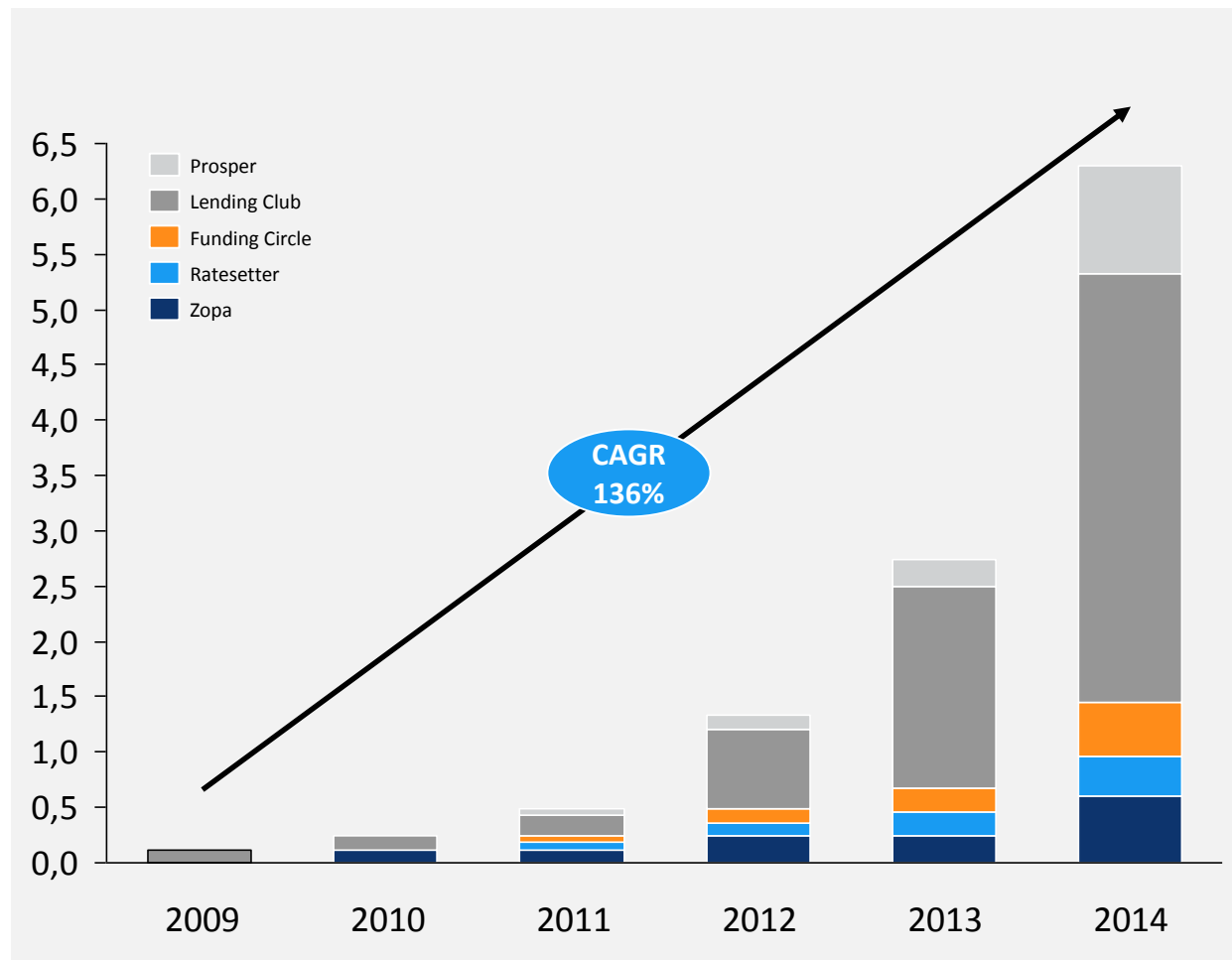
III. Appendix

Peer-to-Peer lenders could eventually **replace high street banks**. At present, these companies are tiny, but so, a decade ago, was Google.

– Andrew Haldane, Bank of England 2012

The top five P2P platforms are growing at 136% CAGR since 2009 and will issue EUR 6 bn in 2014 ...

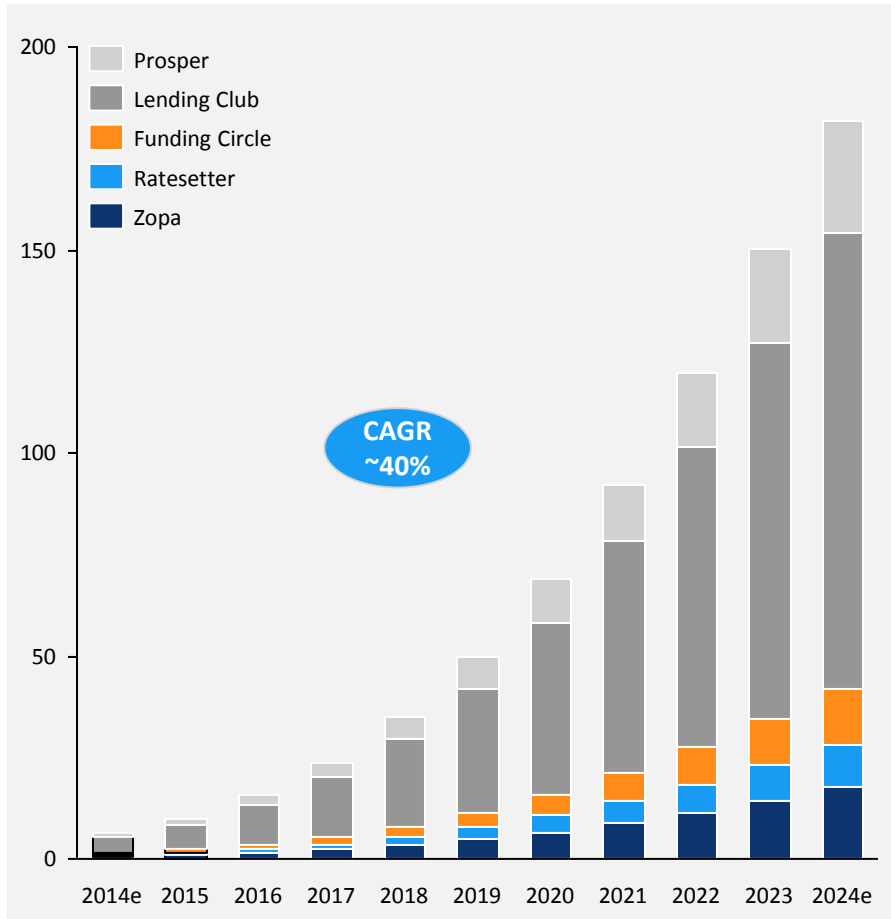
P2P gross annual loan volume EUR bn, 2009-2014e



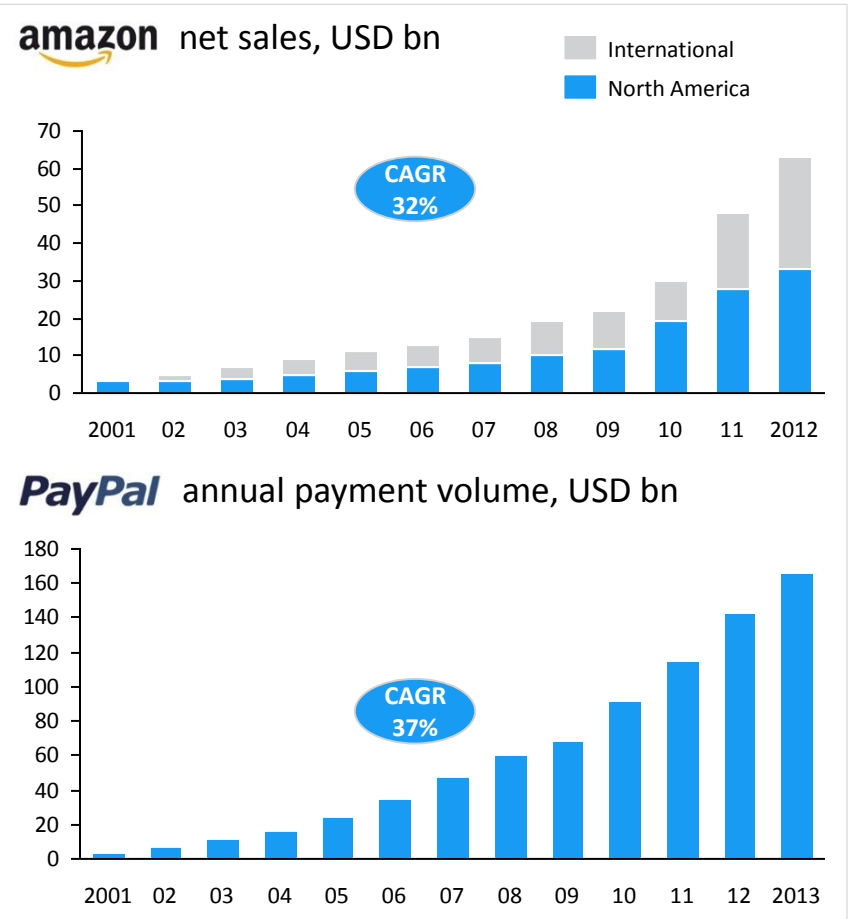
- In US, Google-backed P2P market leader **Lending Club originated USD 2.0+ bn (2013)**
- In UK, three largest platforms Zopa, Funding Circle, and Ratesetter combined issued **more than EUR 650m (2013)**
- **UK government backs P2P lending** and committed GBP 75m lending volume
- **Tax-free P2P investments** planned in the UK (ISA eligibility)

... however, this is only the beginning: by 2014, 25-50% P2P share of total SME and consumer loan market expected

P2P lending to disrupt traditional banking ... EUR bn, 2014e-2024e



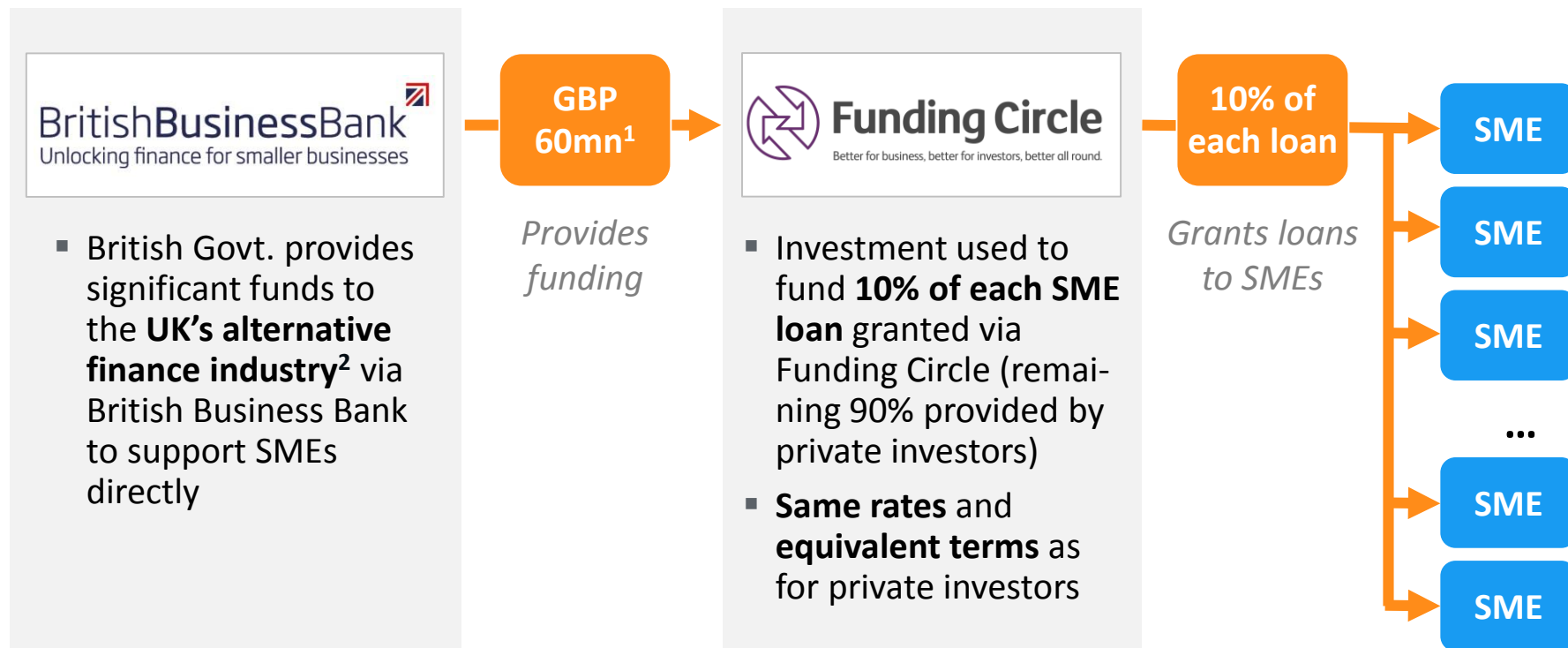
... like Amazon disrupted online sales and PayPal online payments



The UK government actively invests in online lending marketplaces and distributes GBP 60m via lending platform Funding Circle

British Business Bank provides funding...

...that is lent directly to SMEs via Funding Circle



UK government support for SMEs can serve as **role model for other European countries:**
highly cost effective direct funding for SMEs

¹ 140mn provided in February 2014 by the British Business Bank, 20mn provided in March 2013 by the British Government

² Other companies that received funding include: Market Invoice, URICA, Beechbrook Capital, Funding Circle, Zopa, BOOST&Co, and Credit Asset Management

Thank you for your attention!