

Funding Circle

LendIt Spring 2014

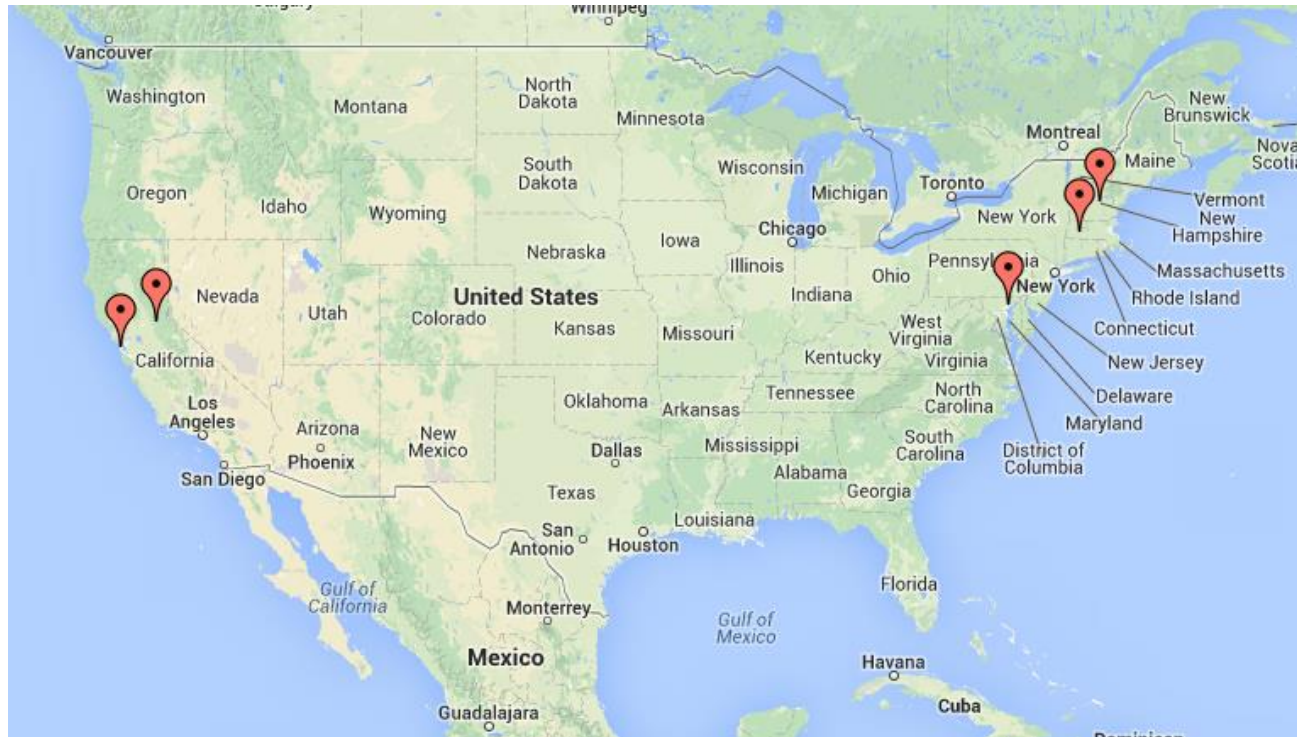
**Small business expertise,
global opportunity**

Disclaimer

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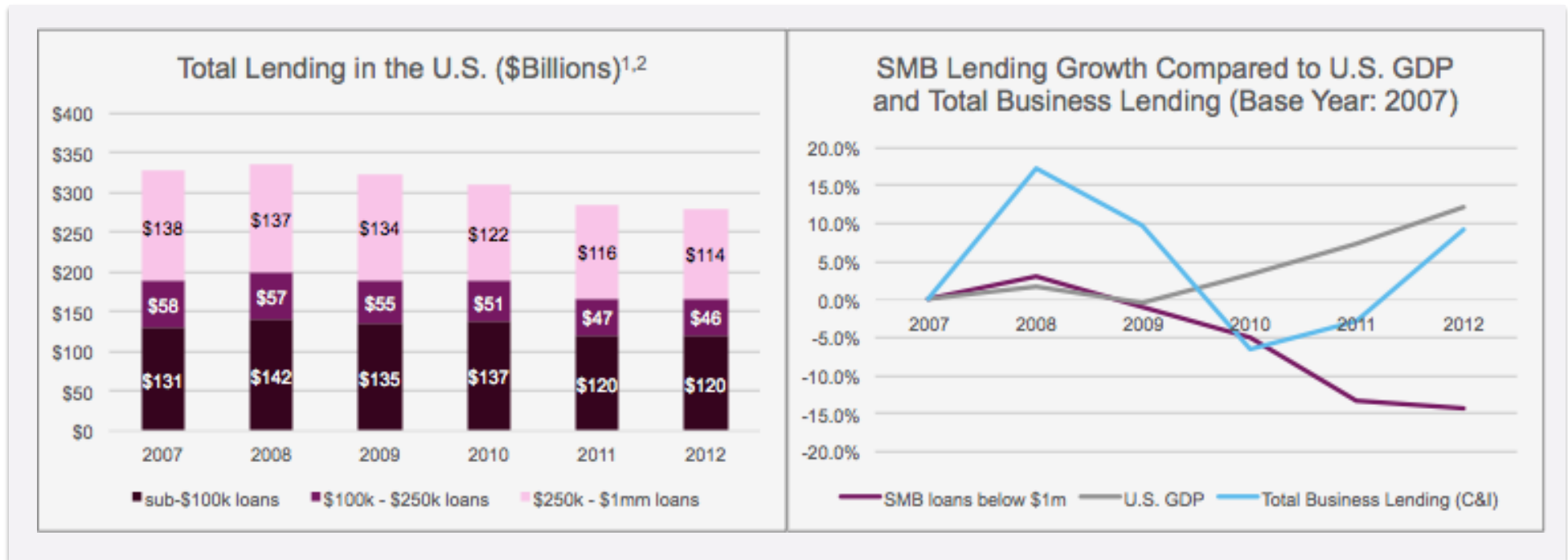
We know small business



Funding Circle by the numbers

- **Largest small business P2P lender in the world**
- **Exclusive focus on small business**
- **160 employees globally**
- **Only international small business P2P lender**
- **\$60M in backing from Accel, Index, Union Square Ventures, and Ribbit Capital**

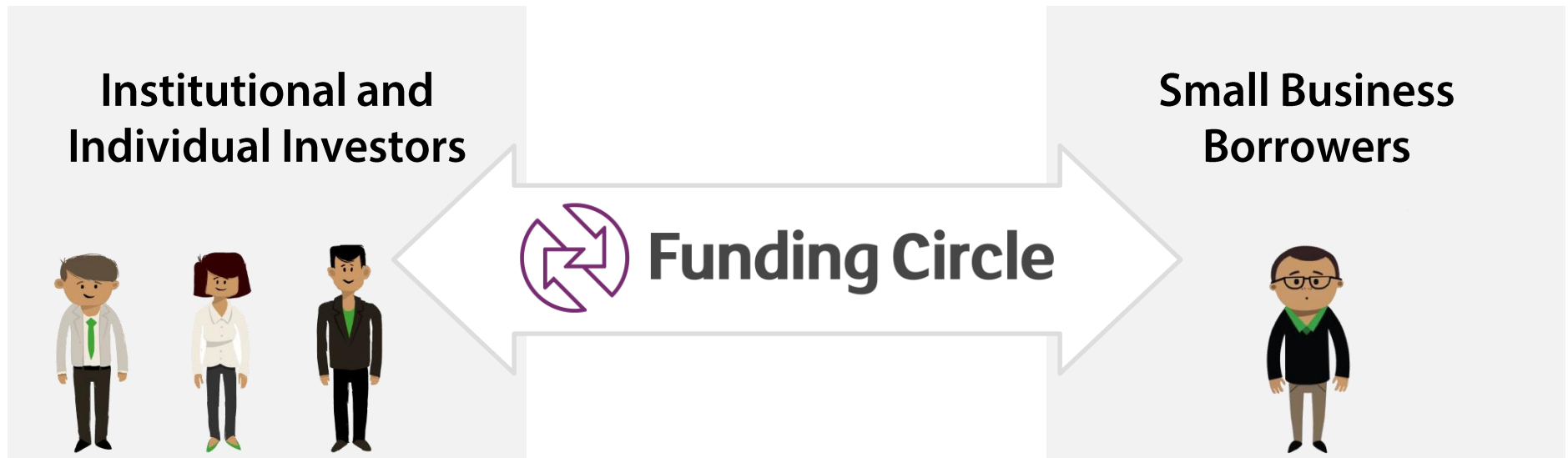
Banks have largely pulled out of <\$1m loans to small businesses



1 Source: SBA “Small Business Lending in the United States 2012”, published July 2013

2 SBA annual data is delayed; 2013 data is expected to be available in mid-2014

We're solving this problem through a marketplace-based approach



We win borrowers based on experience

Fast and transparent process

*"The whole process is **efficient, fast and user friendly** – unlike my experience with the banks!"*



FC Customer 1

*"Applying for a Funding Circle loan is **straightforward and transparent** – just like the company itself."*



FC Customer 2

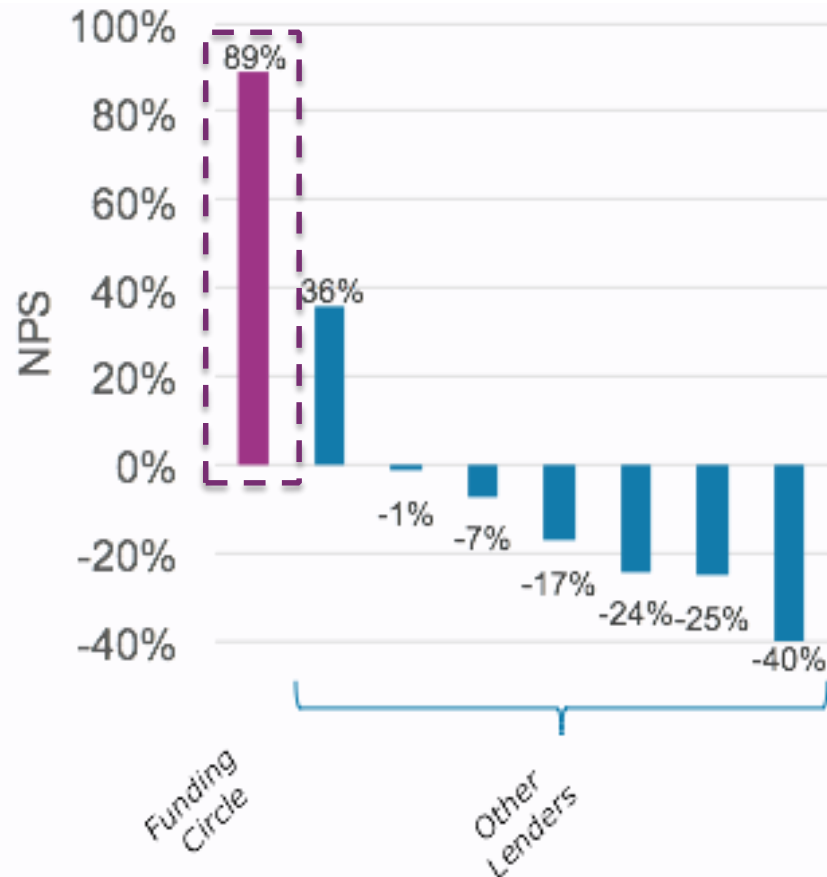
*"I found the process **quick and easy** compared to banks."*



FC Customer 3



Borrowers get access to fast, fairly-priced finance

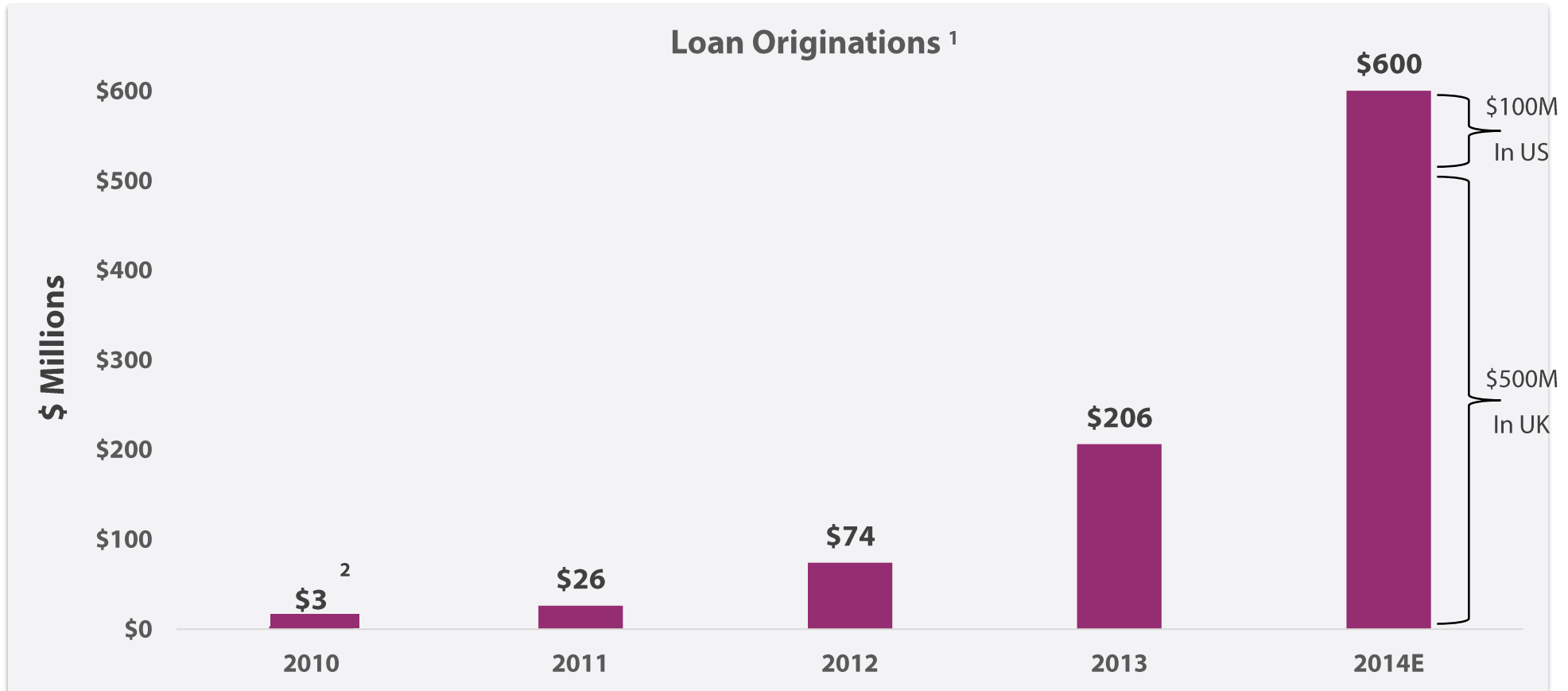


At 89%, our borrower Net Promoter Score is consistently high, especially vs. other lenders

FC NPS includes UK borrowers who drew down a loan; n = 160; High St Bank NPS takes all customers of High St Banks

Source: Funding Circle NPS survey 2013; Bain 2012 NPS study

Funding Circle originations trebling each year



¹ Reflects aggregate origination volume in US and UK. FC USA began originating loans in 2013.

² Reflects four months in 2010, which represents \$9.9M in annualized volume.

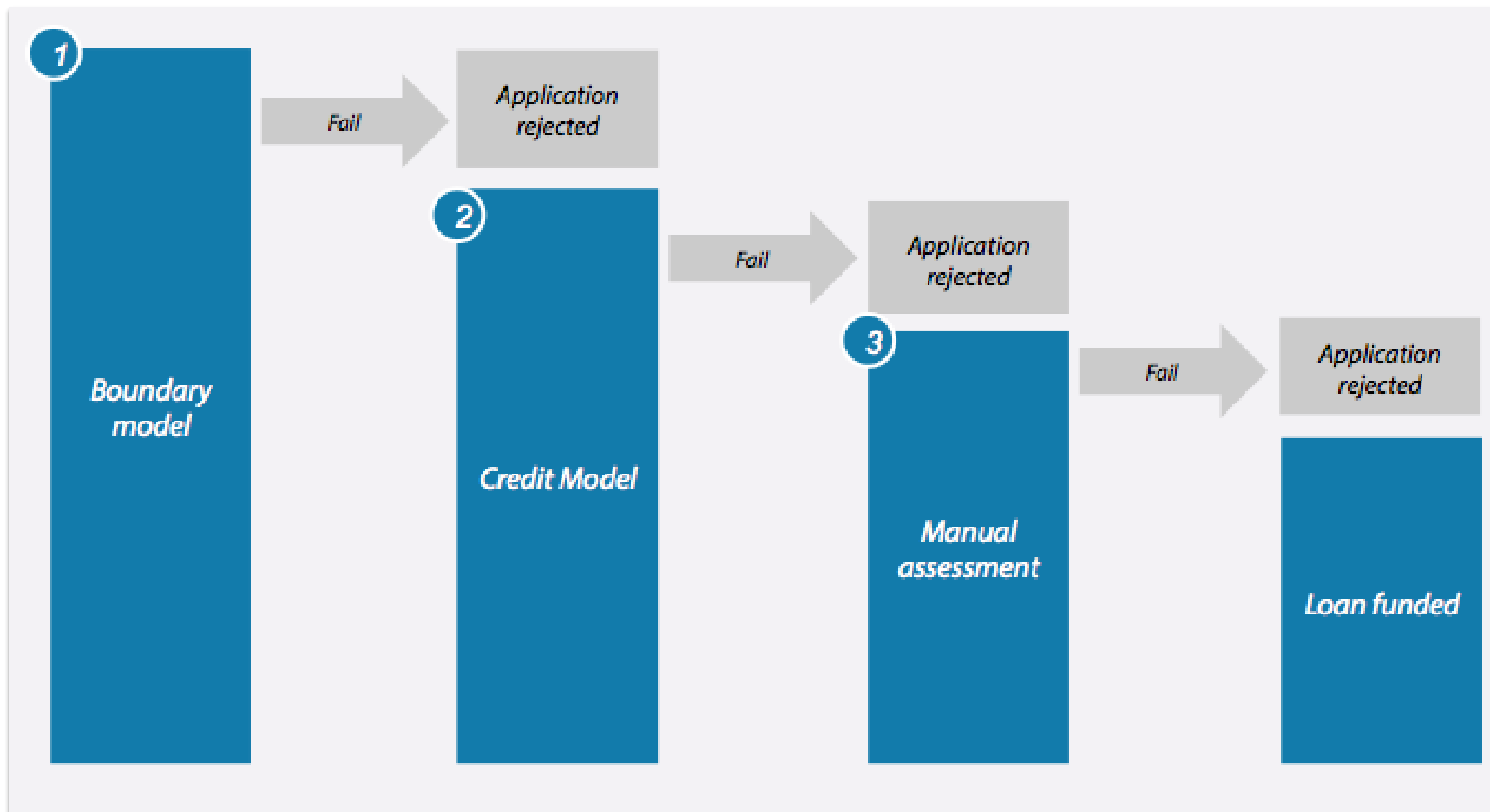
Assumes an exchange rate of £1 = \$1.5



Funding Circle

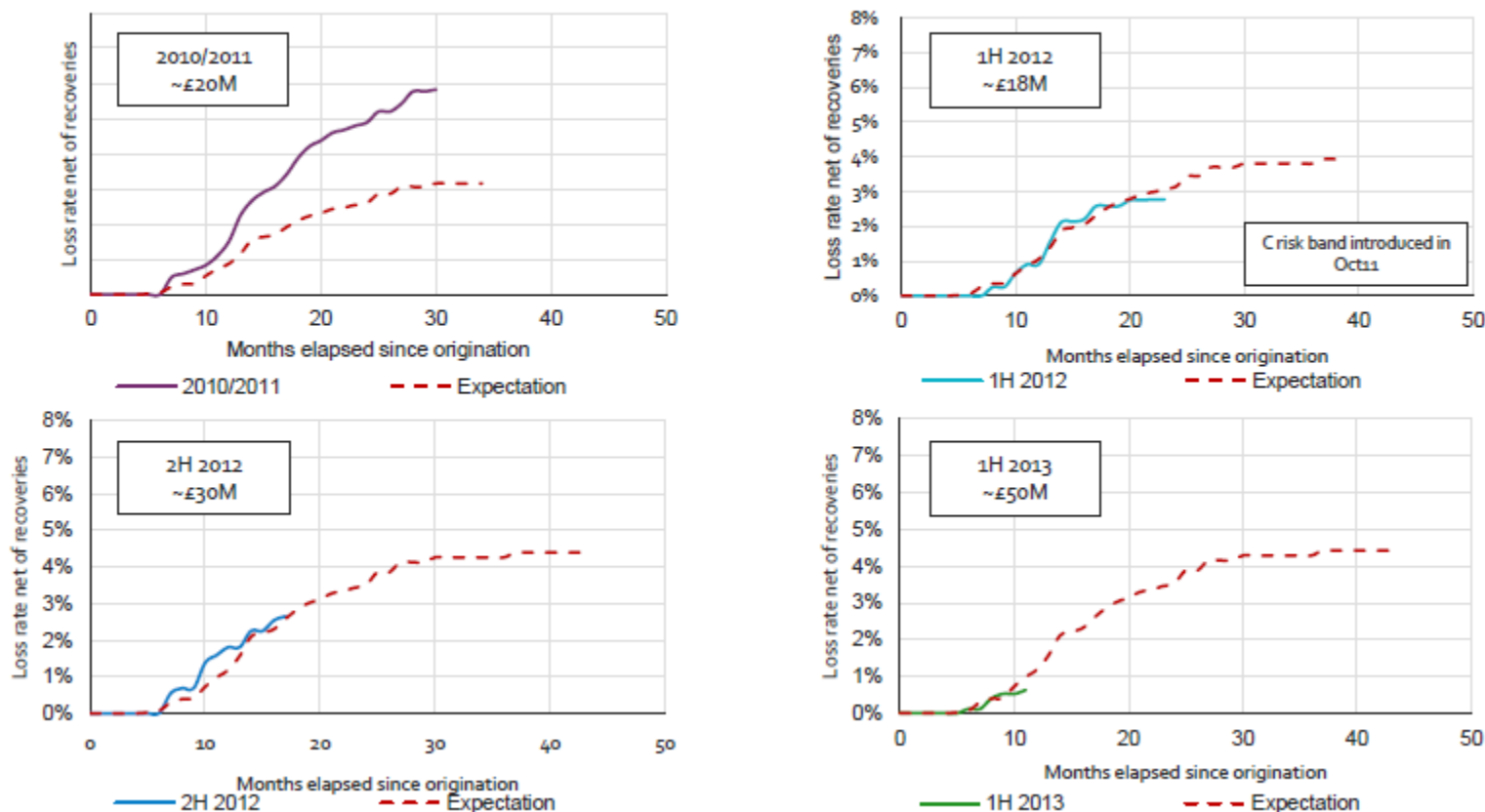
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Our three-stage credit process delivers superior credit performance

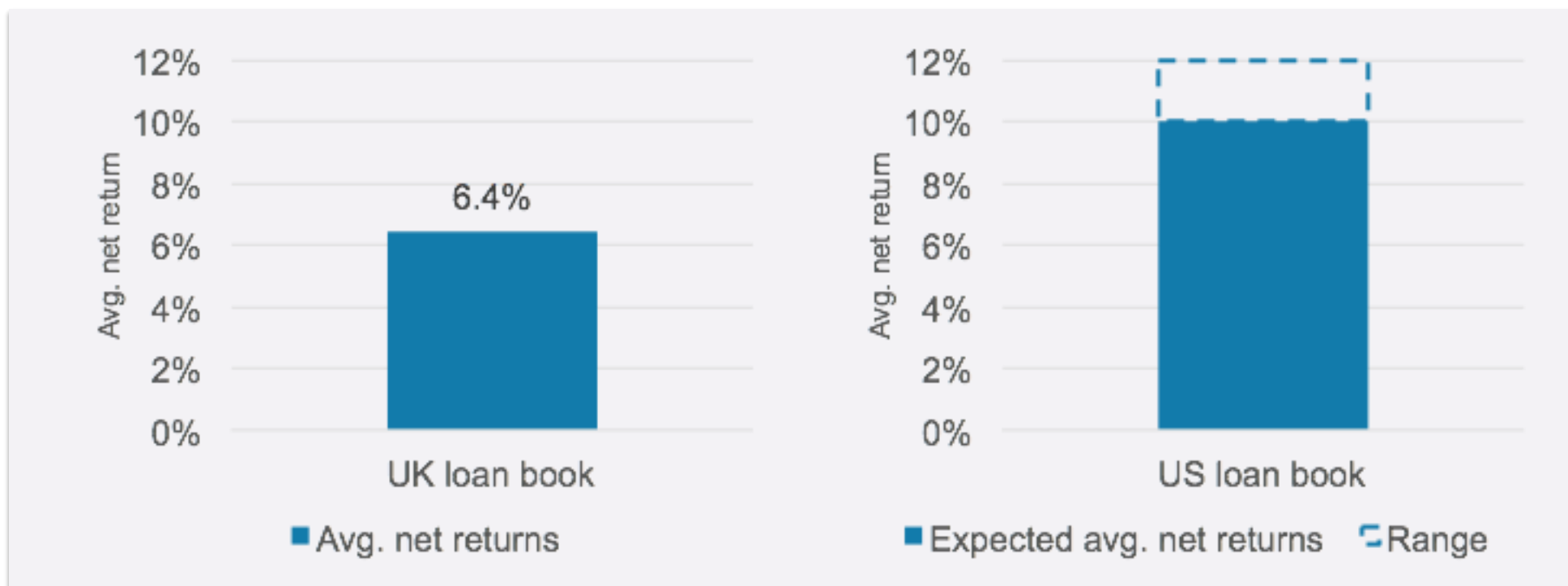


We're leveraging lessons from the UK in building out the US

Cumulative loss rates by cohort vs. expectations (whole portfolio across all risk grades)



**Investors have made an average of 6.4% in the UK;
returns expected to be higher at ~10-12% in the US**



In the UK, 100% of investors with a maximum of 1% exposure to any single business have earned positive returns; 70% earn over 6%

Note: Average net return shows expected return after fees and bad debt but before tax

A range of investment opportunities on US marketplace

Whole Loan Marketplace

- Purchase loans directly
- “Pick and choose” loans, take a random distribution, or set auto-allocation
- Secondary market expected in 2014
- Active in the US and UK

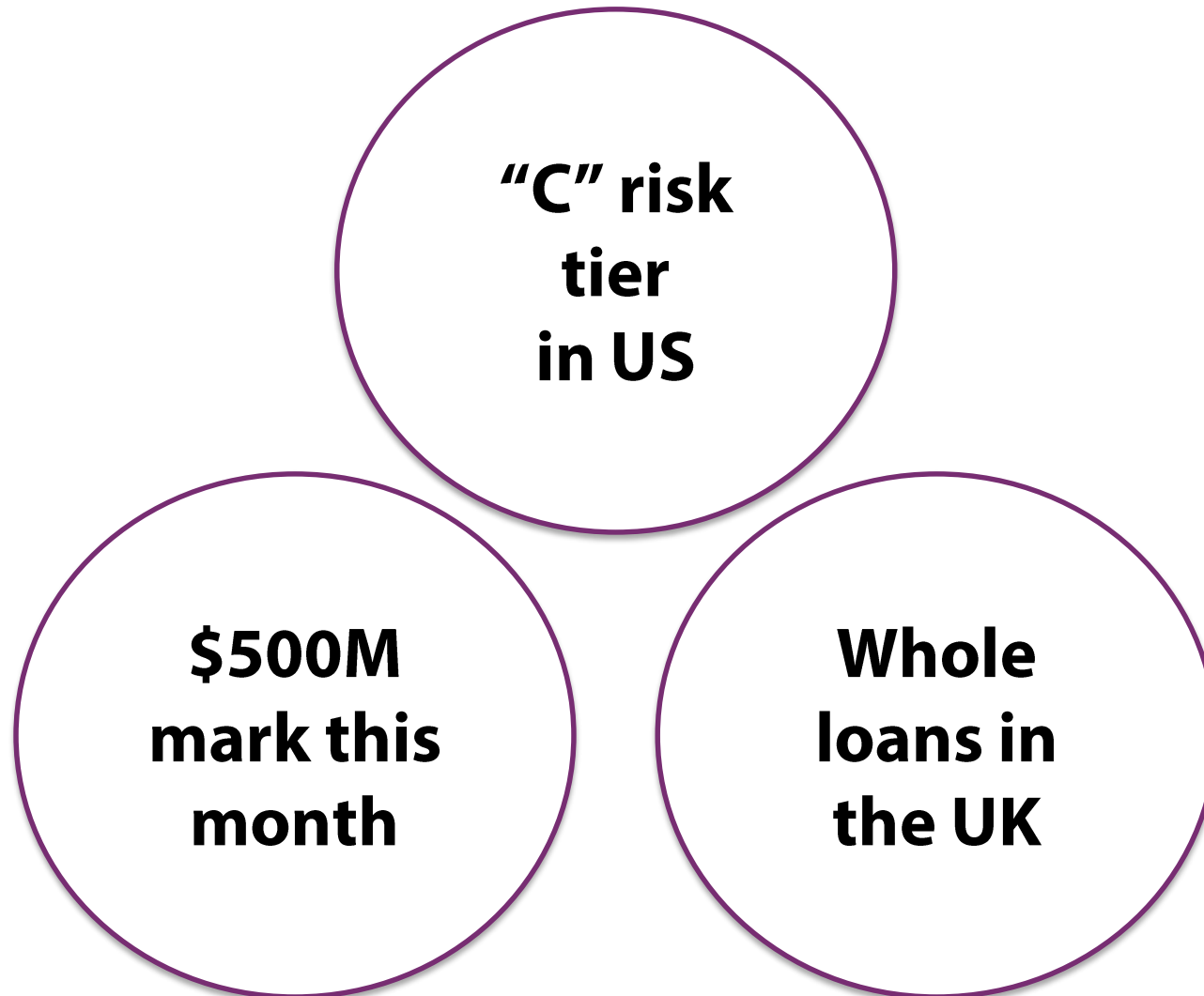
FC Funds

- Open-ended Fund purchases whole loans and fractional interests
- No management or performance fee
- Principal & interest distributions to LPs made monthly
- Purchases loans across all sizes, terms and risk bands

Fractional Marketplace

- To be launched summer 2014
- Purchase fractional interests in loans through online marketplace
- “Pick and choose,” random distribution, or auto-allocation
- Secondary market

Three “Circulars”



Our goal is to become the global equivalent of a small business bond market

- Access to credit remains a problem for small businesses internationally; they are underserved by banks in almost every market
- US regional banking market = inefficient and price of credit is high for small businesses
- Banking system in Europe = broken
- Lending to small businesses in developing markets = low sophistication
- Governments are approaching us asking how Funding Circle can be applied to their markets
- Institutional liquidity pools will lend across geographies

Small business expertise, global opportunity

Thank you

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