

Peer-To-Peer Lending

G R E A T Y I E L D S

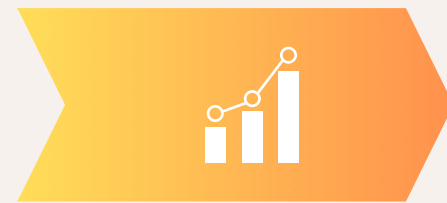
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date

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Staying Ahead of the Curve

Our Goal



P2P loan viability
assessment



Improving loan
selection model



- Outdated data
- Limited investment options



Optimizing Returns (over 2%)

Expected Realized Returns and Distribution **by Loan Grade**

Yield for a single loan:

$$R_{long} = (total\ paid/loan\ amount) - 1$$

$$R_{year\ yield} = (R_{long} - 1)^{\frac{1}{actual\ loan's\ life}} - 1$$

Expected return by grade:

$$E[R]g = \sum_{i=1}^n R_i * \frac{1}{N_i}$$

* R_i = return in scenario i

* N_i = number of scenarios

distribution for each loan grade:

$$\sigma = \sqrt{\sum_{i=1}^n \frac{1}{N} (R_i - E(R)g)^2}$$

*N = size of population * R_i = return in scenario i

- Our data is adequate and appropriate for our analysis.
- Evaluating charged off and fully paid loans.
- Actual returns \neq Initial rate
- 1-2 weeks to calculate realized expected returns



Loan data: Informative for **investment selection?**

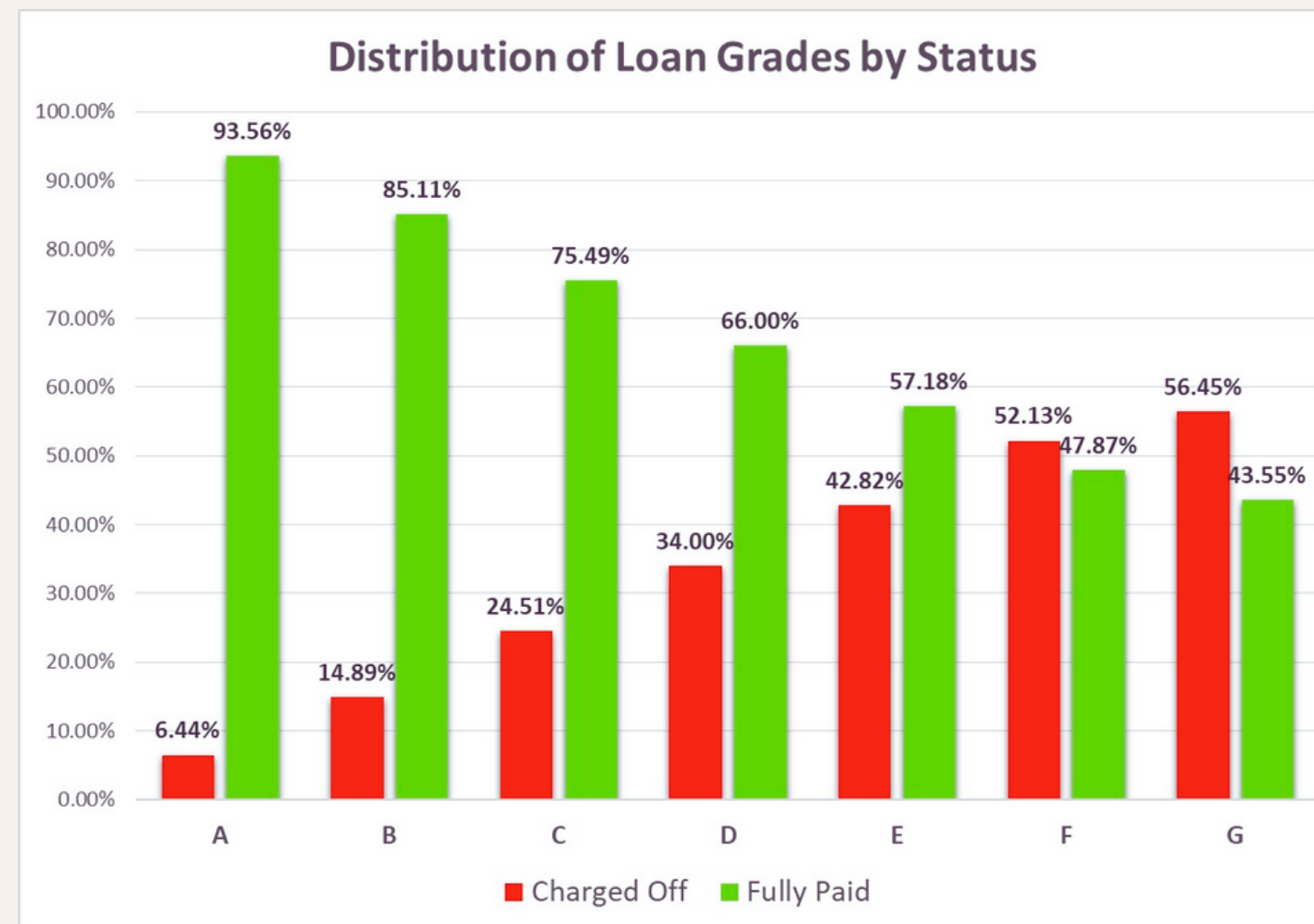
- Loan data's informativeness uncertain yet.
- Model building essential.
- Model evaluation tools available.
- Assessing data informativeness, 2-3 weeks.



QUESTION 3

→ Performance Impact of Informative Data on Loan Selection


- Model needed to assess performance.
- ML techniques may improve investment strategy
- Potential for stronger portfolio



Exploring Average Returns in Peer Lending Investments

- No estimate of average returns yet.
- processing and analyzing the data, 2-3 weeks.
- Caution needed with general information online.
- ML may improve loan selection, but results are unknown until tested.
- Returns depend on budget and risk of loan defaults.

Risk Levels and Volatility of peer-lending by loan grades

-  Traditional calculation of volatility not possible.
-  Use SD of loan grades.
-  Estimate probability of charged off loans using ML.
-  Thorough analysis needed to understand investment risk (2-3 weeks)



Concluding Remarks and Q&A

THANK
YOU