



# LENDLiNK

*LEND AND BORROW  
THE WAY IT WAS MEANT TO BE*

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*STOCKHOLM, NOVEMBER 2015, STRICTLY PRIVATE AND CONFIDENTIAL*

# INVESTMENT PROPOSAL

## INVESTMENT OPPORTUNITY

LendLink AB, a fully operational Peer to Peer lending company, with a live platform, seeking working capital to establish P2P loan intermediation services in the Nordics (initial launch in Sweden).

| SEEKING     | PRE-MONEY VALUATION            | SHARE OF LENDLINK AB               |
|-------------|--------------------------------|------------------------------------|
| 500 000 USD | 2 400 000 USD (20 000 000 SEK) | 17% SHARE OF LENDLINK (POST-MONEY) |

## ACCOMPLISHMENTS

The management team funded the company with 850 000 USD. Proceeds has been used to a) apply for a European Payment Institute license, b) establish IT platform and mgt. team, c) develop a 'new age' credit model (based on XS2A/PSD2), d) making initial loans and UX tests, e) testing & defining the 'go-to-market' strategy.

## BREAKEVEN IN 12-18 MONTH

We aim to breakeven during the next 12-18 month with a loanbook of 140 MSEK, an expected margin of 2-3% pa and a monthly burn rate of 500k SEK. Detailed budget available upon request.

## STRONG MANAGEMENT TEAM

A seasoned management team with experience in the asset mgt., platform development and consumer finance.

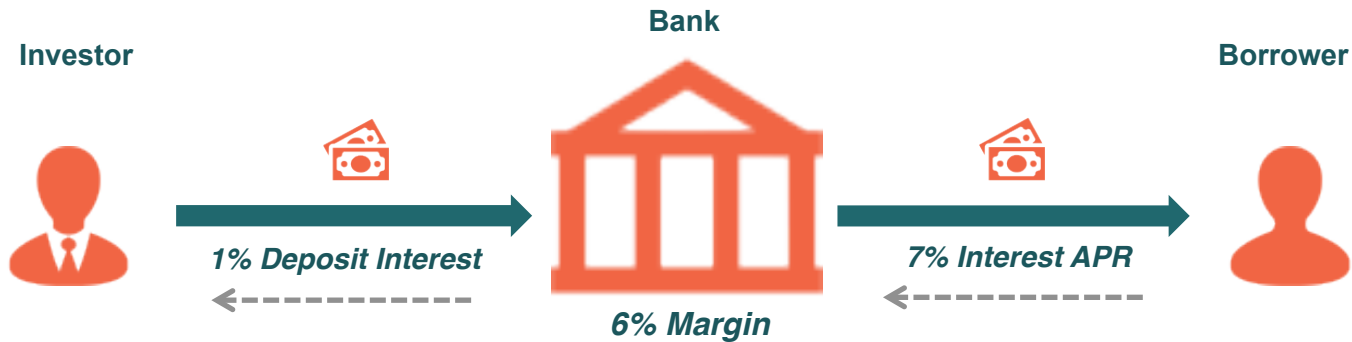
| Title | Name                | Yrs relevant exp. | Notes (see CV's in the back for more details)  |
|-------|---------------------|-------------------|--|
| CEO   | Fredrik Tham (40)   | +10               | Solid experience in IT architecture, business intelligence & large scale project mgt.  |
| CFO   | Dorte Hallager (50) | +20               | Solid experience as CFO at large Pan Nordic IT/finance solutions provider (+20 > +200 employees)   |
| CIO   | Casper Hallas (47)  | +20               | Solid experience in asset mgt. (buy & sales side), Fund mgt., fund distribution, institutional sales   |
| CCO   | Ulf Ibsen (47)      | +20               | Solid consumer credit experience as Head of Credit Bluestep, Länsförsäkringar Bank, most recently interim Head of Credit at Landshypotek Bank AB |



# THE PROBLEM... TRADITIONAL LENDING IS BROKEN

Bank deposits = 1 %  
Inflation = 1 % } zero 'real' interest } Large demand for alternative  
Investment opportunities

## The Obsolete Middleman Method



### Lender/ investors

- Low or no deposit rates
- Negative 'Real' interest
- Lack of options and transparency
- Expensive middlemen

### Traditional lenders

- Expensive Branch networks
- Capital requirements & control
- Legacy systems & manual processes
- State guarantee contribution

### Borrower

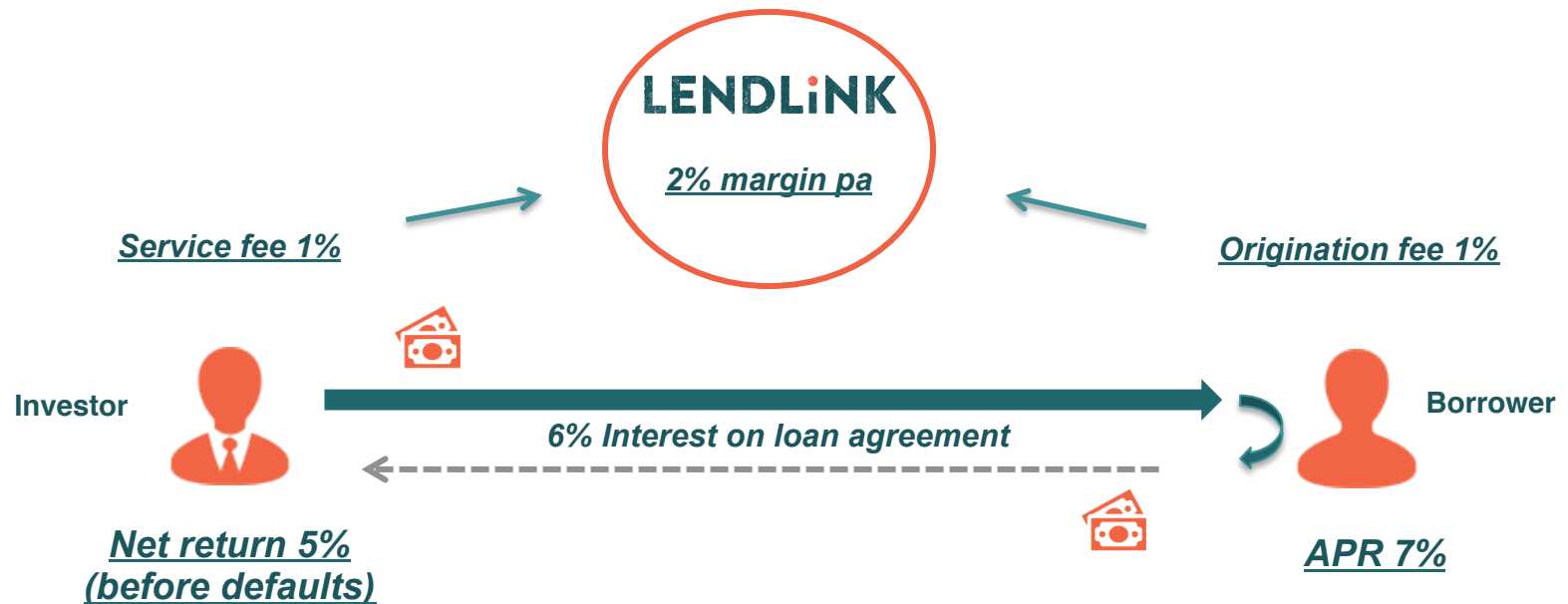
- Expensive to borrow
- Lack of available credit
- Hidden fees
- Service is slow and inconvenient



# THE SOLUTION...

## AN ONLINE P2P MARKETPLACE

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*Additional potential income: 0,5% pa secondary market + 0,7% insurance contribution = 1,2% pa*

### ✓ better returns for Investors

- Direct access to consumer credit
- Non cyclical, diversification effects
- Expected yield to lenders 4-9% pa
- Advanced real-time credit assessment using XS2A technology based on PSD2

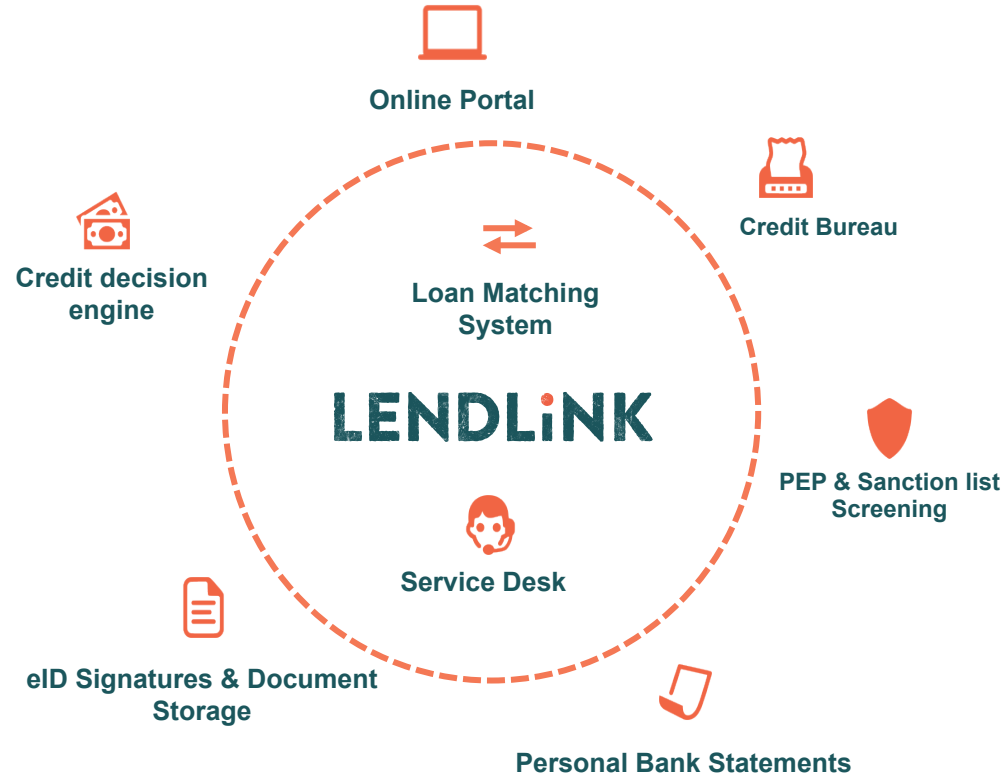
### ✓ a better deal for Borrowers

- Lower borrowing rates
- Fast application process (3-4 min.)
- 100% transparent rates & fees
- Pre-payable loans at no cost



# THE PLATFORM STRAIGHT THROUGH PROCESSING

*Fully automated onboarding & matching of borrowers and lenders*



- With the Payment Institute License obtained and the current API's, LendLink can with limited effort further scale it's platform to the rest of Nordics or Europe



# THE PLATFORM FOCUS ON USER EXPERIENCE

# LENDLINK

Välj konto:  [Logga ut](#)

**Låntagare** | **Långgivare** Totalt värde  
980,68 kr

Översikt | **Låna ut** | Utlånat | Överför pengar | Transaktioner | Hjälp | [Min profil](#)

Manuellt | **Automatiskt**

## Öka din avkastning genom automatiska investeringar.

Genom att skapa en profil för automatiska investeringar sprider vi din utlåning efter dina utlåningsvillkor. En stor fördel är att du då automatiskt kan återinvestera den avkastning du får varje månad utan att behöva logga in.

Du kan när som helst ändra dina inställningar eller göra ett uppehåll

 **Välj tidshorisont**

Genom att ange en maximal löptid för de lån du investerar i kommer du bara att investera i lån som har denna löptid eller kortare.

 **Välj spridning**

Genom att fördela din utlåning bland många lån minskar du möjligheten att förlora pengar om en låntagare inte skulle kunna betala tillbaka.

Många lån  Medel  Få lån



# COMPETITIVE LANDSCAPE (SWEDEN)

## Available dealflow via loan brokers/aggregators

- Aggregators provide a steady dealflow at fixed cost
- Average cost per acquisition (CPA) 1-3% of loan amount (paid up front)
- Borrowers can be filtered on creditprofile, loan size, duration



## Competitive & transparent consumer loan market

- Focus on price, speed and availability



| Bank                                       | Beviljat lån       | Månadskostnad  | Effektiv ränta | Avgifter  |                      |
|--|--------------------|--|----------------|---|----------------------|
| <br>GE Money Bank är nu<br>Santander fd GE | 150 000 kr<br>5 år | 2 896 kr   | 6.11%          | Uppläggningsavgift: 0 kr<br>Autogiro: 0 kr<br>ENDAST AUTOGIRO   | Välj Santander fd GE |
| <br>Ikano Bank                             | 150 000 kr<br>5 år | MEDELKOSTNAD<br>2 947 kr<br><a href="#">Visa kostnader</a> | 7.39%          | Uppläggningsavgift: 0 kr<br>Faktura: 25 kr<br>Autogiro: 0 kr    | Välj Ikano           |
| <br>Collector                              | 150 000 kr<br>5 år | 3 034 kr   | 8.71%          | Uppläggningsavgift: 495 kr<br>Faktura: 35 kr<br>ENDAST FAKTURA  | Välj Collector       |
| <br>Wasa Kredit                            | 150 000 kr<br>5 år | 3 024 kr   | 8.752%         | Uppläggningsavgift: 395 kr<br>Faktura: 40 kr<br>Autogiro: 40 kr | Välj Wasa Kredit     |



# BUSINESS MODEL (INCOME STREAMS)

## LendLink has four revenue streams

### 1. Loan origination fee from borrowers 1% pa

- 1 - 5% of the borrowed principal, average 3% (1% pa)
- Based on duration and credit band.
- Paid up front at loan dispersal.

### 2. Service fee from lenders (investors) 1% pa

- 0.8 - 1.2% pa of the interest rate paid to the lender.
- The level is based on the credit band of the borrower
- Charged on interest rate payments (monthly) over the duration of the loan

### 3. Borrower income insurance 0,7% pa

- 40% of borrowers take an income insurance which covers loan costs for 12 months in case of loss of income.
- Typical monthly premium is 200 SEK, LendLink profit is 100 SEK.

### 4. Secondary market 0,5% pa

- 0,5% commission on trades loans.
- Lenders can buy and sell existing loans

## Example

Based on a typical loan of 100 000 SEK with duration of 3 years and an interest rate of 7%

### Total life time revenue

3% Origination fee + 3 000

1% Service fee + 1 195

Income insurance + 1 843

### Variable costs

CPA (industry average) - 1 500

Insurance - 920

**Total gross profit 3 918**

(duration of loan 1,5 years due to self liquidating amortisation)





# BUSINESS MODEL

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## Gross/contribution margin

| ANNUAL INCOME IN % OF LOAN BOOK |             |
|---------------------------------|-------------|
| Origination fee                 | 1,2%        |
| Service fee                     | 1,0%        |
| Income insurance                | 0,7%        |
| CPA                             | - 0,6%      |
| Insurance cost                  | - 0,3%      |
| <b>Gross margin</b>             | <b>2,0%</b> |



## Breakeven – Loan book of 140 MSEK

- Break even which covers running costs of 500 000 SEK/month, which includes;
  - product development
  - marketing
  - salaries (not market level)
  - overhead
  - compliance etc
- 140 millions SEK in loanbook or 10-15 loans per day
- To be reached early 2017 (in 12-15 months)

**Successfactor: availability of funding to fill loans**

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# LENDLINK COMPETITIVE ADVANTAGE

## PSD2 & 'ACCESS TO ACCOUNT' RULE

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Superior credit assessment based on PSD2 'access to account' principle

1. LendLink retrieve account transactions directly from Borrowers bank a/c to perform real-time credit assessment
2. LendLink pull external credit report from credit bureau
3. LendLink analyze 'behavioral footprint' of the borrower based on 12 months of transactions from borrowers a/c
  - banks & credit institutions are relying on 'old' tax filings for income verification
  - self reported income/expense numbers

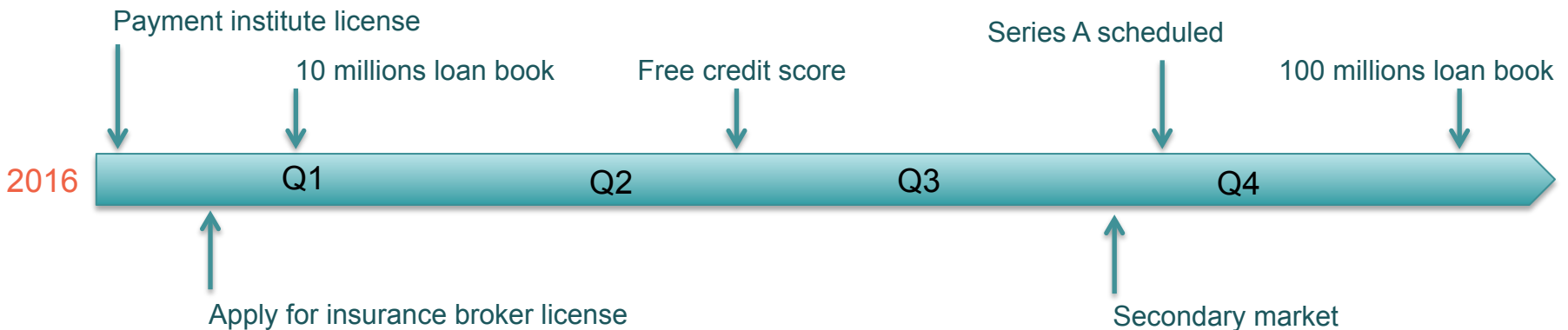
***LendLink has access to 95% of Swedish banks via third party and can supplement credit assessment with cashflow analysis from the applicants bank account***



# MAIN MILESTONES

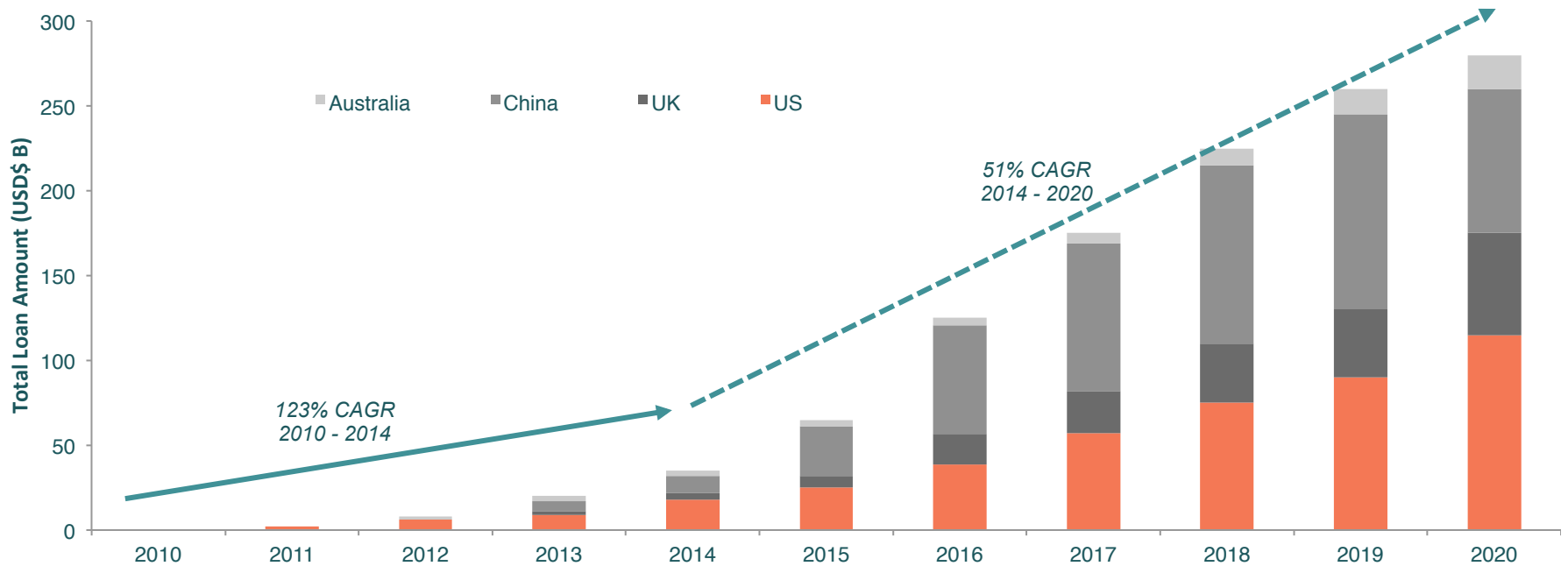
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- Finalize payment institute license (currently being processed by Fi)
- Establish initial loan book of 10 million SEK
- Apply for insurance broker license to enable 3rd income stream
- Strengthen the management team
- Free credit score to attract organic traffic
- Develop secondary market to enable early access for lenders and 4<sup>th</sup> income stream



# MARKET PLACE LENDING IS BOOMING!

Global Market Value USD\$290B by 2020(Base Case)



\* Source: Global Market Lending, Morgan Stanley (2015)

- Marketplace lending has seen a tremendous CAGR of 123% over the past 5 years, with annual lending amounts expected to grow at 51% till 2020.
- Even though the highest loan growth is expected in China, the UK and US both sustain growth till 2020.



# GLOBAL P2P NEWS HEADLINES



**“Goldman Sachs is Entering P2P Lending, Becoming the 1<sup>st</sup> Bank to Launch a Platform.”**

Lend Academy

[bit.ly/1J7k1xh](http://bit.ly/1J7k1xh)



**BOND STREET**

**Bond Street Announces \$110 million in Equity and Debt Financing. The new financing round led by Spark Capital and Jefferies will help Bond Street scale.**

**“British Peer-to-Peer Lender Zopa hits \$1B Lending Mark.”**

Yahoo News

[yhoo.it/1flVfg4](http://yhoo.it/1flVfg4)



**LendingClub**

**“LendingClub And Billion-dollar Valuations Are Just The Beginning For Online Lending.”**

Forbes

[onforb.es/1dNDIMI](http://onforb.es/1dNDIMI)



Funding Circle

**“P2P Lending Site Funding Circle Raises \$150M Led By DST at a \$1B+ Valuation.”**

Tech Crunch

[tcn.ch/1FfNqIZ](http://tcn.ch/1FfNqIZ)

Morgan Stanley

**“Can P2P lending reinvent Banking?”**

<http://www.morganstanley.com/ideas/p2p-marketplace-lending/>



**REUTERS**

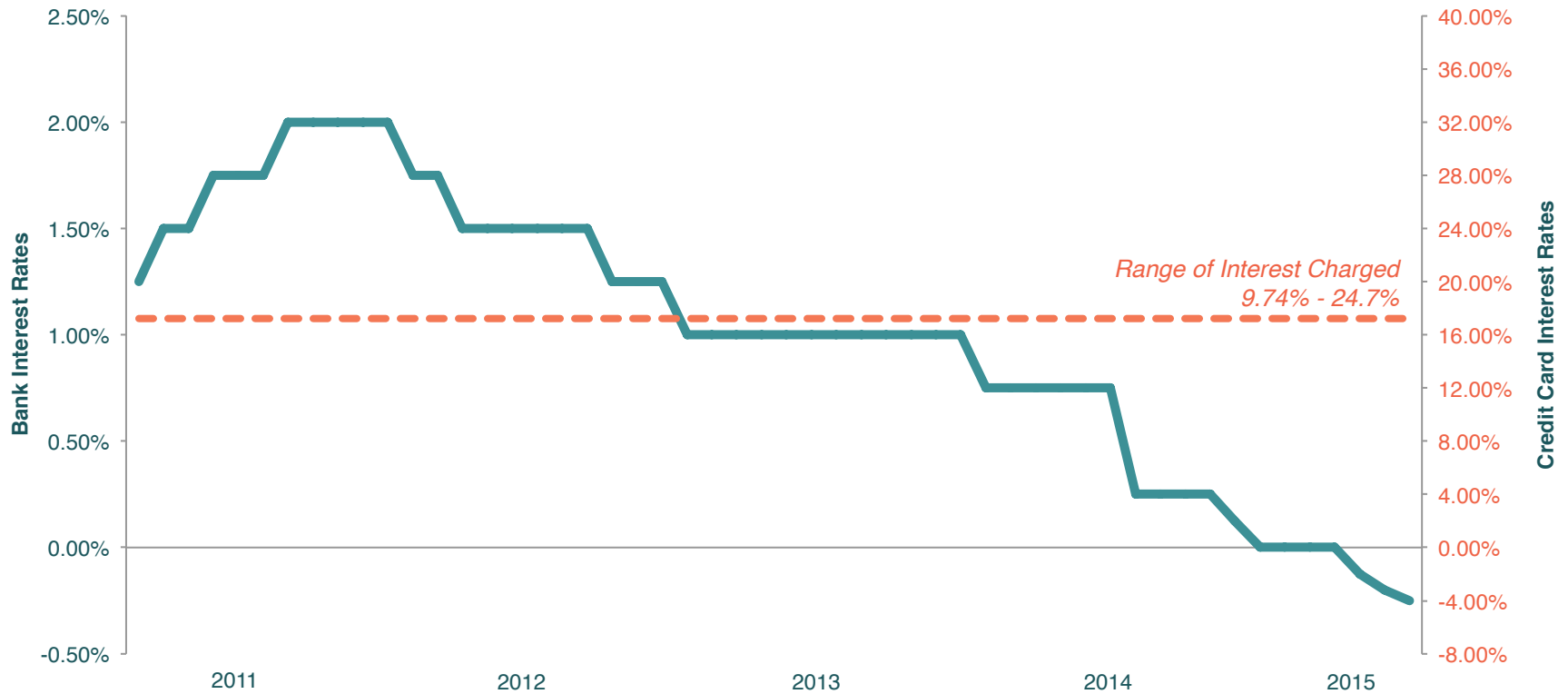
**“Automated Lenders Threaten to Eat Banks’ Lunch.”**

Reuters

[reut.rs/1d5gd18](http://reut.rs/1d5gd18)



# SWEDISH INTEREST RATES



Source: EuroMonitor Industry Overview (2015)

- The Riksbank (Central Bank of Sweden) has lowered Bank Interest Rates by 2.25% over the past 5 years;
- During this period, banks continue to maintain high interest rates for Credit Cards, hurting Credit Card users.



# SWEDISH P2P MARKET SIZE

## Market Size



Unsecured Loans:  
205B SEK



Credit Card Debt:  
48B SEK



Secured Loans:  
352B SEK



SME Loans:  
495B SEK

**Total Swedish Market Size: 1100B SEK = USD\$135B**

## Other Market Information



Household Deposits:  
1121B SEK



Average Borrowing  
Rates: 6%



Current Spread to  
Dis-intermediate: 4-5%

**Significant potential spread through dis-intermediation is attractive for P2P Lending**



# LARGE GROWTH OPPORTUNITIES AVAILABLE IN THE REST OF THE NORDICS

## NORDICS



**Total Population**  
26.01 m



**Availability of well documented historical data**



**Consumer Lending Market**  
USD \$28.59b\*



**Credit Card Users**  
2.44m\*



**Consumer Default Rate**  
1.77%\*



**Credit Default Rate**  
2.23%\*

*\* Data is averaged across Finland, Denmark, Norway and Sweden*



- The Nordics in general present an attractive opportunity for P2P Lending, with a high addressable market, low average default rate and well documented borrowers data.
- Other growth opportunities are Introduction of new categories of P2P consumer lending, e.g. car loans and Introduction of new segments, e.g. SME lending





# THE MANAGEMENT

knowit



## Fredrik Tham, CEO, Co-Founder

- Senior Business Intelligence Consultant; managed large business intelligence projects in banking, and insurance at Knowit Decision Helikopter. Initiated and finalized KnowIT's partnership with QlikView.
- Project Manager; Managed an international team and led the scaling of Manpower Group's product into the Nordics. Led a team of developers in 7 countries in Europe and USA.  
[se.linkedin.com/in/fredriktham](https://se.linkedin.com/in/fredriktham)

miranova

Utdåg moderne formueforvaltning



## Casper Hallas, CIO, Co-Founder

- Director at Miranova; Successfully setup a licensed and regulated asset management company.
- Co-managing Partner at ICECAPITAL Asset Management Denmark A/S.
- Founder and CEO of Scandium Asset Management; Listed on the Copenhagen Exchange, with an AUM of \$100 Mio.
- Partner at Neonet Securities AB, first Nordic discount broker (IPO 2001)  
[se.linkedin.com/pub/casper-hallas/1/82b/708](https://se.linkedin.com/pub/casper-hallas/1/82b/708)

SCANDIUM  
ASSET MANAGEMENT

Neonet

## Dorte Hallager, CFO

- CFO as FDC, a large Nordic IT company making solutions to the financial sector.
- Member of Copenhagen Business Angels Network.  
<https://dk.linkedin.com/in/dortehallager>



## Ulf Ibsen, CCO (Chief Credit Officer)

- Head of Credits at consumer credit and several credit market companies and banks for 20+ years.
- Head of credit for Bluestep mortgage loans, hired by the founder to build the credit department from the grounds up.

Länsförsäkringar  
Stockholm



Landshypotek Bank

BlueStep



# CONTACT

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