



Funding Circle Overview

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Dominant Global Small Business Lending Platform

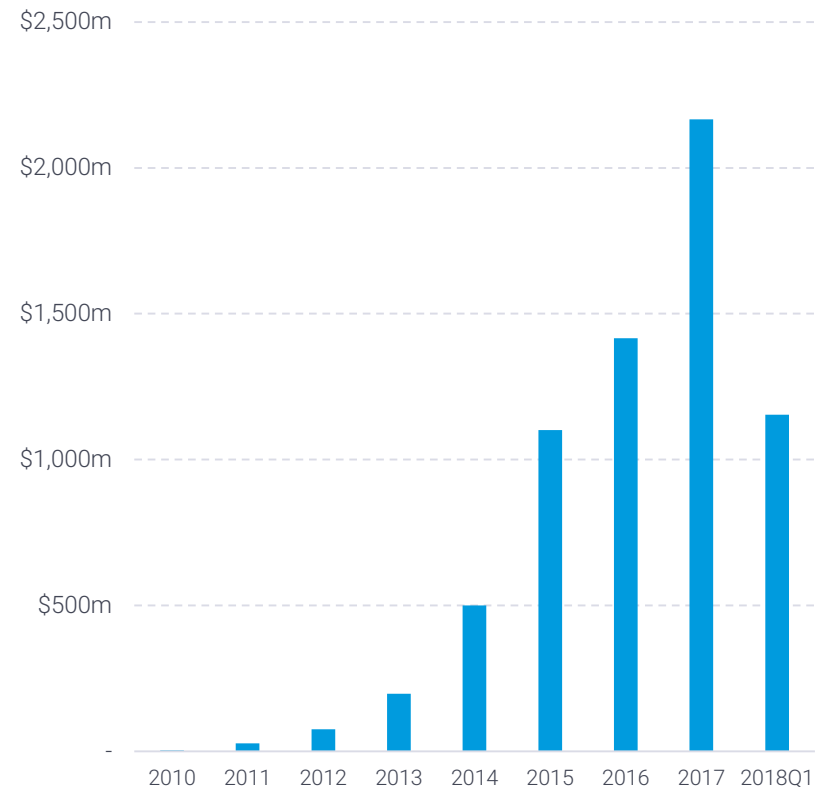
#1 Platform for business lending worldwide

- Founded in 2010
- Active in US, UK, Germany & The Netherlands
- 900+ employees worldwide
- FCA authorized since May 2017¹
- Approximately 72,000 investors funded 45,000+ businesses (\$5bn+ total to date)

\$373mm cumulative capital raised



Demonstrated, sustainable origination growth²



¹ Financial Conduct Authority is the primary regulator of financial services firms and financial markets in the UK; Funding Circle UK had previously operated under an interim permission since 2014.

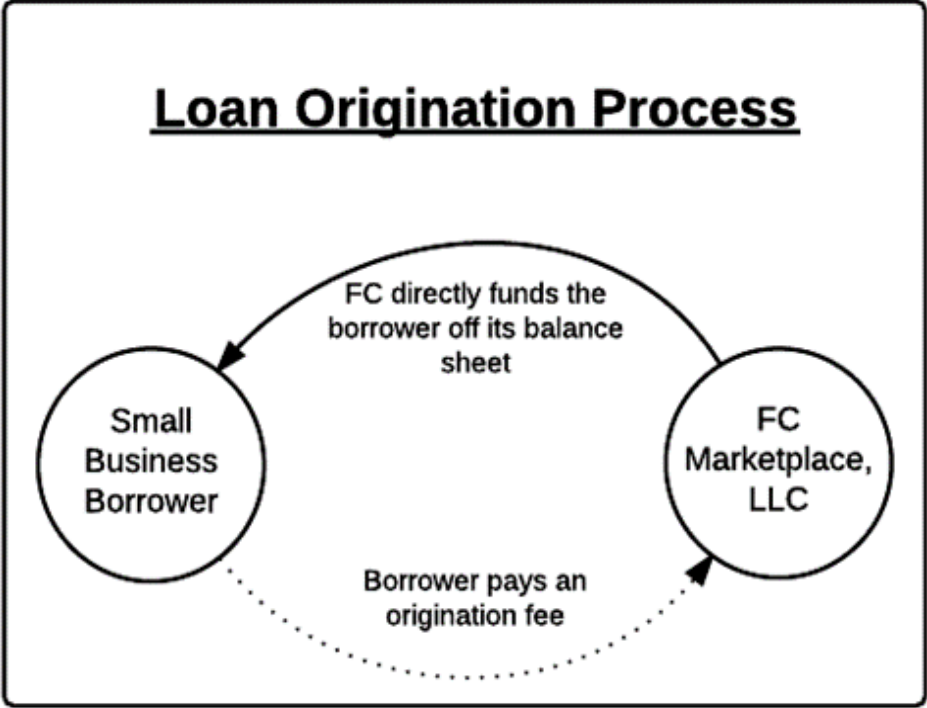
² Global business annual originations – average annual exchange rates

How does Funding Circle USA originate small business loans?

- Funding Circle is a direct lender
 - No partner bank for origination (e.g. WebBank or Cross River)
 - *Madden v. Midland* National Bank Act issue not present
- Funding Circle complies with state lending licensing requirements
 - Less requirements than in the consumer context
 - Licenses in CA, FL, ND, SD, and VT
 - States (other than NV) do not have applicable licensing requirement
- Funding Circle complies with state law in setting interest rates
 - Many less state interest rate caps than in the consumer context
 - Undertaken 50 state (+DC) review of interest rate caps
 - Interest rate on most loans would not exceed the interest rate caps in the borrower's home state, *and where they do...*
 - Selected, limited reliance on CA "choice of law"
 - As a licensed CA Finance Lender, no interest rate limit under CA law
 - Loans are governed by CA law



Loan Origination Process



Who are Funding Circle's borrowers and what products do we offer them?

- Small, “main street” businesses in 49 states and DC (i.e., commercial lending)
 - No moral hazard: weapons, adult entertainment, etc.
 - No start-ups, speculative real estate
 - No sole proprietorships
- Fully amortizing term loan (a.k.a. “closed credit”, “installment loan”, etc.)
 - Principal amounts between \$25,000 - \$500,000
 - Interest rates ranging from 4.99% - 26.99%
 - Secured by UCC-1 blanket lien on the business assets and personally guaranteed
- Loans originated by Funding Circle are governed by federal and state commercial lending laws



How does Funding Circle raise capital to fund the loans?

- Whole loan investors
 - “Forward flow” (i.e. passive) purchases of whole loans
 - Governed by negotiated purchase and servicing agreements
 - “True sale” considerations for bankruptcy remoteness purposes
- Fractional marketplace
 - Securities transactions
 - Privately issued debt securities (loan payment dependent notes) made pursuant to Section 506c of Regulation D and sold to “accredited investors”
 - Issued by a Special Purpose Vehicle (SPV) for bankruptcy remoteness purposes
 - Securities are offered by the SPV in compliance with the Issuer’s Exemption
- Funding Circle SME Income Fund
 - Guernsey domiciled ETF that trades on the London Stock Exchange



How does Funding Circle close, sell and service the loans?

- Funding Circle conducts all transactions electronically
 - Governed by E-SIGN, UETA, EFTA
 - Funding Circle obtains consent from applicants and borrowers
 - Does not condition funding on ACH authorization
- Leverages third party tools (DocuSign and eOriginal) to facilitate the electronic process
 - Loan document package signed in DocuSign
 - Single authoritative copy of loan docs is created, authenticated, and stored in an electronic vault
- Loan files transferred to investors
 - Loan files and UCC-1 financing statement transferred to investors (or custodian acting on their behalf)
- Funding Circle Servicing and Collections team complies with applicable law in servicing the debt for the life of the loan
 - Abides by the spirit of Fair Debt Collections Practices Act (FDCPA)
 - Works with trusted third-party loan servicer
 - Robust diligence processes for third-party collections agencies



Funding Circle's Regulatory and Compliance Framework

Two distinct regulatory environments based on activity

Borrower
Facing
Activities
(Commercial
Lending)

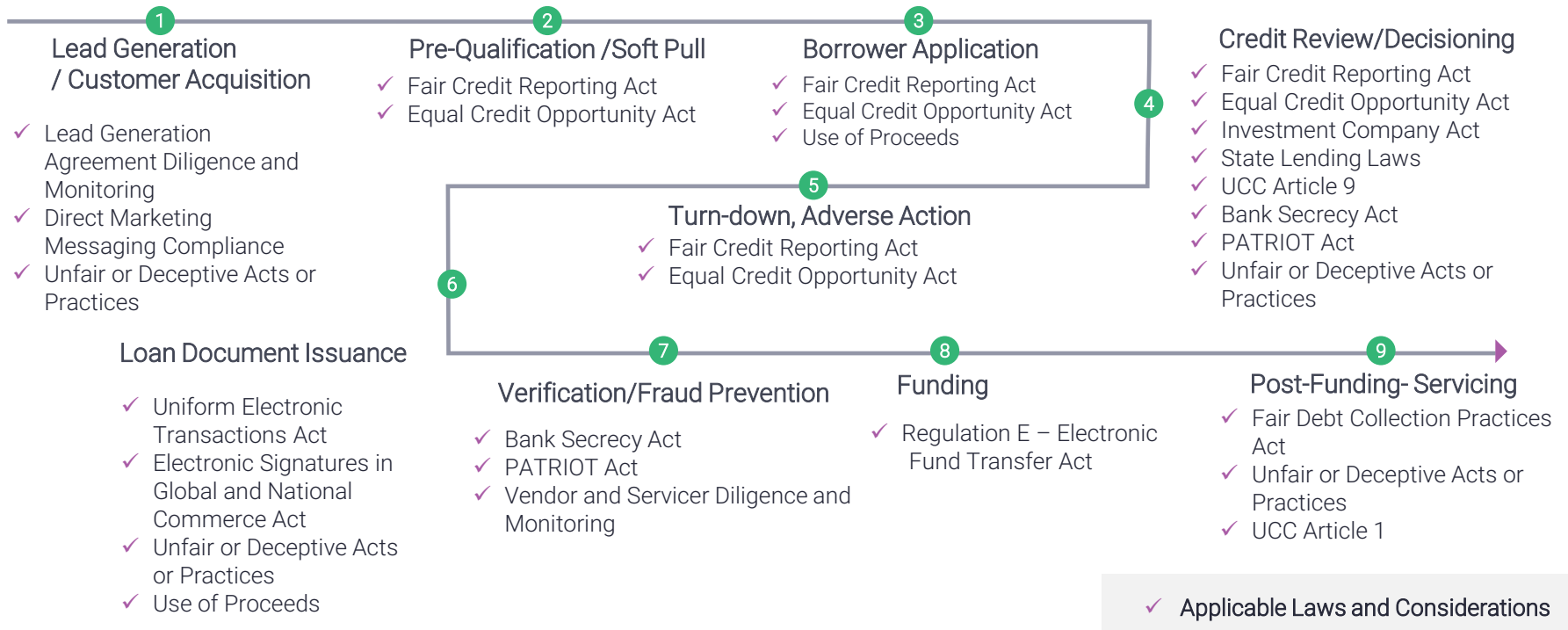


Investor
Facing
Activities
(Investment
Offerings)

Comprehensive Regulatory Infrastructure

Funding Circle is holistically compliant with all applicable lending laws and regulations

LOAN ORIGINATION PROCESS



Funding Circle complies with BSA/AML/Sanctions laws and mitigates fraud risk?

- Funding Circle has formal BSA/AML policies and procedures for both Investor and Borrower-facing businesses, including strong KYC procedures
- Funding Circle conducts regular AML compliance trainings to all employees, with special focus on customer-facing departments
- Funding Circle uses third-party tools to screen borrowers and investors against multiple watch-lists, including OFAC and FinCEN lists
- Funding Circle's fraud department is active from application through servicing
- Funding Circle's board has formal oversight over Funding Circle's compliance policies, including its AML policy, and the compliance team provides regular updates to the board



How does Funding Circle treat borrower and investor information?

- Funding Circle's information security practices are consistent with industry standards for data protection
 - Strong, end-to-end encryption to protect data in motion and data at rest
 - Closely monitored by a dedicated information security team that works with the engineering, compliance, and legal teams to create security practices and monitor information security
 - Use protocols required by contracts with credit reporting agencies and state and federal regulations
- Funding Circle carefully monitors what non-public personal information we include in our marketplace
 - All information presented in the marketplace anonymized
- Funding Circle obtains all necessary consent before disclosing any non-public personal information
 - Consistent with the spirit of the Gramm Leach Bliley Act and the California Financial Information Privacy Act
 - Compliant with state privacy laws that govern the use of personal information





Questions ?

