July 21, 2016 **Financial Technology Partners**

FT Partners Research - Transaction Profile



raises \$300 million in lending capital, \$30 million in Series C equity financing led by



and acquires



Courtesy of:



The Only Investment Bank Focused Exclusively on Financial Technology

www.ftpartners.com



Financial Technology Partners

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CommonBond Secures Financing and Acquires Gradible

Transaction Summary

Series C Investors

NEUBERGER BERMAN



CAPITAL

Transaction Summary

- On June 19, 2016, CommonBond announced it had raised \$300 mm in lending capital, \$30 mm in a Series C equity round and acquired Gradible
 - New investor Neuberger Berman Private Equity led the \$30 mm Series C equity round
 - Previous investors August Capital, Tribeca Venture Partners, Social Capital, Nyca Partners and Victory Park Capital also participated in the round
 - CommonBond did not disclose the valuation of the round
- Gradible provides a platform to help in-debt individuals manage and optimize their student loans quickly
 - CommonBond acquired Gradible for an undisclosed amount in order to add new services to its business such as a facility where employers can contribute to student loans
- CommonBond plans to use the equity financing to hire across the firm, build out its technology platform for consumers and employers and continue to scale its loan operations

Transaction Commentary

"Among the hundreds of fintech lenders out there, CommonBond stood out to us for its sophistication in underwriting, capital markets, technology and customer acquisition ... It's still early days in online lending's disruption of traditional finance, and we believe CommonBond, with its world-class team and history of consistent performance, will continue to be a leader in the space for years to come."



Brien SmithManaging Director

NEUBERGER BERMAN

"There is a broader theme that not all online lenders are created equal ... Generally, it depends on the asset class and credit spectrum, and if you plot all the lenders, you will actually see some variability." (1)



David Klein CFO







CommonBond Secures Financing and Acquires Gradible

CommonBond Overview

CommonBond

Key Stats

- The Company has funded over half a billion dollars in loans through its platform since going national three years ago
- According to
 CommonBond CEO,
 David Klein, the
 company is profitable
 on a per loan basis
 and will be fully
 profitable in 2018 (1)

CommonBond Overview

CEO: David Klein
Headquarters: New York, NY
Founded: 2011

"We strongly believe that business CAN – and SHOULD – be a positive force for change."

- David Klein, Co-Founder, CEO
- CommonBond provides innovative, flexible student and personal loans focusing on savings, service and social impact
- The Company also operates a program to help students find jobs or transition between jobs
- For every loan funded through its platform,
 CommonBond funds the education of a student in need through their education partnership program

Selected Previous Equity Financing

Date	Size (\$ mm)	Key Investors	
09/8/15	\$35	AUGUSTCAPITAL	
02/05/15	150 ⁽²⁾	nelnet. BUSINESS SOLUTIONS	
9/4/13	100 ⁽²⁾	THE SOCIAL+CAPITAL PARTNERSHIP	

TYP TRIBECA VENTURE PARTNERS

Products and Services

Refinance Student Loans

Rates starting at 2.14% APR

Average savings over the life of the loan \$14.581

Refinance Parent Plus Loans

Rates starting at 2.14%

Parent Plus loans are transferable

Borrow For Your MBA

Rates starting at 6.23% APR

Average savings vs. federal loan: \$10.000

Personal Loans

Rates starting at 4.50%

Flexible repayment options with no origination fee

✓ No Hidden Fees

No application fees; No origination fees; No prepayment penalties

✓ No Prepayment Penalty

Customers can prepay their loan or pay more than the minimum without a penalty

✓ Safe and Secure

SSL encryption guarantees the safety and confidentiality of the customers information



Source: Company website, PitchBook.

- TechCrunch: "Student loan platform CommonBond raises \$300M and \$30M in equity, buys Gradible."
- Includes both debt and equity.



CommonBond Secures Financing and Acquires Gradible

Gradible Overview

Gradible

Gradible Overview

Headquarters:New York, NYFounded:2013Employees:6

- Gradible's proprietary technology and team of student loan experts help in-debt individuals manage and optimize their student loans
- The Company helps members with repayment plans that suit their financial situation helping them avoid high monthly payments and excessive interest rates
- Gradible also provides members access to discounts, offers and earning opportunities to help with repayments

Selected Previous Equity Financing

Date	Size (\$ mm)	Key Investors	
09/19/14	< \$1	500 _{startups} kima ventures	
04/17/14	na	500 _{startups} Kima ventures	

Products and Services



Refinancing or Consolidation

Qualified borrowers can save money over the life of their loans



Income-Driven Repayment Programs

Borrowers with lower incomes can pay less each month



Public Service Loan Forgiveness

Certain public service professionals may qualify for loan forgiveness

Management Team



Lee Smallwood Co-founder. Product

 Previously worked in Strategy and New Business Development at Tough Mudder



Grant Biles Co-founder, Design

 Previously worked as an account executive at Small Army



Pete Wylie Co-founder, Financing and Marketing

Previously worked as the Director of Advertising at Tough Mudder

FT Partners' Track Record of Success in the Lending / Banking Technology Space

Student / Personal Loan



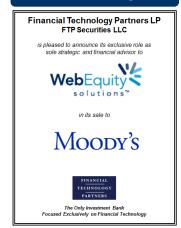
Asset Backed Loans Financing



Consumer Home Improvement Financing



SaaS-based Loan Origination



Consumer Marketing / Credit Lead Generation



SMB Financing



Contractor Financing



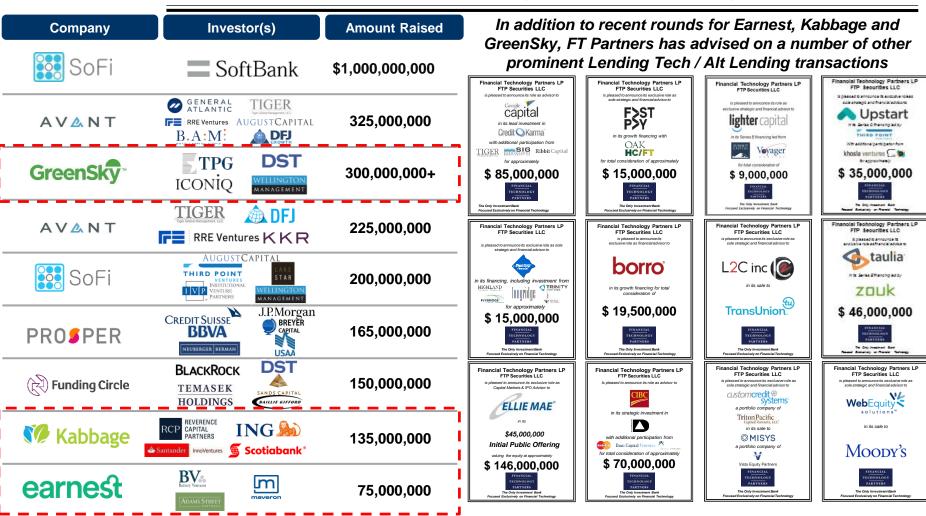
Supplier Finance Solutions





FINANCIAL
TECHNOLOGY
PARTNERS

FT Partners Advised on Three of the Largest Alternative Lending Transactions



FT Partners Advises GreenSky in its \$300mm Minority Investment

Transaction Overview and Rationale

Overview of Transaction

- GreenSky completed a minority \$300 million financing round from TPG, DST, Iconiq and Wellington Management
- The Company provides an online loan platform that allows businesses to offer flexible credit programs to their customers – promoting higher transaction values and driving sales growth
- GreenSky's proprietary, technology-driven platform enables partners to make informed, real-time credit decisions and allows for real-time transaction processing
- The Company has grown to be a leader in the emerging Alternative Lending space, with a particular focus on home improvement financing

Significance of Transaction

- Represents the largest private equity financing in the Alternative Lending space to date
- Demonstrates a fundamental shift in lending customer acquisition models away from traditional banks and towards specialists like GreenSky
- This transaction positions GreenSky as a clear leader in Alternative Lending and enables the company to continue to innovate and bring additional products to market

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to GreenSky and its Board of Directors
- FT Partners leveraged its deep knowledge, extensive experience and broad industry relationships to help achieve a highly favorable outcome for the Company
- Transaction demonstrates FT Partners' continued success advising top-tier financial technology companies

Financial Technology Partners LP FTP Securities LLC

is pleased to announce its exclusive role as financial advisor to



in its minority investment from





for total consideration of

\$ 300,000,000



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FT Partners Advises Kabbage on its \$135mm Minority Financing

Transaction Overview and Rationale

Overview of Transaction

- On October 14, 2015, Kabbage announced a minority \$135mm Series E equity financing round
- The round was led by Reverence Capital Partners as well as ING. Santander InnoVentures and Scotiabank
- Additional new investors include China's Yuan Capital and Japan's Recruit Strategic Partners; existing investors BlueRun Ventures, UPS Strategic Enterprise Fund and Thomvest Ventures also participated in the round
- In conjunction with the equity raise, Kabbage also increased its credit facility by more than threefold to over \$900mm to fuel the expansion of its direct lending business
- Kabbage is the leading technology and data platform powering automated lending; the Company leverages numerous data sources generated through business activity to better understand performance and deliver fast, flexible funding in real time

Significance of Transaction

■ The transaction represents one of the few times in recent history that multiple global financial institutions have invested in a U.S.-based financial technology company, suggesting the potential for Kabbage's world-class platform to change the landscape of lending worldwide

FT Partners' Role

- FT Partners served as strategic advisor to Kabbage in this groundbreaking transaction
- Transaction demonstrates FT Partners' continued success advising on \$100mm+ financings for leading, world class financial technology companies while also building on the Firm's deep domain expertise in the Alternative Lending space

Financial Technology Partners LP **FTP Securities LLC**

is pleased to announce its role as advisor to



in its Series E minority financing led by













for total consideration of

\$ 135,000,000



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FT Partners Advises Earnest on its \$75mm Minority Financing

Transaction Overview and Rationale

Overview of Transaction

- On November 17, 2015, Earnest announced a minority \$75mm
 Series B equity financing round
- The round was led by Battery Ventures with participation from Adams Street Partners and existing investors, including Maveron
- Earnest plans on using the equity financing to continue building out current technology, data and engineering teams
- In conjunction with the equity raise, Earnest also announced an additional \$200mm of institutional lending capital from New York Life and others
- Additional lending capital will enable Earnest to introduce new products, tools and resources in the near-term as the Company is planning expansion into additional consumer finance verticals
- Earnest is a leading technology-enabled alternative lending company that is intent on disrupting consumer lending; the Company utilizes superior technology to provide lending and refinancing solutions to consumers at better rates than traditional lenders

Significance of Transaction

- This transaction capitalizes on Earnest's strong growth and traction to further establish the Company as a leading technology-enabled alternative lender
- Firmly positions the Company to expand its products and services and continue to disrupt the consumer lending space

FT Partners' Role

- FT Partners served as exclusive strategic and financial advisor to Earnest and its Board of Directors in this monumental transaction
- Transaction demonstrates FT Partners' continued success advising on large financings for leading, world class financial technology companies while also building on the Firm's deep domain expertise in the Alternative Lending space

Financial Technology Partners LP FTP Securities LLC

is pleased to announce its role as exclusive strategic and financial advisor to



in its Series B minority financing led by







for total consideration of

\$75,000,000



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Selected FT Partners' Alternative Lending Research (click to view)



Prosper Secures \$165 mm in Series D Financing



Funding Circle Raises \$150 mm in Financing Led by DST



Lending Club IPO: Post Quiet Period Review



OnDeck IPO: Post Quiet Period Review



Oportun Raises \$90 mm in Financing Led by Fidelity Investments



Sofi Raises \$200 mm in Series D Financing Led by Third Point Ventures



Avant Raises \$225 mm in Series D Financing Led by Tiger Global



Enova Spin-off from Cash America



FT Partners regularly publishes research highlighting the most important transactions, trends and insights impacting the global Financial Technology landscape. Our unique insight into FinTech is a direct result of executing hundreds of transactions in the sector combined with over 13 years of exclusive focus on Financial Technology. Please visit our <u>subscription form</u> to subscribe to our exclusive monthly newsletter and receive our research reports.

Award-Winning Investment Banking Franchise Focused on Superior Client Results

FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition





The FT Partners Senior Banker Team

Name / Position	Prior Background	Experience / Education	Years of Experience
Steve McLaughlin Founder, CEO and Managing Partner	Goldman Sachs	 Formerly with Goldman, Sachs & Co. in New York and San Francisco from 1995-2002 Formerly Co-Head of Goldman Sachs' Financial Technology Group (#1 market share) Wharton M.B.A. 	21
Larry Furlong Managing Director	Goldman Sachs	 Formerly with Goldman, Sachs & Co. in New York, London and Los Angeles beginning in 1995 Wharton M.B.A. 	21
Greg Smith Managing Director	Merrill Lynch J.P.Morgan	 Formerly award winning Equity Research Analyst at Merrill Lynch / J.P. Morgan / Sterne Agee Recent coverage included V, MA, DFS, GPN, TSS, HPY DST, ENV, FISV, FIS, JKHY, WU & EEFT among others 	20
Steve Stout Managing Director	J.P.Morgan First Data.	Formerly with J.P. Morgan and UBSFormerly Global Head of Strategy at First Data	18
Tim Wolfe Managing Director	Goldman Sachs	 Formerly with Goldman, Sachs & Co. beginning in 2000 Started at FT Partners beginning in 2002 40 Under 40 M&A Advisor Award Winner 2013 Harvard M.B.A. 	14
Andrew McLaughlin Managing Director, Research & Business Development	Deloitte.	 Leads FT Partners' Research and Business Development Team Formerly with Deloitte Consulting 	10

