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## COMPANY PROFILE

 LeapCredit provides a wide range of credit products for customers' short-term financial needs.

### ONLINE PLATFORM

Borrowers can access loans ranging from \$400 to \$1200 through our online platform utilizing complete automated application processing.

### COMPLEX ANALYTICS

We effectively translate sophisticated data analytics and technology into a convenient user experience.

### CONVENIENT, SIMPLE

Our interface allows customers to get approved for much needed short-term loans that are otherwise difficult and inconvenient to obtain.

## EXAMINING THE PROBLEM

Today, traditional lending is time-consuming, with obsolete data and unsophisticated analytics, creating a massive market shortfall.

Lending company's data today is disorganized, uses outdated analytical models or only specializes in one type of data.

Currently, there is an estimated \$2.5B short fall in the subprime market.

Acquiring a loan involves 33 hours, 2.7 banks, and at least 3 different applications. Yet, 42% of applicants are still denied a loan of any amount.

# OVERVIEW

## OUR SOLUTION



LeapCredit offers an easy way for customers to get instant cash loans for their financial needs. We aim to give our customers a transparent and safe way to quickly apply and get approved for loans.



**We cater to the unbanked where the market for our products is large among lower income borrowers.**

**As a subprime lending company, we service borrowers with FICO score 680 or lower.**

**An online marketplace allows for quick efficient access to credit that other wise would take months.**



# MARKET OPPORTUNITY





# MARKET DEMAND

## Credit Utilization

	2013	2014	2015	2016
<b>Mean</b>	\$1135	\$1974	\$3366	\$3272
<b>Median</b>	\$800	\$1026	\$1450	\$1500
<b>75%</b>	\$1300	\$2400	\$4450	\$4400
<b>25%</b>	\$500	\$600	\$600	\$700

Over the last 4 years, average credit utilization through online lenders has increased 188%.

Average number of loans and average loan value have also seen an increase due to growing demand and customer base for the market.

## Loan Value

	2013	2014	2015	2016
<b>Mean</b>	\$862	\$1546	\$2438	\$2188
<b>Median</b>	\$700	\$800	\$1000	\$800

46% of loans in 2016 were made to new customers in the space.

# MARKET DEMOGRAPHIC

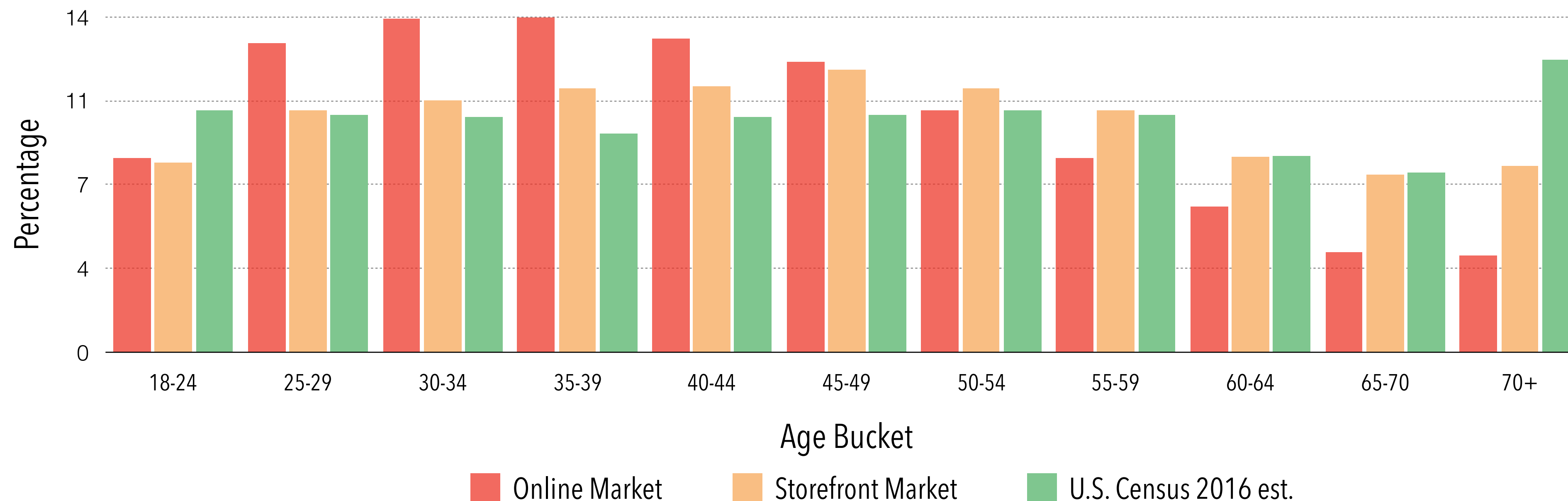
Understanding distributions of age and income help create targeted marketing campaigns boasting higher conversion

Measure	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
Prescreen Inquiries	4,015,160	8,542,801	4,265,051	10,573,518	12,418,756	8,100,209
# of inquiries converted to Loans	9057	101725	9683	26852	71528	77476
% Conversion	0.2%	1.2%	0.2%	0.3%	0.6%	1%

The online marketplace is more **favorable to the younger demographic** while the older demographic prefers storefronts.

Conversion rates can then be analyzed to assess the effectiveness of marketing efforts trying to capture a pre-screened demographic.

We believe the utilization of online lenders, changes in marketing strategies, and reduced origination time contribute to **higher conversion rates.**

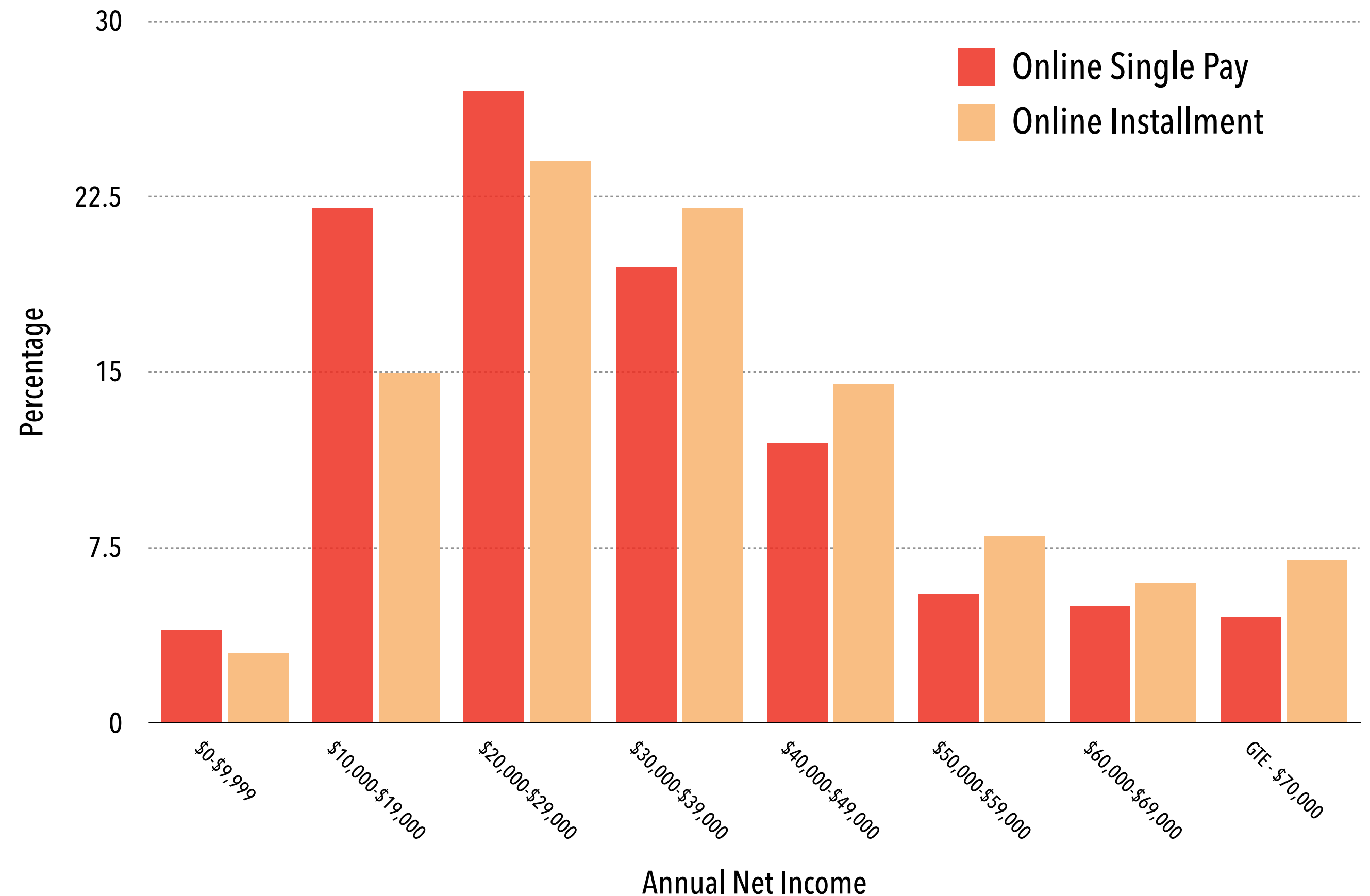




# MARKET DEMOGRAPHIC

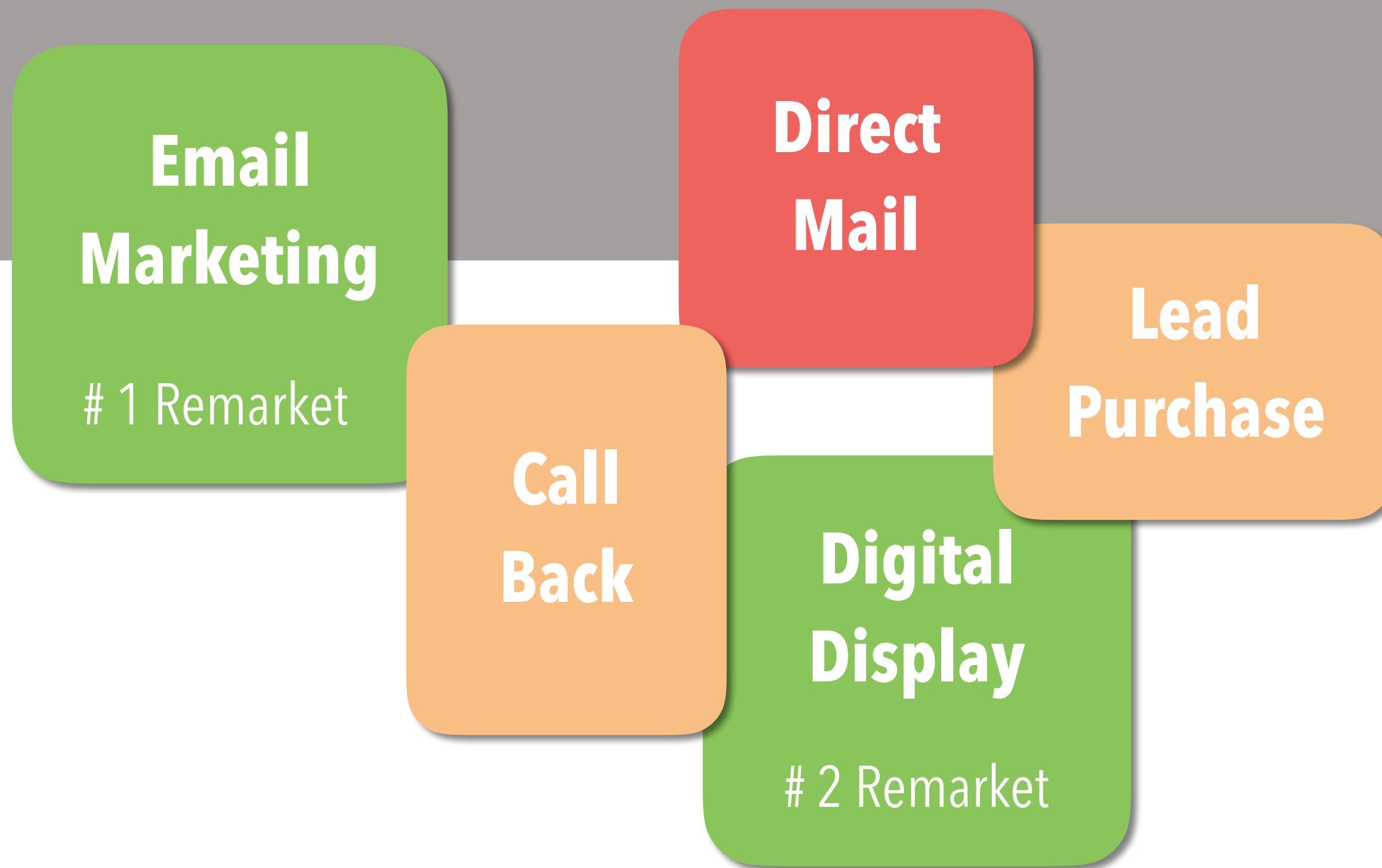
In the analysis of the average and median income data collected from 2013 to 2016, borrower income levels for the online market are noticeably higher in comparison to borrower income levels of the storefront market.

Inquiry Type	Average	Median
Online Single Pay	\$32,763	\$29,400
Online Installment	\$37,145	\$33,600
Storefront Single Pay	\$25,977	\$22,080
Storefront Installment	\$33,629	\$30,000



# MARKETING CHANNELS AND STRATEGY

LC implements a multi-channel marketing program to optimize return on invested capital.



**Indirect Marketing** focuses on Lead Purchases from third party providers. By utilizing multiple data sources, Leap Credit can manage both credit and fraud risk while acquiring customers in real time.

**Direct Marketing** Channels include Direct Mail Marketing, Email Marketing, and Digital Display Marketing. These channels create prescreen marketing campaigns according to internally defined credit risk attributes. Combined, these channels actively generate originations while capturing information that can be used for future customer acquisition, cross selling opportunities, and retention marketing.



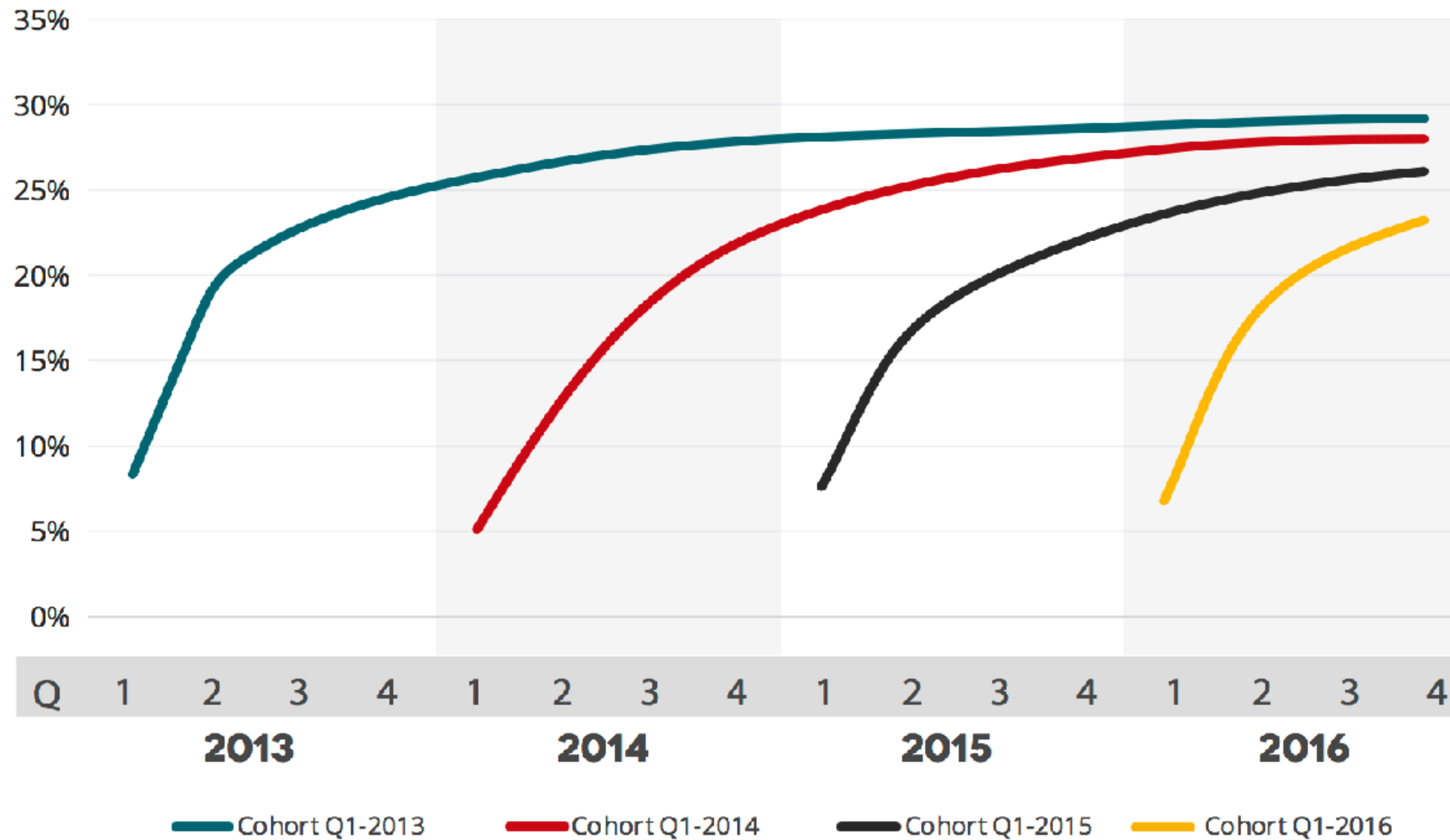


# MARKETING & UNDERWRITING

# MARKET STATISTICS

The reduction in first payment delinquency and default rate can be attributed to smarter and stricter underwriting policies.

### First Payment Default (FPD) % by Vintage Year



Excerpts & Highlights from The 2017 Subprime Lending Trends Report by Clarity Services, Inc.



# MARKET STATISTICS

As demand and volume have increased, overall default rate, financial distress, and first payment delinquency have decreased significantly.

Year	% Loans Still Open*	Mean Loan Duration (Days)	Median Loan Duration (Days)	Funding %	First Payment Delinquency	Severe Financial Distress	Overall Default
2013-Q1	1.9%	236	180	9.4%	16.6%	28.2%	29.2%
2013-Q2	2.6%	263	195	11.9%	23.6%	36.5%	38.6%
2013-Q3	3.1%	244	195	6.1%	23.6%	29.1%	33.2%
2013-Q4	1.4%	258	195	11.2%	17.2%	27.1%	30.3%
2014-Q1	2.1%	269	195	14.5%	16.3%	26.6%	31.2%
2014-Q2	4.7%	312	240	15.7%	14.4%	24.8%	32.6%
2014-Q3	6.3%	331	240	12.1%	12.4%	25.7%	32.1%
2014-Q4	6.1%	328	240	5.9%	11.8%	26.6%	32.6%
2015-Q1	9.0%	383	150	9.9%	9.1%	22.2%	26.7%
2015-Q2	10.4%	379	165	6.1%	9.8%	26.9%	32.7%
2015-Q3	11.2%	350	150	4.0%	8.5%	26%	30.2%
2015-Q4	16.8%	393	150	3.1%	7.0%	21.5%	24%
2016-Q1	21.0%	443	180	2.7%	7.3%	20.1%	22.9%
2016-Q2	30.2%	462	180	3.0%	8.1%	18.3%	20.8%
2016-Q3	37.2%	331	150	3.1%	9.6%	14.2%	16.7%
2016-Q4	67.4%	216	120	4.4%	13.2%	7.5%	8.5%

\*\* Does not reflect Leap Credit's GAAP compliant accounting standards

Excerpts & Highlights from The 2017 Subprime Lending Trends Report by Clarity Services, Inc.



# ORGANIZATION



# LEADERSHIP

## WHO WE ARE

### JP James

Managed operations of firm underwriting originations of \$4 billion per month in B2B, consumer, mortgage loans, and installments.

Supported revenue growth for underwriting and marketing analytics firm by 750% in 18 months.

Completed over \$1B in sell-side advisory and transactional work raising capital from high net worth individuals, institutional investors, and family offices.

### Paul Lopez

Co-founded and scaled Element Funding which has originated over \$5B in loans.

20 years of experience with loan origination, financing, and operations.

Multiple product launches on a national basis. Strong career in improving customer experiences.

### Tim Olzer

25+ years of experience with consumer underwriting, analytics, and marketing. Built 35 consumer subprime portfolio models.

Designed scoring and marketing response models for 6 installment portfolios in the last 3 years.

Built multiple marketing analytics firms in consumer lending industry.

### Zitrun He

Developed and managed resources for direct marketing and scoring models for Merkle, Scoring Solutions, Acxiom, and Lending Science.

Extensive knowledge and experience with predictive modeling, analytics, and database marketing.

Works with a global network to deliver technically excellent, highly predictive models to drive business and to be an all-around analytical powerhouse.

# ORGANIZATIONAL CHART

## FINANCE

- **Accounting**
  - Don Zachariah
  - Bini Arjun
- **Capital Markets**
  - Will Massengill
  - Michael Schwartz

## UNDERWRITING

- Zitrun He
- Scoring Solutions, divisions of LSDM

## IT

- Tina Thomas

## LEGAL

- **In-House**
  - Patrick Norris
- **Specialized**
  - Mike Tomkies

## MARKETING

- Tim Olzer, Lending Science

## OPERATIONS

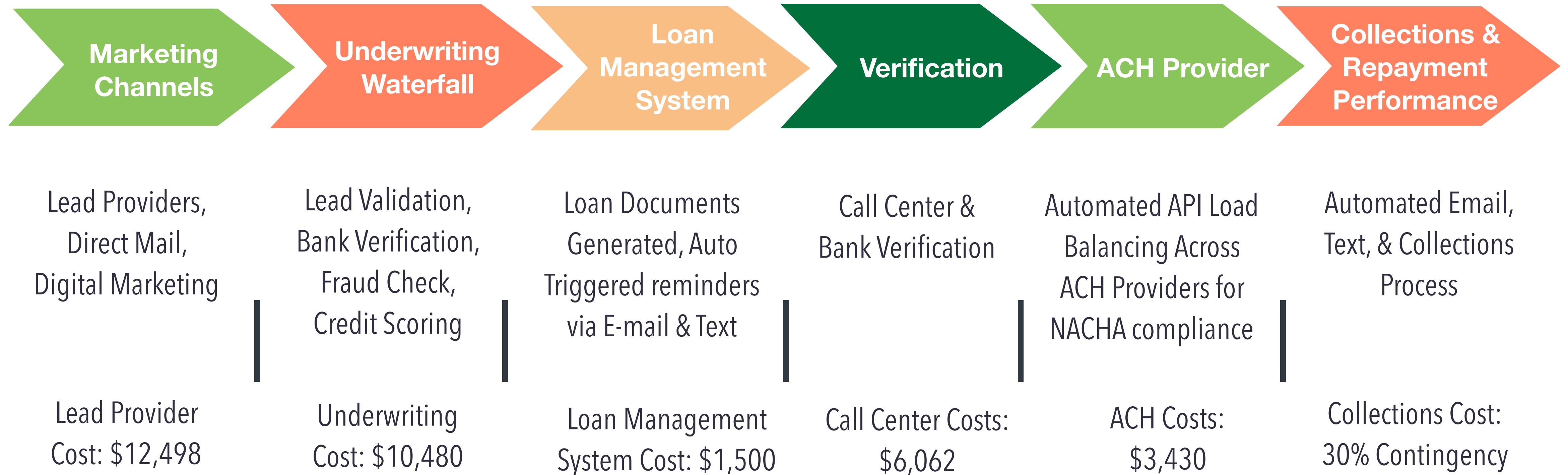
- **Call Center**
  - Paul Lopez
  - Centrinex Team
- **Administration**
  - David Atkinson
  - Desiree Davis
- **Operations**
  - Rithika Gaddam
  - JP James
  - Edmon Ogle



# OPERATIONAL PROCESS MAP

Column 0, Row 3: Cost per \$100k Lent (the target Cost for the Marketing which is on the Unit Economics Page)

Column 0 is just prior to the bottom row



\*Costs are a function of \$100,000 lent\*



# CAPITAL PLANNING

# CAPITAL PLANNING

## SITUATIONAL ANALYSIS

01

According to our projections  will be able to **meet market demand until Q2 of 2018.**

02

Accelerated expansion and large market origination will lead to an **excess of demand** that the **current capital structure will not be able to fully supply.**

03

Securing supplemental deployment capital will allow Leap Credit to **meet the full demand of our current products and scale rapidly.**

04

Once fully scaled, **more capital intensive products will open up additional market demand** in lower risk, higher loan value customer segments. This potentially includes near prime consumer and commercial products.

05

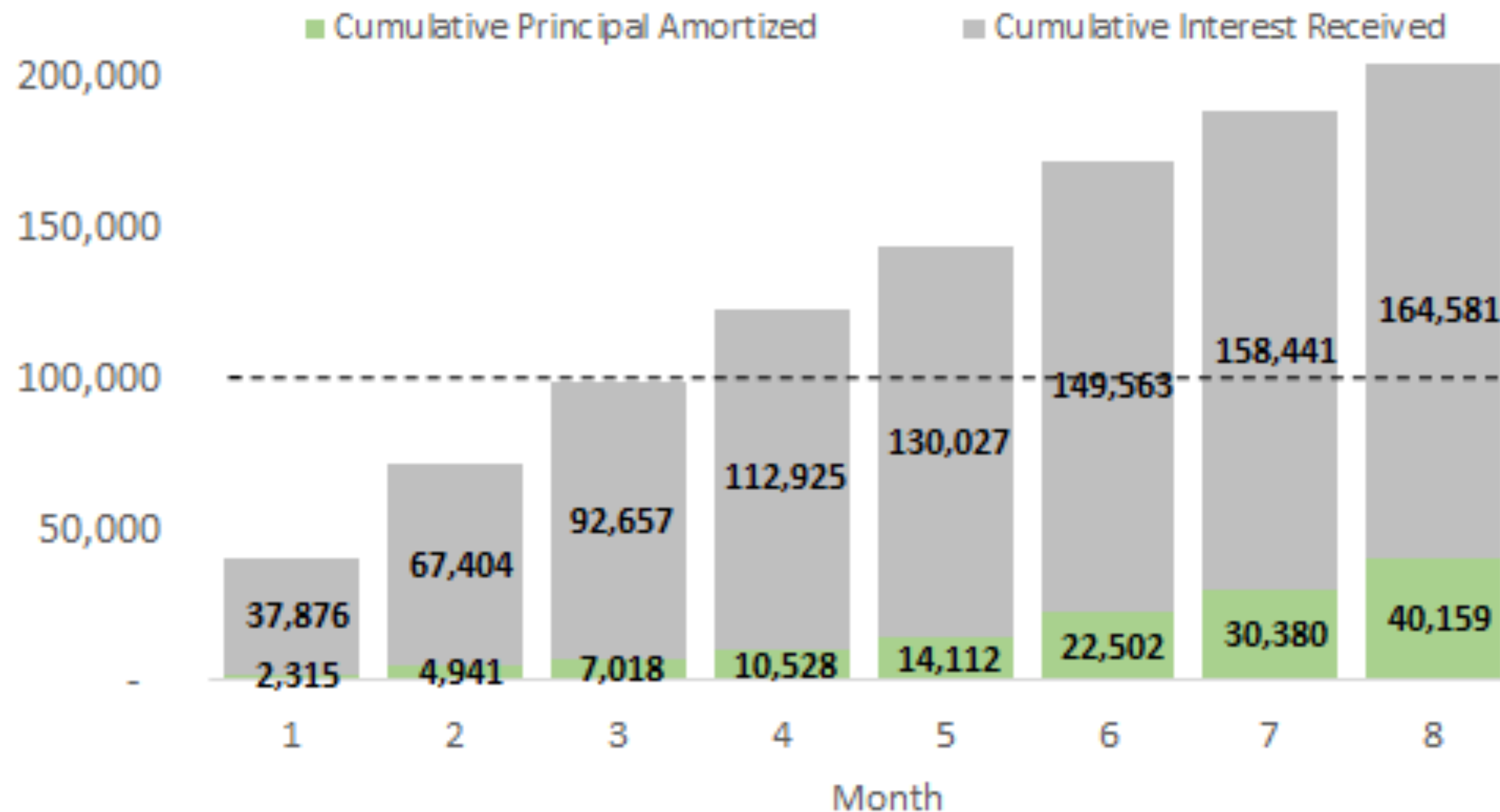
A **credit facility secured by originated loan receivables** would be the ideal vehicle for Leap Credit's expansion.



# VINTAGE PERFORMANCE

## \$100K DEPLOYMENT

Vintage Performance - \$100K Deployed



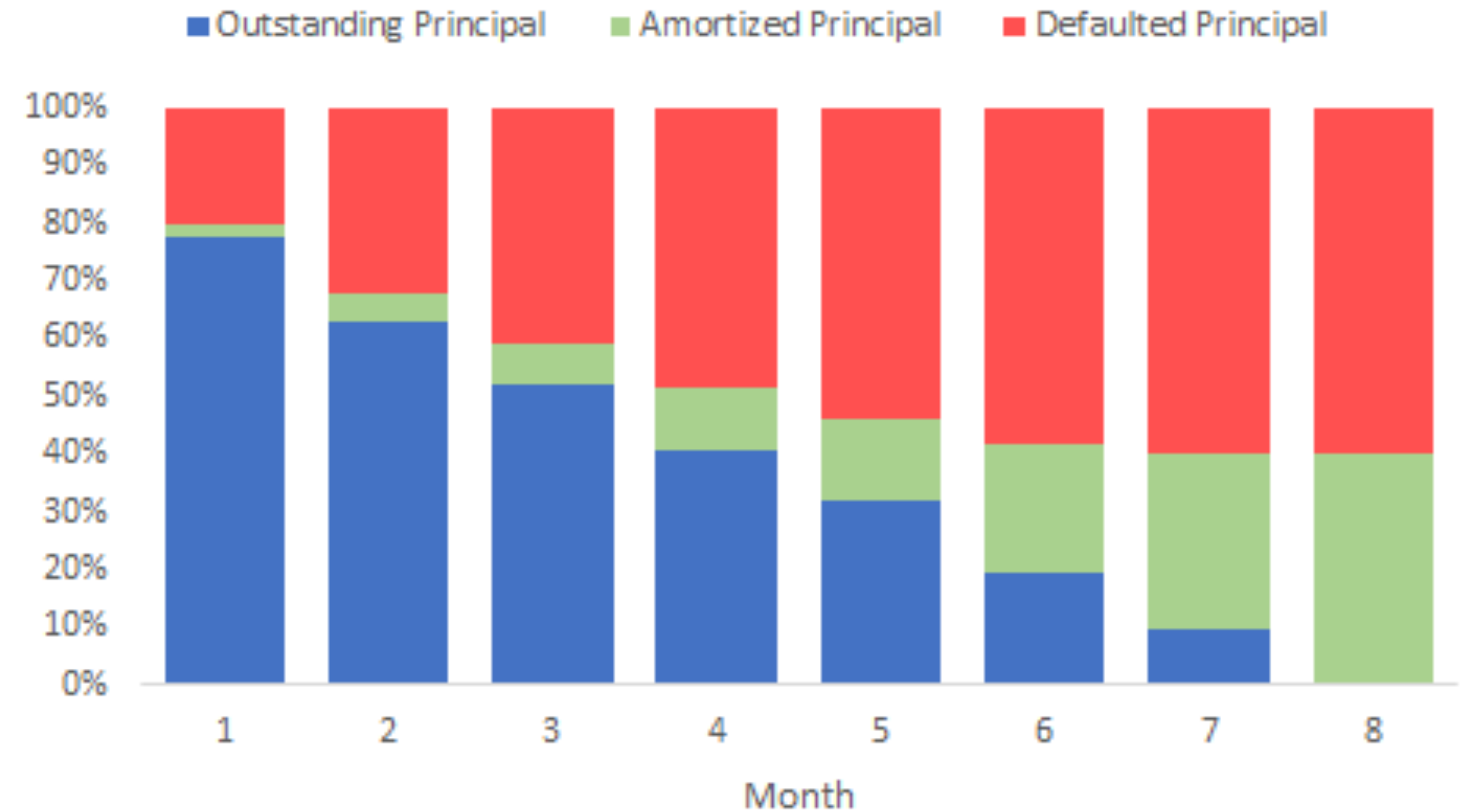
- **After Month 3**, Leap Credit will break even on the \$100K deployed into the origination platform.
- By the end of term, the \$100K deployed into Leap Credit's underwriting model would **yield ~\$205K in total interest payments and amortized principal net of defaults**, more than doubling the initial outlay.
- Leap Credit's underwriting model effectively **mitigates principal risk** through risk based pricing.

# PERFORMANCE

## Portfolio Development

- Leap Credit's **average loan size is \$700** with a term of eight months.
- **The default curve is relatively steep** given that the typical customer falls within the deep subprime credit score range with **FICO scores between 520 and 600**.
- The median First Payment Default (FPD) rate for this group is **greater than 20%**. Leap Credit's term loan loss provision is 60% compared to Elevate which ranges between 45% to 55%\*. **This difference is driven by Elevate's larger loan products and higher end customer segment.**

Standard Portfolio Development Over Term



# CORE PRODUCT

## STAGING & DEMAND PLANNING

### AVERAGE MONTHLY MARKET DEMAND

Leap Credit's core product deployment is staged in 6 state groupings that are organized based on regulatory complexity, market size, use of credit service organizations (CSO), and return profile.

Once maximum capacity is met under current underwriting standards, a wider product set at greater value will increase the geographic and total appeal of products.

State Grouping	Go Live Month	Addressable	Mailable	Loans Per Campaign	Loan Principal Per Campaign	Total Principal (Digital + Direct Mail)	Direct Mail + Digital # of Loans
Phase 1	1	3,640,848	222,057	848	593,664	1,187,328	1,696
Phase 2	8	5,575,749	335,339	1,408	985,897	1,971,793	2,817
Phase 3	10	3,037,824	265,858	549	384,584	769,168	1,099
Phase 4	19	4,446,735	515,312	902	631,236	1,262,471	1,804
Phase 5	22	2,645,270	127,354	535	374,422	748,844	1,070
Phase 6	29	4,478,733	232,746	968	677,414	1,354,828	1,935
<b>Total</b>		23,835,159	1,698,667	5,210	3,647,216	7,294,433	10,421

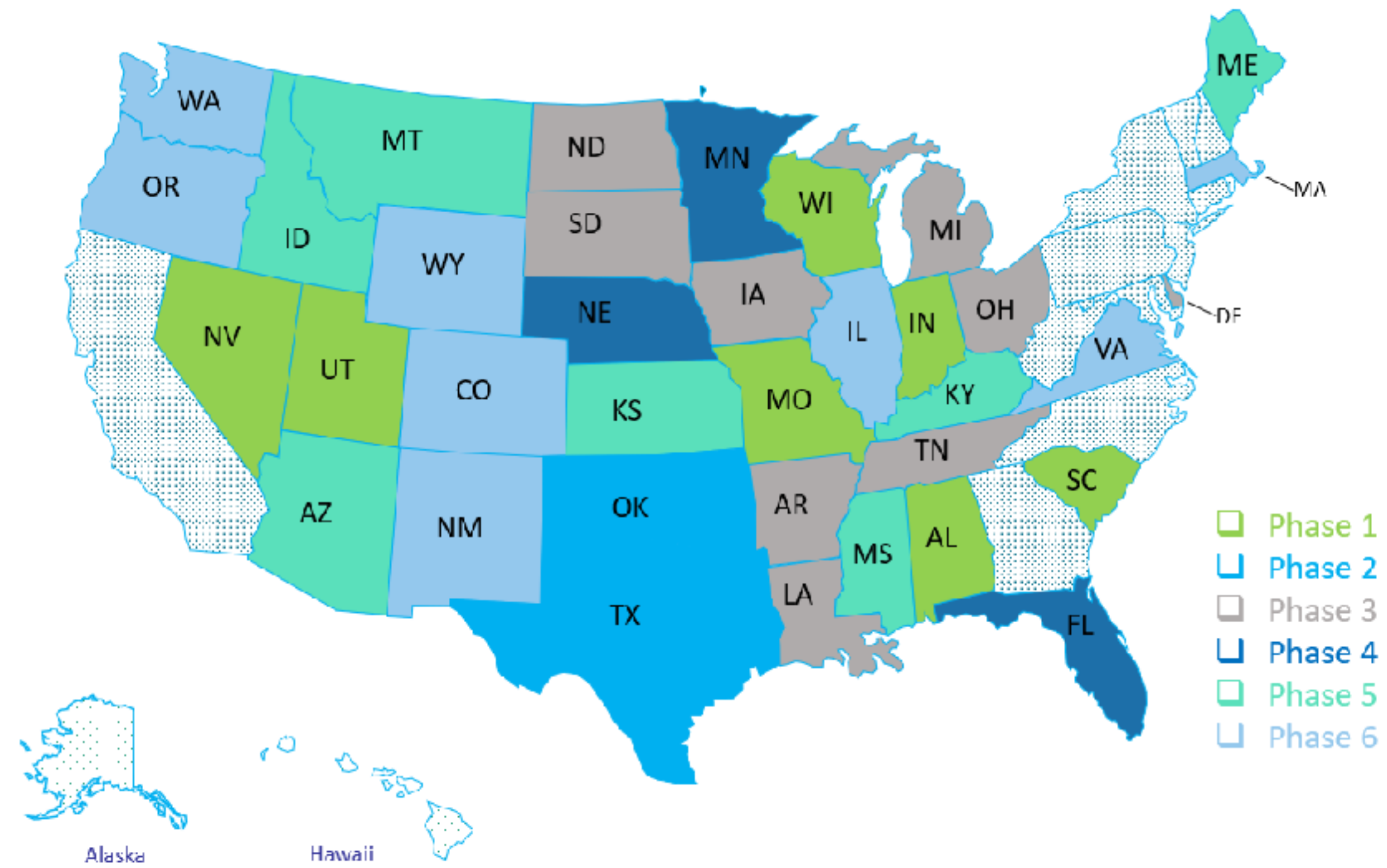


# CORE PRODUCT

## STAGING & DEMAND PLANNING

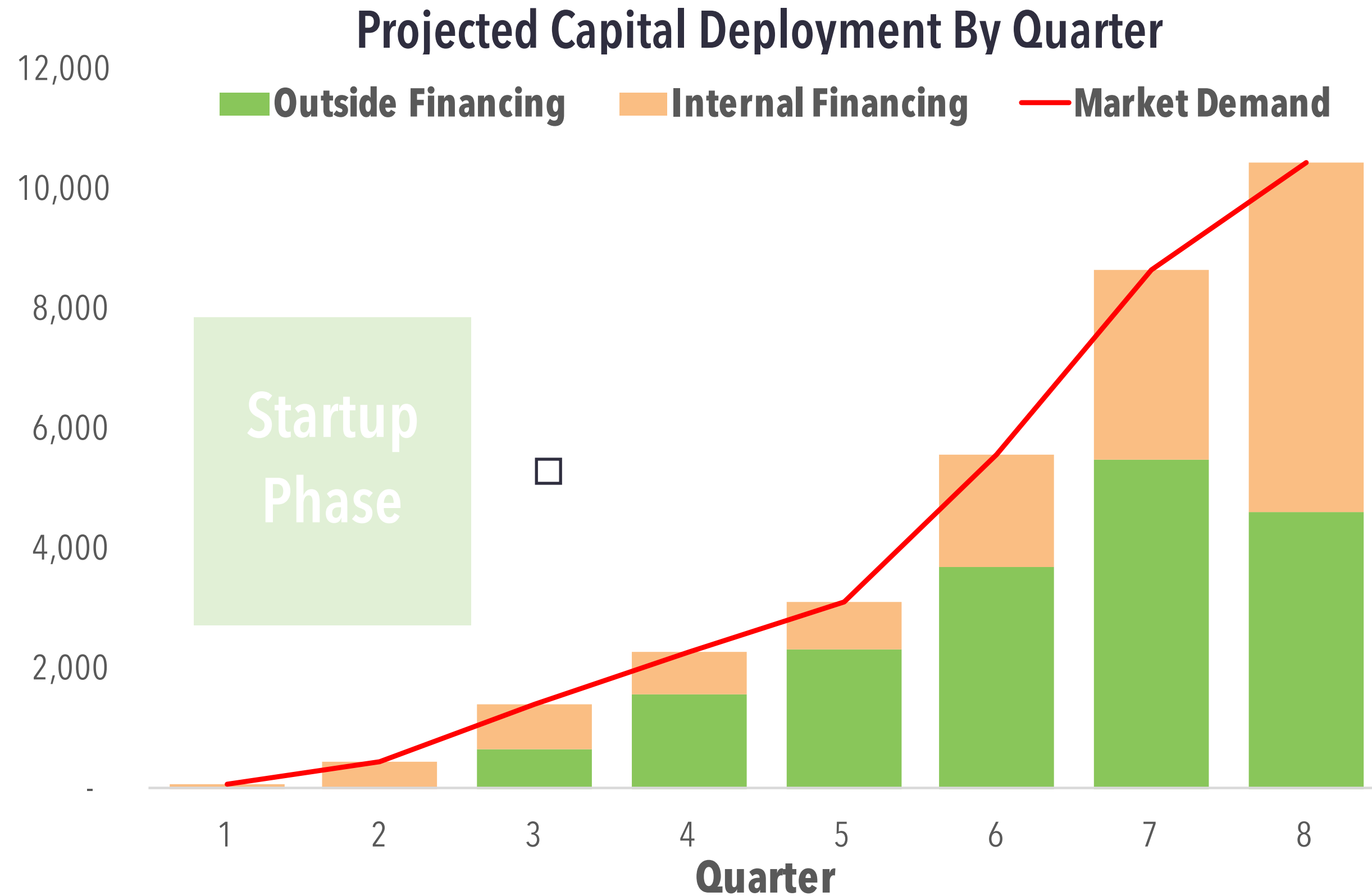
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# CORE PRODUCT

## DEPLOYED CAPITAL VS. MARKET DEMAND



As Leap Credit expands into new states, deployment capacity from the current capital structure is exceeded by loan principal demanded by customers (Market Demand).

Having an accessible credit facility in the short term is critical to capitalizing on early demand in the marketplace and rapidly growing profitability.

### Breakdown of Demand Composition

Quarter	1	2	3	4	5	6	7	8	Total
Internal Financing	53	456	739	713	824	1,893	3,154	5,854	36,439
Outside Financing	-	-	650	1,580	2,300	3,670	5,500	4,600	18,300
Market Demand	53	456	1,389	2,293	3,124	5,563	8,654	10,454	54,739

*\*figures in thousands  
\*\* smoothing applied*



# FINANCIALS



# UNIT ECONOMICS

	Single Loan	\$100K Deployed
Loan Size	700	700
Term (Months)	8	8
APR	509%	509%
Principal Invested	700	100,000
Loans Deployed	1	143
Amortized Principal	325	46,500
Interest Payments	1,159	165,746
<b>Total "Revenue"</b>	<b>1,484</b>	<b>212,245</b>
Principal Loss	375	53,500
Lead Provider Cost	87	12,498
Credit Check	17	2,459
Fraud Check	13	1,796
Bank Verification	18	2,625
Lead Platform Cost	25	3,600
Call Center Cost	42	6,062
Loan Management Cost	10	1,500
ACH Cost (8 Months)	22	3,430
<b>Total COGS</b>	<b>611</b>	<b>87,471</b>
Gross Profit	873	124,774
GP%	59%	59%

\*\* Does not reflect Leap Credit's GAAP compliant accounting standards

# FINANCIAL FORECAST

## Deployment Schedule and Financial Metrics

Quarter	Startup Phase		Credit Facility Deployment						Total
	1	2	3	4	5	6	7	8	
Debt Deployed	-	-	650	1,580	2,300	3,670	5,500	4,600	18,300
Equity + Reinvestment	53	456	739	713	824	1,893	3,154	5,854	13,686
Total Capital Demanded	53	456	1,389	2,293	3,124	5,563	8,654	10,454	31,986
Revenue	0	14	283	1,185	2,559	3,983	6,324	10,329	24,678
EBITDA Less LRR	(56)	(139)	(105)	339	1,182	1,918	2,756	5,011	10,907
A/L Ratio	7.16	1.99	1.89	2.03	1.45	1.33	1.18	1.10	1.45

## Cumulative Deployment Composition

Quarter	1	2	3	4	5	6	7	8
Cumulative Equity + Reinvestment	53	509	1,248	1,960	2,784	4,678	7,832	13,686
Cumulative Debt	-	-	650	2,230	4,530	8,200	13,700	18,300
<b>Total Deployed</b>	-	<b>509</b>	<b>1,898</b>	<b>4,190</b>	<b>7,314</b>	<b>12,878</b>	<b>21,532</b>	<b>31,986</b>

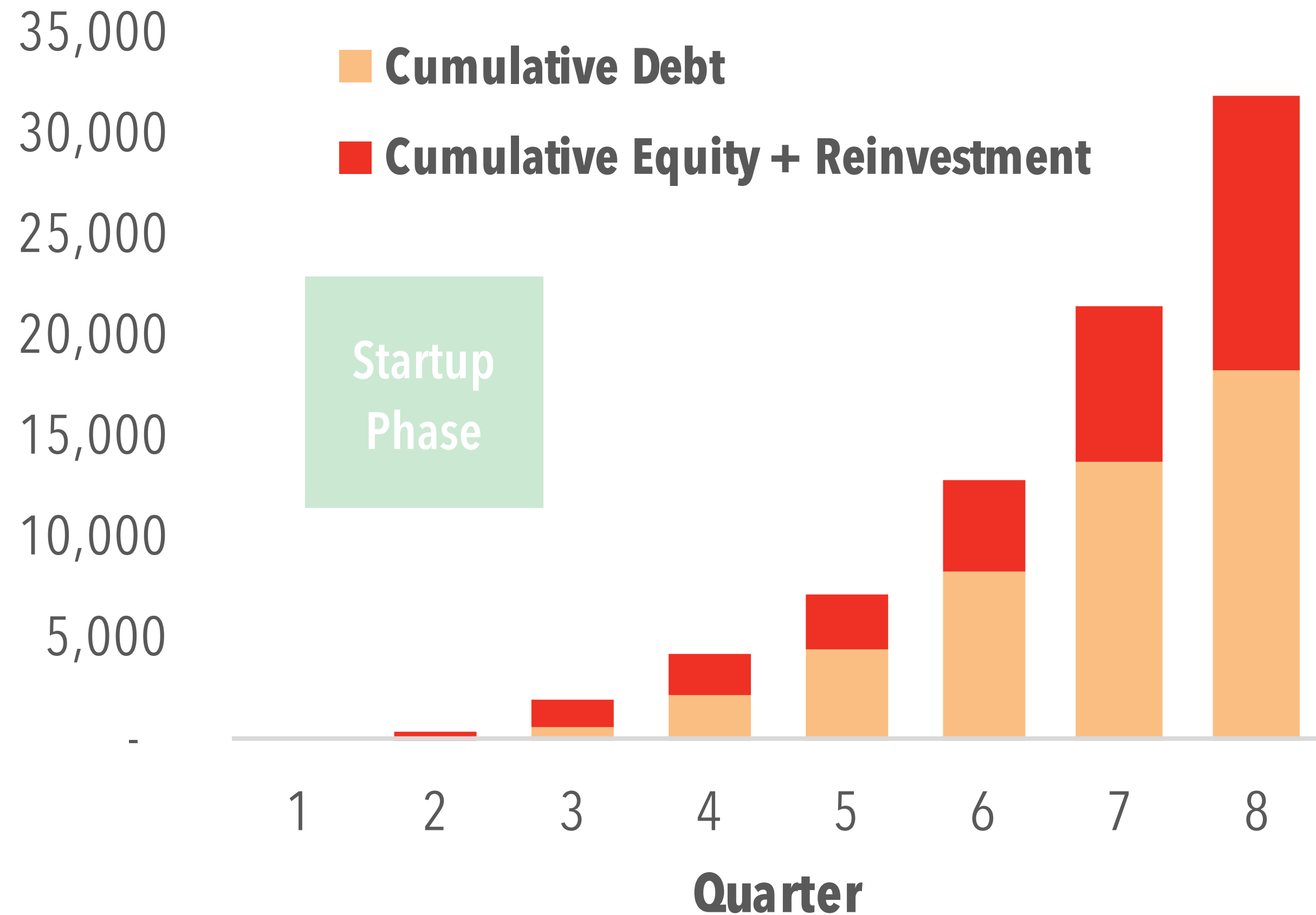
# FINANCIAL FORECAST

To fully scale Leap Credit's core product, a credit facility of around **\$18.2M** would be needed predominantly over fiscal years **2018 and 2019**.

The amount of outside financing necessary to meet demand of the core product plateaus in Q4 2019 (Qtr. 10), with incremental demand being covered by reinvestment of earnings.

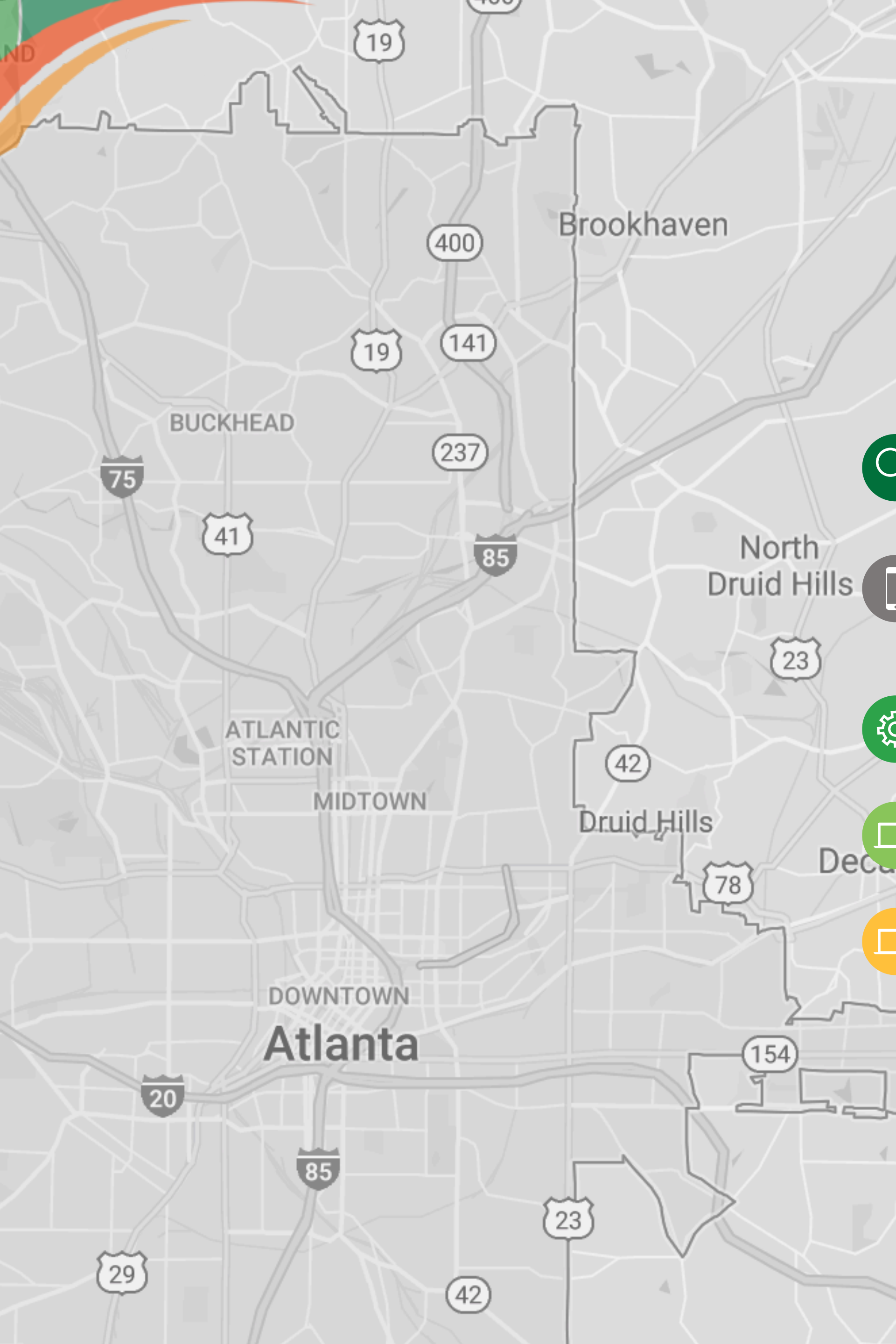
At this point Leap Credit can refinance current debt or expand its product offerings to include more capital intensive loans, requiring more investment.

## Cumulative Capital Deployment By Quarter





# CONTACT US



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