

The logo for ZOPA, featuring the letters Z, O, P, and A in a bold, teal, sans-serif font, each letter contained within its own white square. The squares are arranged in a horizontal row and are set against a white rectangular background.

Z O P A

Zopa and P2P lending in the UK

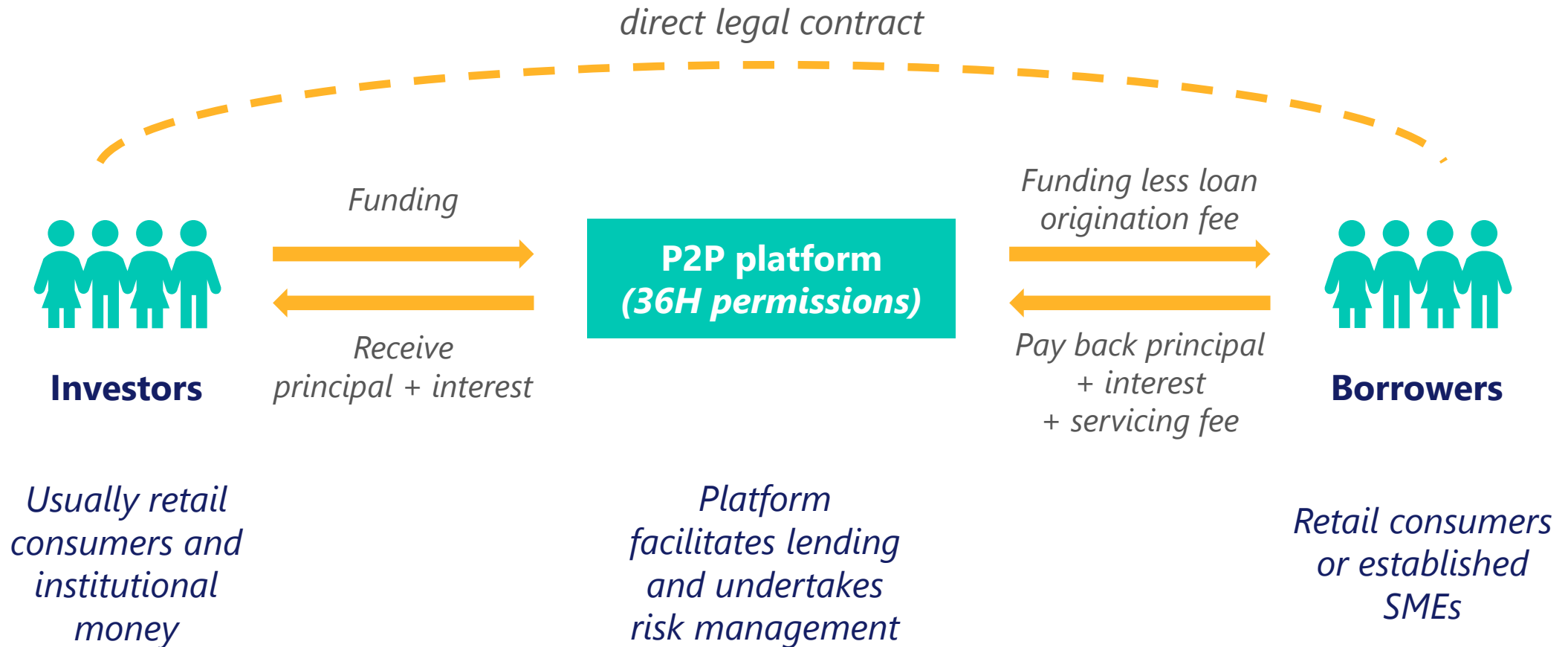
Christine Farnish CBE

Chair Zopa Ltd

P2P Model in the UK

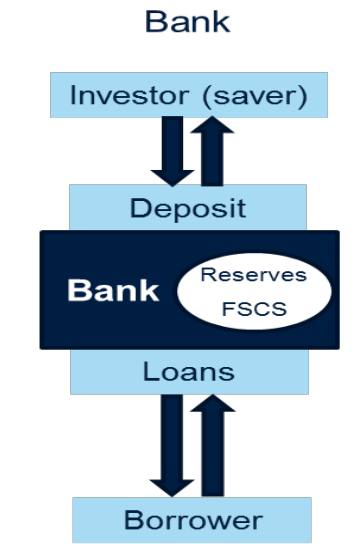


14 years ago, Zopa invented a new model of lending

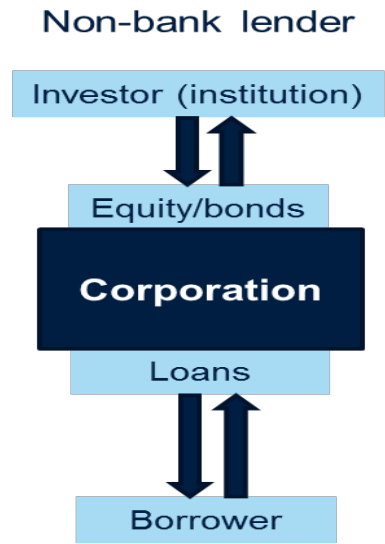


Note: Investors usually pay a fee when selling their investments.

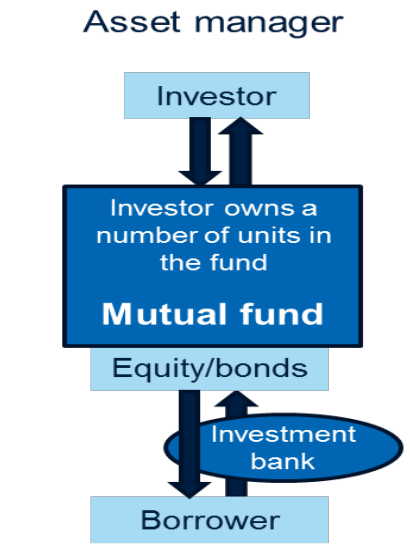
P2P lending is a more direct alternative to traditional lending models



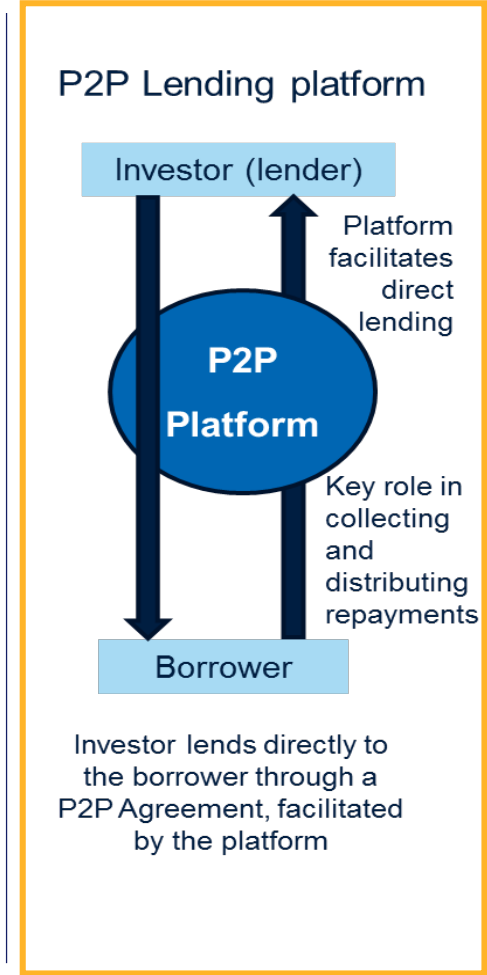
Investor saves money in the bank deposit, which goes onto the bank's balance sheet. Bank uses part of this to fund loans to borrowers, and part for capital reserves.



Investor buys the equity or bonds of the corporation that conducts non-bank lending, thereby gaining exposure to lending.



Investor buys units of a mutual fund that lends to companies through the purchase of corporate bonds or equity (or more direct lending in some cases), typically involving an investment bank (as issuer)



Investor lends directly to the borrower through a P2P Agreement, facilitated by the platform

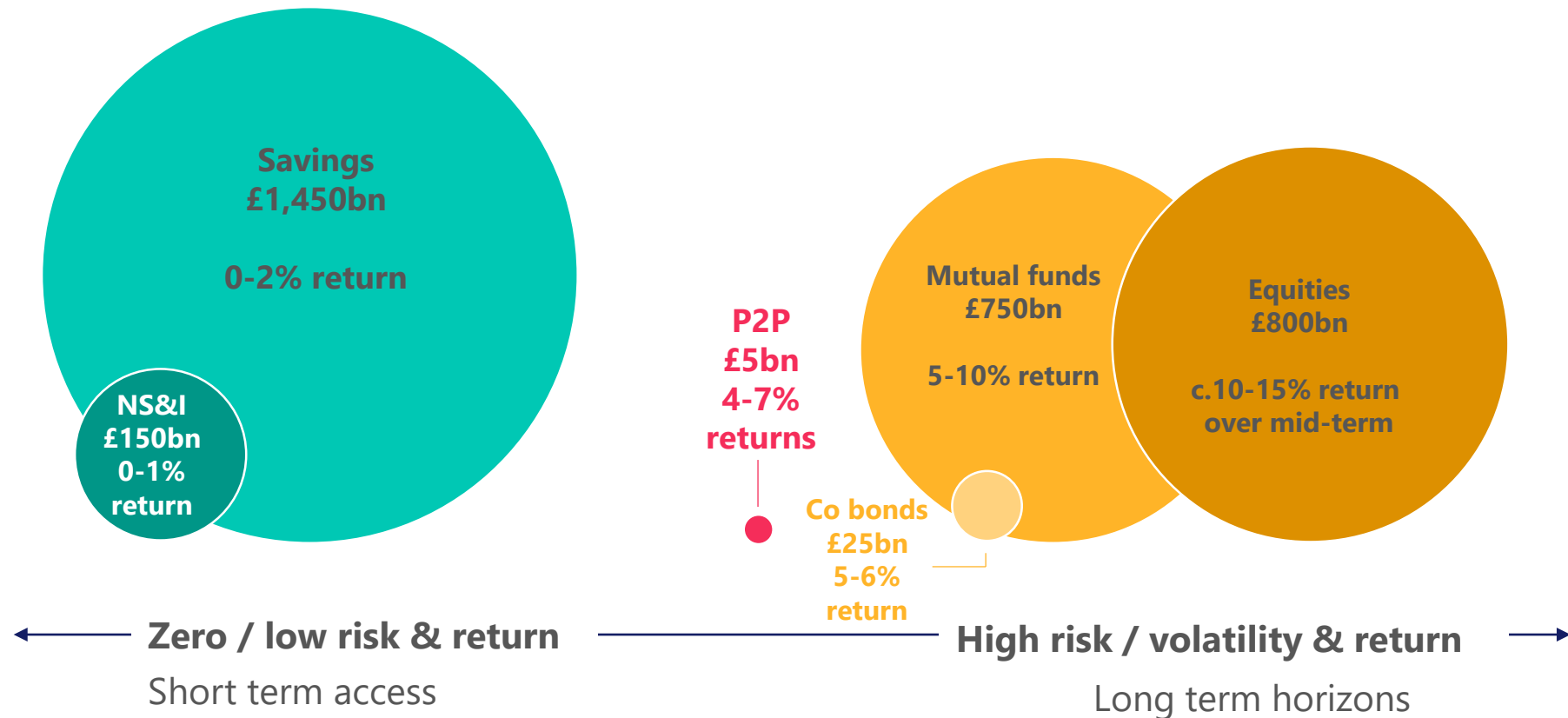
Source: Oxera 2016, The economics of peer-to-peer lending.

The UK market has provided the conditions to support the growth of P2P lending

- 1 Digitally savvy consumer base with high adoption of digital for retail propositions
- 2 An advanced and robust regulatory regime recognising the need for increased competition and innovation outside of traditional markets
- 3 Strong financial services skillset and network of supporting service businesses (e.g. credit bureaus)

The P2P market is still small, but provides alternative risk-return products to consumers

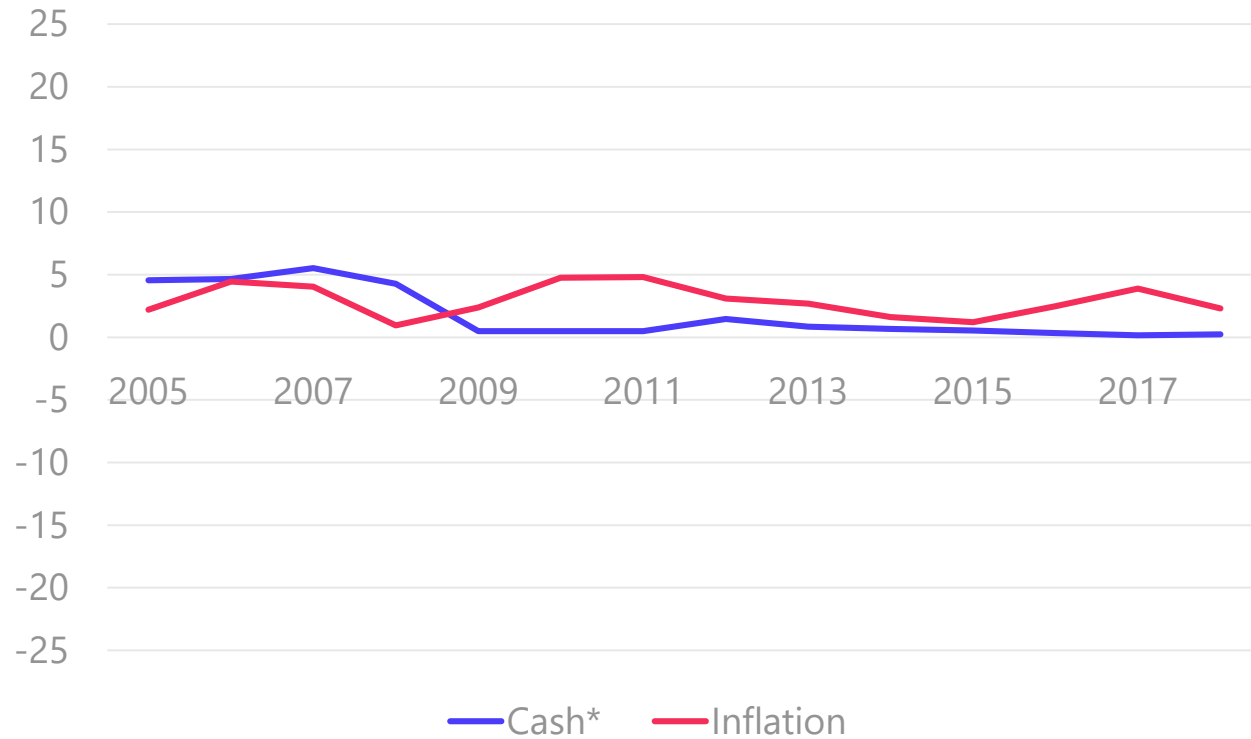
UK savings & investment market, 2017
Bubble size represents size of market, in £bn



Source: GlobalData 2018; Cambridge Alternative Finance Report

Over the last decade UK consumers have earned below inflation returns in savings accounts

Returns by Asset Class
(% return)

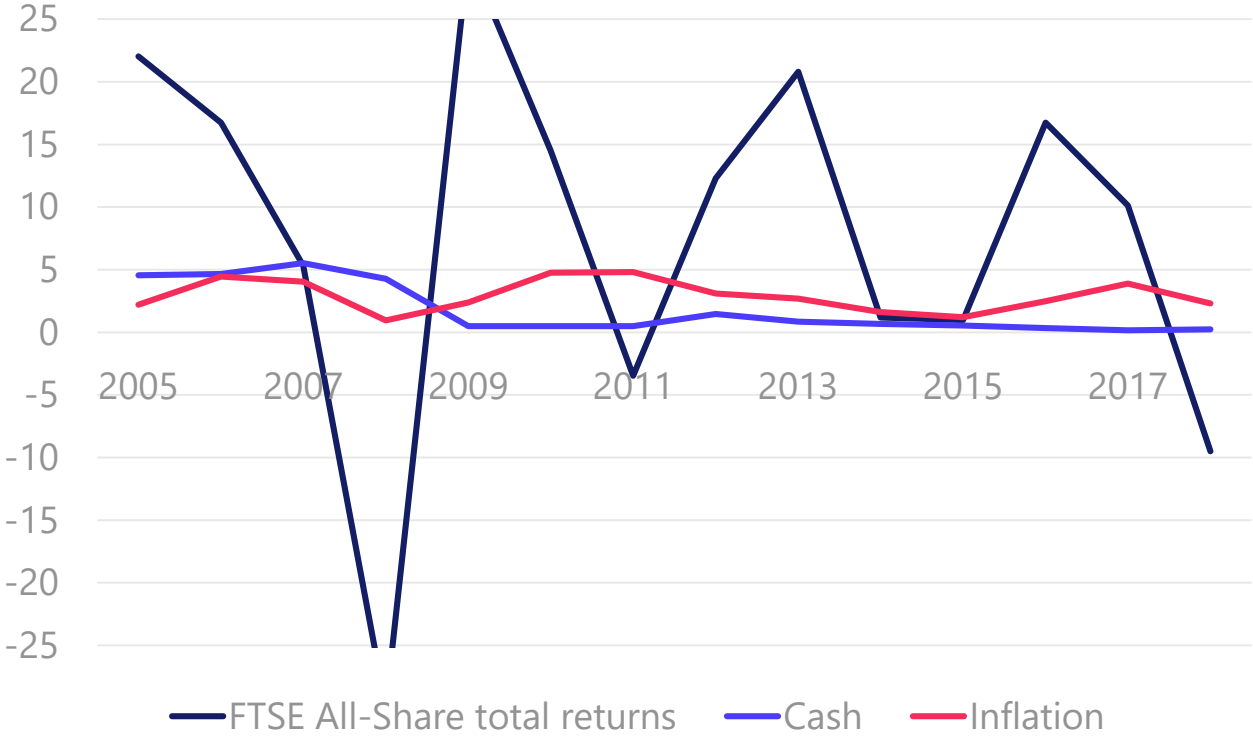


Asset class	Annualised Return (%)
Cash savings	1.9%
Inflation	2.7%

*Deposit Accounts (Bank of England)

The FTSE index has been highly volatile

Returns by Asset Class
(% return)

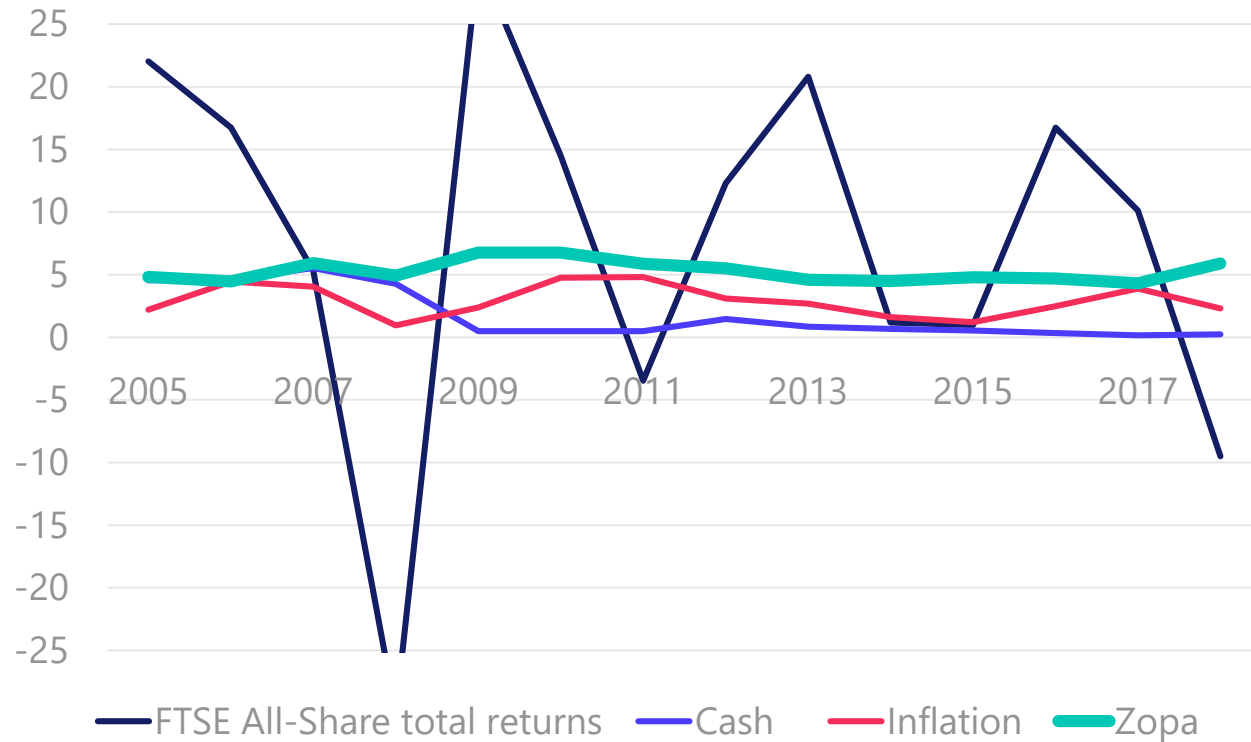


Asset class	Annualised Return (%)
Cash savings	1.9%
Inflation	2.7%
FTSE 100	9.0%

Managed, diversified P2P platforms like Zopa can offer a less volatile, inflation beating return



Returns by Asset Class
(% return)

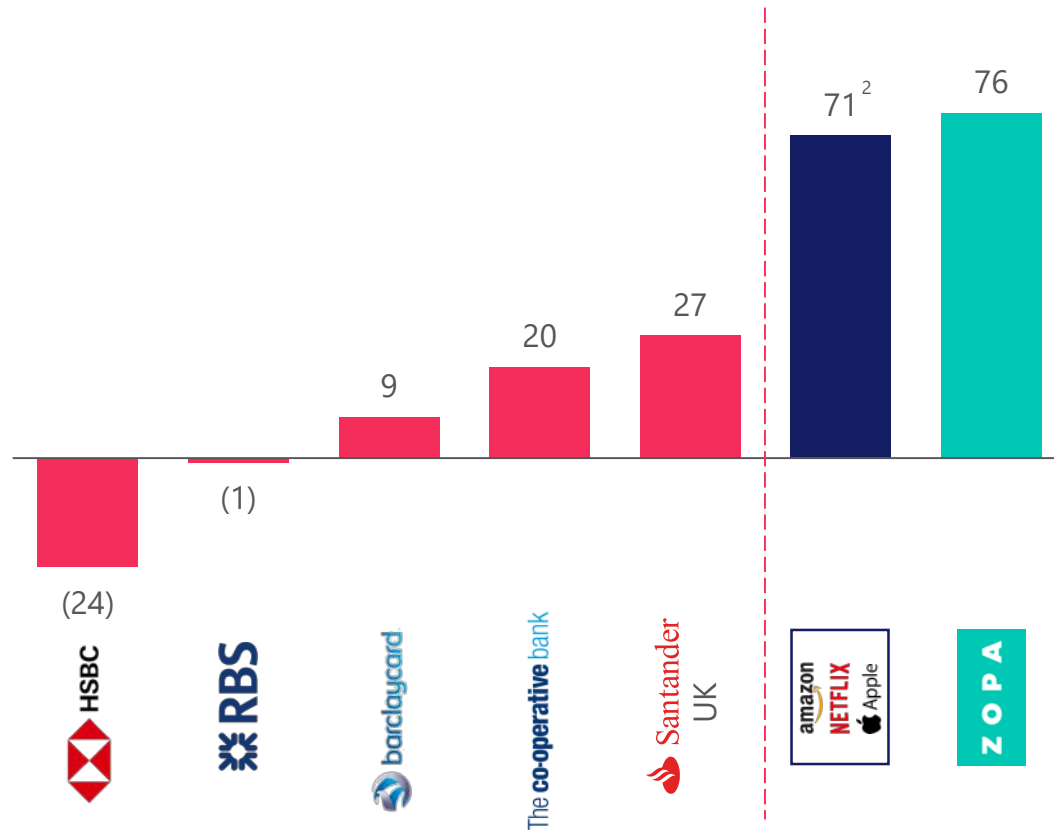


Asset class	Annualised Return (%)
Cash savings	1.9%
Inflation	2.7%
FTSE 100	9.0%
Zopa P2P	5.2%

Whilst ensuring customer satisfaction on both sides of the platform



Incumbents have poor NPS¹



9.7 out of 10



Best Personal Loan Provider (2019)



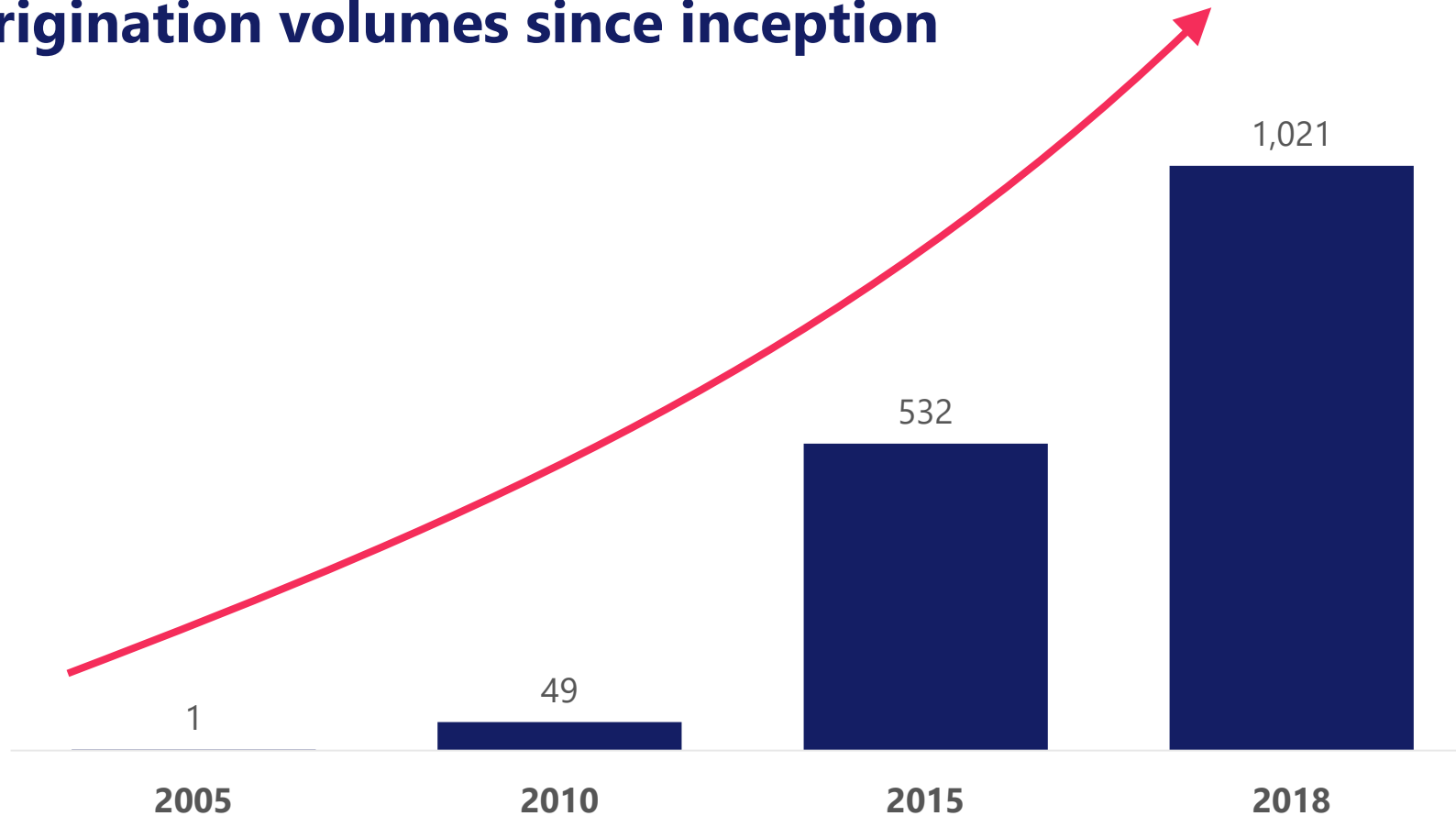
Best Customer Service (2018)

1 – NPSBenchmarks, Barclays Strategic Report 2017
 2 – Average NPS scores of selected customer focused tech companies
 3 – YouGov Poll 2018, Mintel Loyalty in Financial Services Report 2017

This has translated into an impressive growth story for Zopa as Europe's largest consumer P2P



Annual origination volumes since inception (£m)



Our future strategy

ZOPA

Customer aligned products...

Unsecured Personal Loan

No early repayment fees

Credit cards

No 0% transfers

Saving & investments

No front book and back
book pricing differentiation
Prioritising existing customers

Auto loans

Soft check
Transparent pricing

**...delivered through
award winning
experience...**

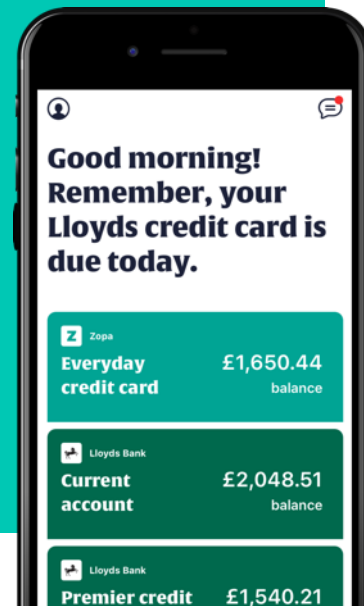


...embracing open banking to enable customers to get in control of their finances

Simplifying finances: Everything in one place, securely and in customers' control

Snappy insights: To act on, whether to avoid charges or work towards a bigger goal

Great value: Personalised pricing



The best place for money...



2018

- A next generation bank
- Best personal loan provider
- Most trusted peer to peer platform

2019+

- Speedy fixed term savings and straightforward credit cards
- Seamlessly combining savings and P2P investments

2020+

- A one-stop shop for managing money = the best place for money



- Providing fairer, better value products
- Putting customers in control with powerful insight and simple tools
- Easy, intuitive and built for the future



Z O P A