



Outcomes Statement

Year End December 2019

Introduction

In accordance with COBS 18.12.23 R, Lendwise publishes an outcomes statement in order to present actual and expected default rates by risk category. This document also provides a summary of the assumptions used in determining expected future defaults rates.

Reporting year	Balance in default 31/12/19	Expected default rate	Actual default rate
2019*	£87,412	4.0%	2.81%

*: Amounts and calculations relate to the aggregate loan book balances and defaults as at 31/12/2019. These include loans issued-and defaults from such loans-in the last quarter of 2018 when Lendwise commenced its operations.

We take the provision of forbearance to borrowers seriously and ensure that our collections and arrears handling procedures are aligned to the FCA guidance where applicable. We exercise every effort to critically examine all requests for forbearance from borrowers whilst having due regard to the duty of care we owe to the lenders of these loans. Our overarching principle is to achieve the fairest possible outcome for both borrowers and lenders.

Expected future default rates

As this is the first full year of reporting on actual and expected default rates, the data available in relation to loans in repayment (and hence defaults) was limited, thus impeding our ability to calculate a reliable expected default rate. As we continue to grow, more loans start reaching the repayment phase enlarging the size of the available data we have for analysis.

There were a limited number of borrowers who recorded failed payments quite early in the lifetime of their loans, however, the credit collections and recoveries team has a structured framework and process to efficiently get borrowers back on track and/or recover the maximum amount possible on behalf of the lenders of these loans.

Methodology, assumptions and caveats

- Default recoveries are factored in the calculation of actual default rate and in expected default rates, as a result.
- The expected annual default rate is reviewed on a quarterly basis to reflect the most recent performance of the portfolio as well as the macroeconomic conditions in the economy.

The next outcomes statement in relation to 2020 will be published no later than 30 April 2021.