

Specialty Finance

October 2017

Investment Banking

**CFPB Arbitration Rule Could Slow
Specialty Finance M&A**

In This Report

- Overview of new CFPB arbitration rule
- Update on GOP efforts to repeal the rule
- Rule's potential impact on specialty finance M&A activity



CONTENTS

Executive Summary	1
Market Update and Analysis	3
William Blair Specialty Finance Investment Banking	5
Sector and Transaction Data	7

CFPB Arbitration Rule Could Slow Specialty Finance M&A

New rule that would make it easier for consumers to join class-action lawsuits against providers of financial services could be a significant headwind to merger activity in the specialty finance industry.

In July, the Consumer Financial Protection Bureau (CFPB) finalized a rule that would prevent credit card providers, banks, and other consumer finance companies from including clauses in their contracts that force consumers to use arbitration, rather than joining class-action lawsuits, to settle disputes with the company. The rule is set to take effect in March 2018.

The CFPB, Congressional Democrats, and consumer advocates are hailing the rule as a necessary tool for deterring wrongdoing by financial service companies. Meanwhile, most Republicans and consumer finance trade groups claim that the rule would result in higher costs and fewer choices for consumers and higher litigation costs for consumer finance companies. As a result, Congressional Republicans are looking to pass a resolution that would repeal the CFPB’s rule, but the resolution’s prospects of passing the Senate, where the Republicans hold a slim majority, are uncertain.

Although the potential net impact of the CFPB rule on consumers is

debatable, its impact on M&A activity in the specialty finance sector is clear—increased litigation risk for banks and lenders, which would have a significant chilling effect on merger volume and valuations in the space.

Overview of CFPB Arbitration Rule

The CFPB rule prohibits consumer finance companies from including clauses in their customer agreements that prevent customers from joining class-action lawsuits related to those products or services. The broad-based rule applies to most types of consumer products and services, including credit cards, debit cards, checking and

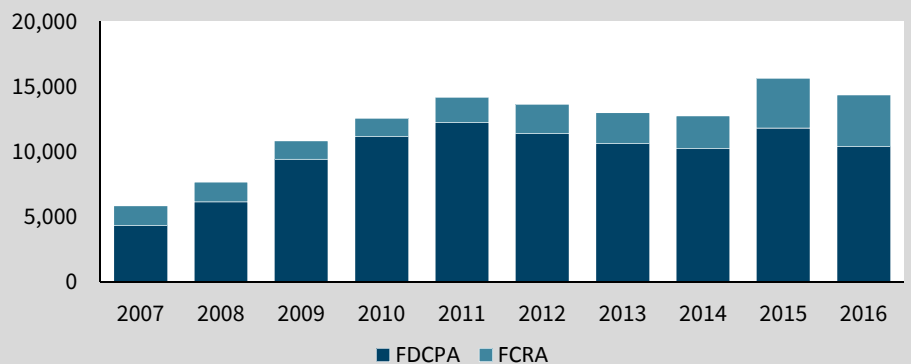
savings accounts, payday loans, and a host of specialty lending services.

The rule would apply to new loans or contracts that are created after the rule goes into effect in March 2018, and to existing loans and contracts that are acquired by another company. The rule also requires companies to disclose more information about disputes that go to arbitration.

Consumer finance companies commonly use “forced arbitration” clauses as a way to limit their exposure to litigation risk. According to a 2015 study issued by the CFPB, 53% of credit card loans and 44% of

Consumer Lawsuits Against Finance Companies

The number of consumer lawsuits against finance companies under the Fair Debt Collection Practices Act (FDCPA) and the Fair Credit Reporting Act (FCRA) have increased significantly since the financial crisis. If the Consumer Financial Protection Bureau’s new rule banning “forced arbitration” goes into effect in March 2018, the number of lawsuits against consumer finance companies is expected to surge, creating increased litigation risk for providers of credit cards, checking and savings accounts, and a host of other products.



Source: WebRecon LLC

insured deposits are subject to agreements that prevent customers from joining class-action lawsuits.

"Arbitration clauses in contracts for products like bank accounts and credit cards make it nearly impossible for people to take companies to court when things go wrong," CFPB Director Richard Cordray said in a July statement announcing the rule. "These clauses allow companies to avoid accountability by blocking group lawsuits and forcing people to go it alone or give up. Our new rule will stop companies from sidestepping the courts and ensure that people who are harmed together can take action together."

Opponents of the rule argue that it, ultimately, would end up hurting consumers. The rule's opponents say that arbitration is a cheaper and faster way for consumers to address their complaints than lawsuits. These groups also predict that the rule would result in higher fees and fewer options for consumers, as banks would have to incorporate higher litigation costs into their pricing models.

GOP Efforts to Repeal the Rule

Under the Congressional Review Act, Congress has 60 legislative days from the rule's publication to repeal the rule. In July, the Republican-controlled House of Representatives voted 230-190 to overturn the rule. But the resolution's chances of passing the Senate, where the GOP holds a two-seat majority, are very much in doubt.

Sen. Lindsay Graham (R-South Carolina) has already said that he won't support the resolution, and Sen. John Kennedy (R-Louisiana) appears to be wary of backing it, according to American Banker.

The recently announced Equifax data breach could make it harder politically for Senate Republicans to support repealing the rule. In the wake of the news that up to 143 million individuals' information may have been compromised through the infiltration of the credit-reporting agency, Senate Democrats used the Equifax breach as an example of why enabling more consumers to join class-action lawsuits is necessary for holding companies accountable.

Impact on M&A Activity

If the rule ends up going into effect in March 2018, we believe it would create a significant headwind to M&A activity in the specialty finance industry, both in terms of valuations and volume. While the rule applies to most companies under the CFPB's purview, the impact would likely be the greatest for providers of credit cards, prepaid debit cards, payday loans, and other fee-based products. Smaller companies with limited budgets for litigation defense would likely be hit especially hard.

Buyers would need to account for heightened litigation risks when analyzing a target company, and this would lead to lower valuations. The number of transactions would also likely decrease. Because any

acquired loans or contracts would likely be subject to the forced-arbitration ban, many buyers may look to limit their litigation risk by completing asset purchases that exclude higher-risk portions of the target's loan portfolio. These types of transactions are much more cumbersome and difficult to execute than traditional equity acquisitions.

At William Blair, we recently completed a sale of a specialty lender whose customer contracts didn't include a forced-arbitration clause. The buyer viewed this as creating a high-severity, albeit low-probability risk, and wanted to take steps to absolve itself from assuming this risk. As a result, the buyer structured the acquisition as an asset purchase that didn't include the portion of the loan portfolio that wasn't covered by an arbitration clause. The transaction ultimately was completed, but it was much more complex than most specialty finance acquisitions.

We will continue to monitor the status of Congressional Republicans' efforts to repeal the CFPB, as well as other trends that are shaping the M&A landscape in the specialty finance industry.

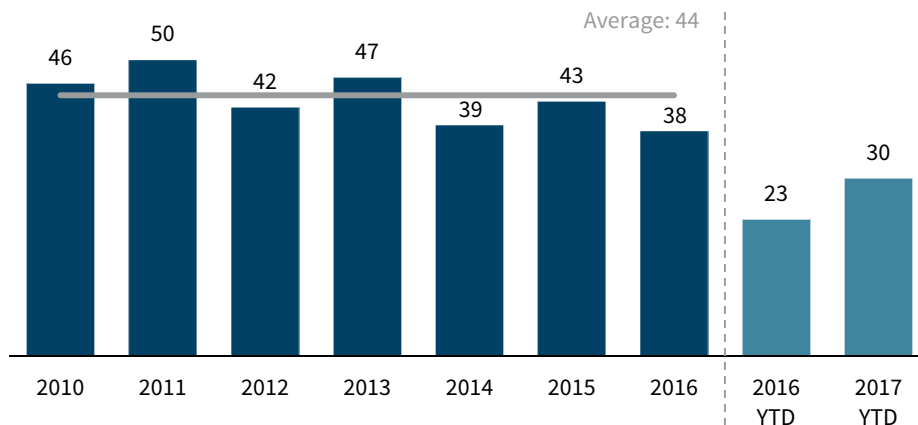
Specialty Finance Market Analysis

We look behind the numbers to examine the market dynamics that are driving trends in the dealmaking landscape in the specialty finance industry.

Consumer Finance – M&A Volume

After a slowdown in 2016, M&A activity in the consumer finance sector has rebounded in 2017, with the number of transactions during the first eight months of the year up 30% on a year-over-year basis. Aside from the uncertainty about the implementation of the CFPB’s arbitration rule, the outlook for consumer finance companies is strong. Credit-quality trends continue to normalize, and loan growth, though declining slightly, remains relatively robust.

Historical Transaction Volume

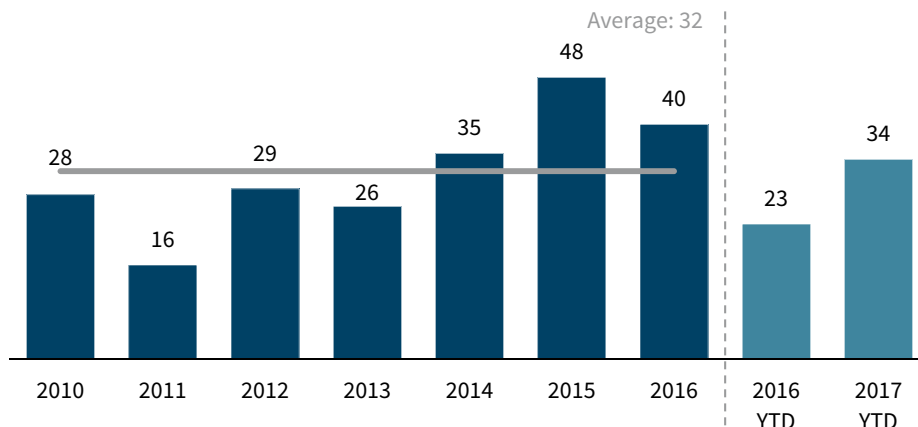


Sources: SNL Financial and William Blair analysis; 2017 YTD data through August 31, 2017

Commercial Finance

M&A activity in commercial finance is off to a strong start in 2017, with the number of transactions during the first eight months of the year outpacing 2016 by 48% on a year-over-year basis. There have been two large transactions so far in 2017: VTG Aktiengesellschaft’s acquisition of NACCO S.A.S. for \$1.2 billion and PNC Financial Services’ acquisition of the U.S.-based commercial and vendor finance business of ECN Capital Corp. for \$1.3 billion.

Historical Transaction Volume

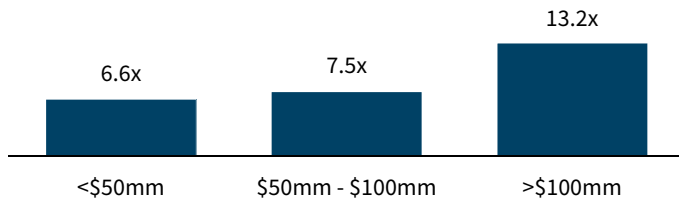


Sources: SNL Financial and William Blair analysis; 2017 YTD data through August 31, 2017

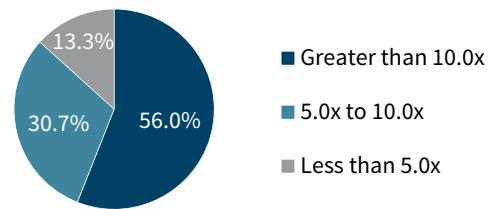
M&A Trends in Consumer Finance

More than half of the consumer finance M&A transactions completed since 2002 generated an LTM net income multiple of greater than 10 times. Not surprisingly, transactions greater than \$100 million achieved significantly higher multiples, in terms of net income, than smaller deals.

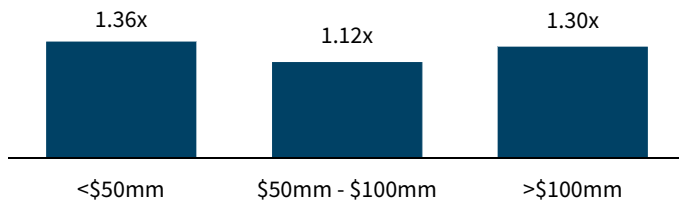
LTM Net Income Multiple by Transaction Size



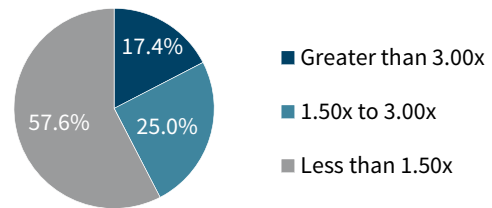
LTM Net Income Multiple Breakdown



LTM Book Multiple by Transaction Size



LTM Book Multiple Breakdown

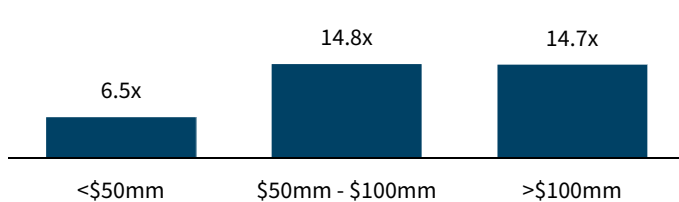


Sources: SNL Financial and William Blair analysis

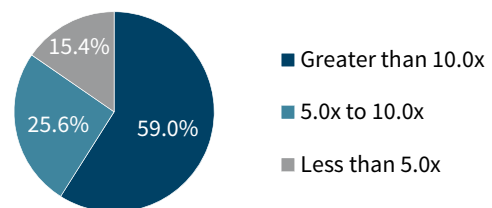
M&A Trends in Commercial Finance

Approximately 59% of the commercial finance M&A transactions completed since 2002 generated LTM net income multiples of greater than 10 times. Interestingly, midsize transactions (\$50 million to \$100 million) achieved higher multiples, both in terms of net income and book value, than transactions larger than \$100 million.

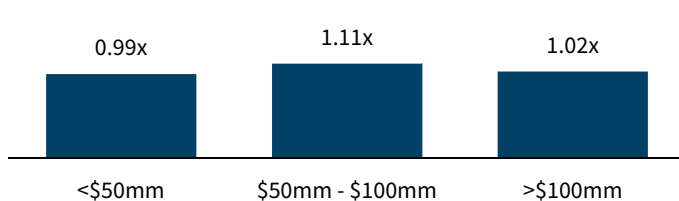
LTM Net Income Multiple by Transaction Size



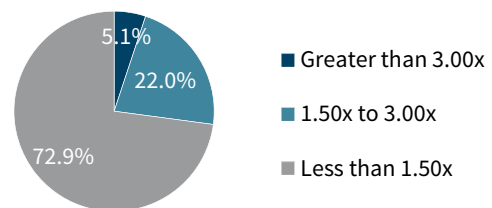
LTM Net Income Multiple Breakdown



LTM Book Multiple by Transaction Size











LTM Book Multiple Breakdown



Sources: SNL Financial and William Blair analysis

Drawing on our deep sector expertise and the strength of our relationships with buyers around the world, William Blair has built a leading specialty finance banking franchise. Business owners turn to us for outstanding execution for their M&A and capital raising objectives.

Recent transactions include:

<p>\$80,000,000</p>  <p>Multi-Draw Credit Facility</p> <p>2017</p>	<p>\$51,750,000</p>  <p>Preferred Stock</p> <p>2017</p>	<p>Not Disclosed</p>  <p>has been acquired by</p>  <p>2017</p>
<p>\$28,375,000</p>  <p>Bond Offering</p> <p>2017</p>	<p>\$28,750,000</p>  <p>Senior Unsecured Notes</p> <p>2017</p>	<p>\$250,000,000</p>  <p>Senior Notes</p> <p>2017</p>
<p>\$143,750,000</p>  <p>Convertible Notes Offering</p> <p>2017</p>	<p>\$51,750,000</p>  <p>Follow-on Offering</p> <p>2017</p>	<p>\$147,000,000</p>  <p>has been acquired by</p>  <p>2017</p>

**William Blair
By the Numbers***

300+

bankers globally with local cultural knowledge

2,000+

completed advisory and financing transactions

\$230+

billion in transaction value for our clients

*In the past five years as of January 1, 2017

Our Services

We are committed to our clients' success. By drawing on our deep industry and product expertise, as well as our dedicated global resources, we provide advisory and financing services that allow our clients to capitalize on today's opportunities and anticipate tomorrow's challenges.

Advisory Services – Public and Private Company

Mergers & Acquisitions

- Sell-side
- Buy-side

Public Company Boards and Special Committees

Corporate Divestitures

Takeover Defense

Leveraged Finance

Strategic and Financial Alternatives Review

Fairness Opinions

Growth Equity

Capital Markets Execution

Equity

- IPOs
- Follow-Ons
- Equity-Linked
- 144A, 10b-5, Block Trades

Debt

- High Yield
- Investment Grade

William Blair Senior Investment Banking Team

Specialty Finance

J.P. Young

Managing Director

+1 312 364 8160

jyoung@williamblair.com

Sector and Transaction Data

SECTOR AND TRANSACTION DATA

Recent Select Consumer Specialty Finance M&A Transactions

(\$ in millions)

Announced Date	Sub-sector	Buyer Name / Target Name	Transaction Value	Transaction Value /	
				LTM Net Income	LTM Book Value
8/28/2017	Mortgage	First Western Financial, Inc./ EMC Holdings, LLC	-	-	-
8/14/2017	Mortgage	Eli Global, LLC/ Western Bancorp Inc.	-	-	-
7/20/2017	AFS	Pepper Group Limited/ Banco Primus, SA	\$74.90	-	0.85x
7/18/2017	AFS	Fortress Investment Group LLC/ Colony American Finance, LLC	-	-	-
6/27/2017	Mortgage	Freedom Mortgage Corporation/ Assets of NY Community Bank's Mortgage Banking Operation	\$500.00	-	-
6/19/2017	AFS	Aldermore Group Plc/ AFS Group Holdings Limited	-	-	-
6/8/2017	AFS	ECN Capital Corp./ Service Finance Holdings, LLC	\$304.00	-	-
5/31/2017	AFS	BNP Paribas SA/ Sevenday Finans AB	-	-	-
5/3/2017	AFS	Close Brothers Group Plc/ Novitas Loans Limited	-	-	-
5/2/2017	AFS	ABANCA Holding Financiero, SA/ Popular Financial Services E.F.C., SA	\$42.60	18.1x	-
4/12/2017	AFS	Lovell Minnick Holdings LLC/ Global Financial Credit, LLC	-	-	-
3/19/2017	Collection	Sherman Financial Group LLC/ Canadian Operations of SquareTwo Financial Corp	-	-	-
3/10/2017	Mortgage	Caladium Investment Pte. Ltd./ Can Fin Homes Ltd.	\$113.20	25.6x	5.52x
3/1/2017	Mortgage	Caliber Home Loans, Inc./ Specified Assets of Bank Home Loan Division of Banc of California	\$103.70	-	-
2/21/2017	AFS	Atlas Merchant Capital LLC/ Credicom Consumer Finance Bank SA	-	-	-
2/21/2017	Mortgage	Goldman Sachs Group, Inc./ Meilleurtaux SAS	\$274.80	-	-
2/15/2017	Mortgage	Guaranteed Rate, Inc./ Realogy Holdings Corp./ PHH Home Loans, LLC	\$70.00	-	-
2/14/2017	Mortgage	Wintrust Financial Corporation/ Mortgage Banking Business	-	-	-
2/13/2017	Mortgage	CBRE Group, Inc./ Capstone Financial Solutions, LLC	-	-	-
2/6/2017	Mortgage	Flagstar Bancorp, Inc./ Residential Mortgage Delegated Correspondent Lending Platform	-	-	-
2/1/2017	Mortgage	B2R Finance L.P./ Jordan Capital Finance, LLC	-	-	-
1/27/2017	Mortgage	Home Point Capital L.P./ Stonegate Mortgage Corporation	\$209.90	-	0.93x
1/12/2017	Auto	PT Reliance Capital Management/ PT Wahana Ottomitra Multiartha Tbk	\$50.50	11.4x	1.22x
12/20/2016	AFS	Lloyds Banking Group Plc/ MBNA Ltd.	\$2,345.40	11.5x	0.67x
11/17/2016	Mortgage	J.C. Flowers & Co. LLC/ Värde Partners, Inc./ CitiFinancial Canada, Inc.	-	-	-
11/15/2016	AFS	Versara Lending, LLC/ Peerform, Inc.	-	-	-
10/20/2016	Mortgage	SunTrust Banks, Inc./ Pillar Financial, LLC	-	-	-
9/14/2016	Mortgage	Colonial Holding Company/ Criterion Mortgage Services, LLC	-	-	-
9/1/2016	Mortgage	E Mortgage Management, LLC/ Fortren Funding, LLC	-	-	-
8/9/2016	Mortgage	New Residential Investment Corp./ Walter Capital Opportunity, L.P.	\$283.00	-	-

Note: Transaction values and multiples calculated in local currencies

Sources: Dealogic, Capital IQ, and SNL Financial

Consumer Finance M&A Behavior

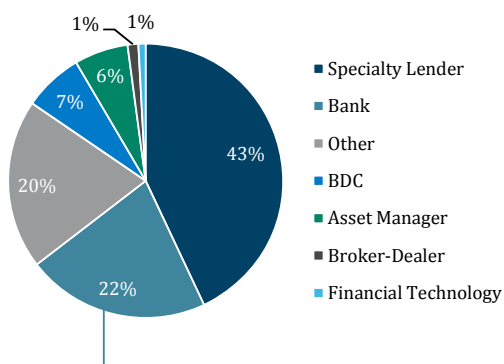
We analyzed over 200 consumer specialty finance M&A transactions over the past five years

The most common buyer types are specialty lenders and banks, which make up 43% and 22% of the entire buyer universe, respectively

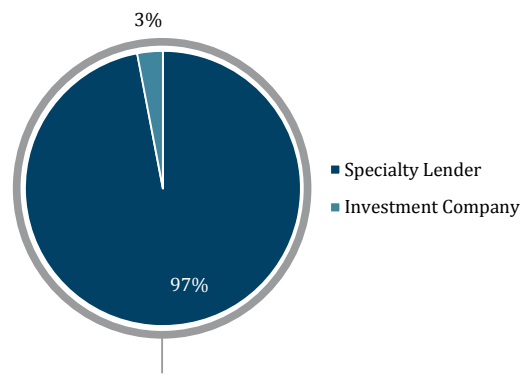
Of targets, almost all activity has been within the specialty lender sub-vertical, and less than 5% of M&A has been in the investment company space (BDCs, REITs, regulated investment companies, etc.)

Of target companies, diversified mortgage companies have been the most popular M&A candidates, followed closely by residential mortgage banks, and then niche and diversified consumer lenders

Buyer Type Analysis



Target Type Analysis



Bank Primary Focus Breakdown⁽¹⁾

Residential Mortgage Bank	33.30%
Diversified Mortgage Company	24.60%
Diversified Specialty Lender	10.50%
Auto Finance Lender	10.50%
Niche Consumer Lender	7.00%
Credit Card Company	7.00%
Diversified Consumer Lender	5.30%
Home Equity Lender	1.80%

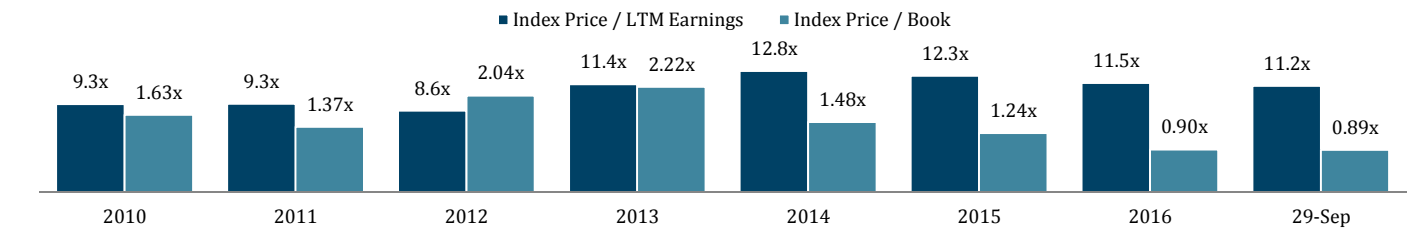
Target Primary Focus Breakdown⁽¹⁾

Diversified Mortgage Company	23.00%
Residential Mortgage Bank	20.10%
Niche Consumer Lender	14.50%
Diversified Consumer Lender	13.80%
Pawn Shop	9.70%
Auto Finance Lender	7.40%
Diversified Specialty Lender	5.90%
MBS REIT	1.90%

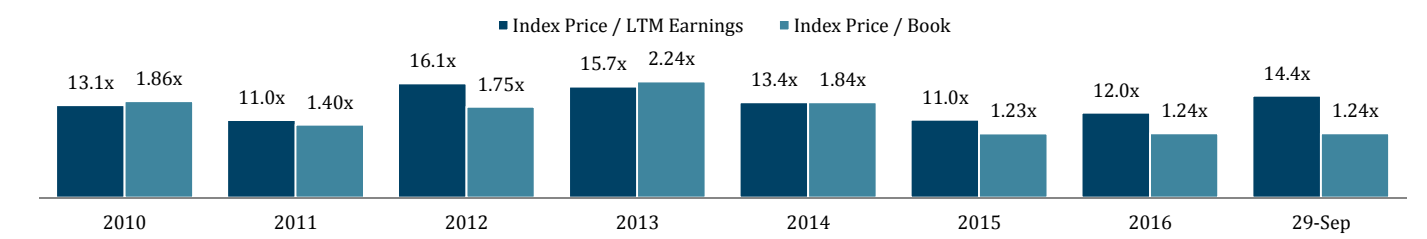
⁽¹⁾ Table only shows top 8 holdings by primary focus
Source: SNL Financial as of September 29, 2017

Consumer Specialty Finance Public Comparable Companies

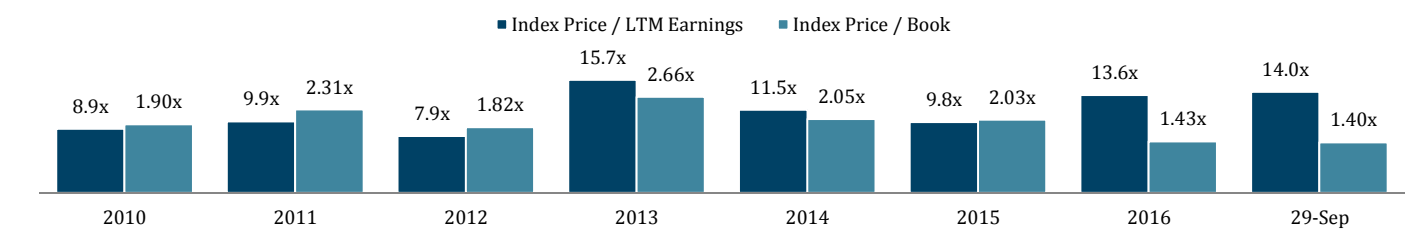
Auto Finance



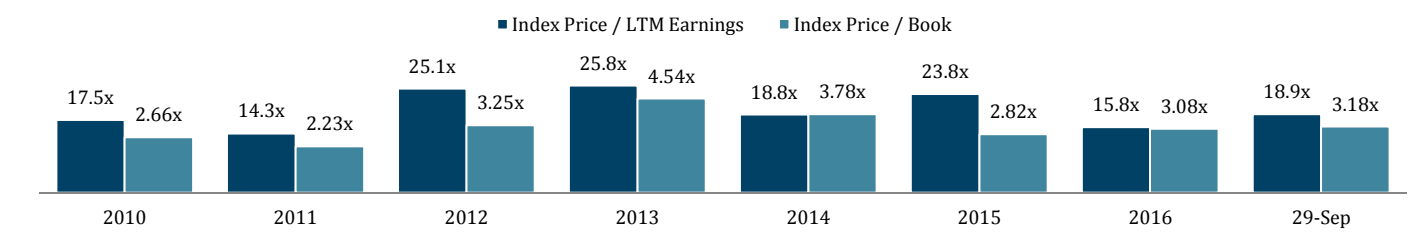
Collection



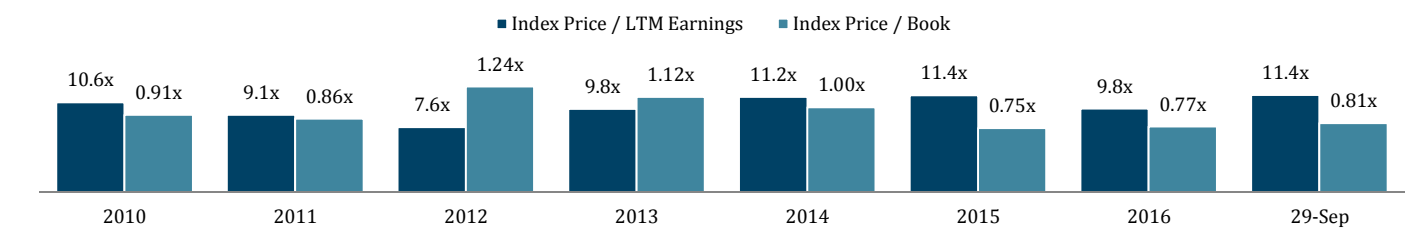
Alternative Financial Services



Credit Card



Mortgage



Source: SNL Financial as of September 29, 2017

Recent Select Commercial Specialty Finance M&A Transactions

(\$ in millions)

Announced Date	Sub-sector	Buyer Name / Target Name	Transaction Value	Transaction Value /	
				LTM Net Income	LTM Book Value
8/28/2017	Commercial Real Estate	Colony NorthStar, Inc./ NorthStar Real Estate Income Trust, Inc.	-	-	-
8/25/2017	Commercial Finance	People's Bank of Commerce/ Capital Associates, Inc.	-	-	-
8/21/2017	Leasing	Double Eagle Acquisition Corp./ Williams Scotsman International, Inc.	\$1,100.00	-	-
8/16/2017	Leasing	United Rentals, Inc./ Neff Corporation	\$613.71	17.6x	NMF
8/10/2017	Commercial Finance	PayPal Holdings, Inc./ Swift Financial Corporation	-	-	-
8/1/2017	Commercial Finance	Commercial Credit, Inc./ Transfac Capital, Inc.	-	-	-
7/31/2017	Commercial Finance	Solar Capital Ltd./ NEF Holdings, LLC	\$210.00	-	-
7/19/2017	Leasing	People's United Financial, Inc./ LEAF Commercial Capital, Inc.	-	-	-
7/18/2017	Commercial Real Estate	BGC Partners, Inc./ Berkeley Point Financial LLC	\$875.00	-	1.72x
7/12/2017	Leasing	General Finance Corporation/ Royal Wolf Holdings Limited	\$70.70	23.0x	1.16x
6/30/2017	Leasing	VTG Aktiengesellschaft/ NACCO SAS	\$1,186.50	-	-
6/29/2017	Leasing	HPS Investment Partners, LLC/ IKB Leasing GmbH	-	-	-
5/18/2017	Commercial Finance	Laurentian Bank of Canada/ NCF Holdings LLC	-	-	-
2/21/2017	Commercial Finance	PNC Financial Services Group, Inc./ U.S.-Based Commercial And Vendor Finance Business of ECN Capital	\$1,253.00	-	-
1/25/2017	Leasing	United Rentals, Inc./ NES Rentals Holdings II, Inc.	\$965.00	-	-
1/11/2017	Commercial Finance	HNA Group Company Limited/ UDC Finance Limited	\$462.50	11.3x	1.56x
1/4/2017	Commercial Finance	Marlin Business Services Corp./ Horizon Keystone Financial	-	-	-
12/15/2016	Commercial Finance	White Oak Global Advisors, LLC/ Capital Business Credit, LLC	-	-	-
11/2/2016	Leasing	Powszechna Kasa Oszczednosci Bank/ Raiffeisen-Leasing	\$220.00	11.9x	1.31x
11/2/2016	Commercial Real Estate	Situs Group Holdings, L.P./ Hatfield Philips International Limited	-	-	-
10/26/2016	Commercial Real Estate	Walker & Dunlop, Inc./ George Elkins Mortgage Banking Company	-	-	-
10/5/2016	Commercial Finance	Aquiline Holdings LLC/ Connex Financial, Ltd.	-	-	-
10/4/2016	Leasing	Warburg Pincus LLC/ Ascentium Capital LLC	-	-	-
9/30/2016	Commercial Finance	CION Investment Corporation/ Credit Suisse Park View BDC, Inc.	\$276.90	-	0.80x
9/27/2016	Commercial Finance	Axcel Management A/S/ Danmarks Skibskredit A/S	-	-	-
9/21/2016	Leasing	Shinsei Bank, Limited/ Showa Leasing Co., Ltd.	\$30.80	6.0x	0.50x
8/19/2016	Commercial Finance	F.A.B. Partners L.P./ CIFC LLC	\$2,296.20	18.3x	1.58x

Note: Transaction values and multiples calculated in local currencies

Sources: Dealogic, Capital IQ, and SNL Financial

Commercial Finance M&A Behavior

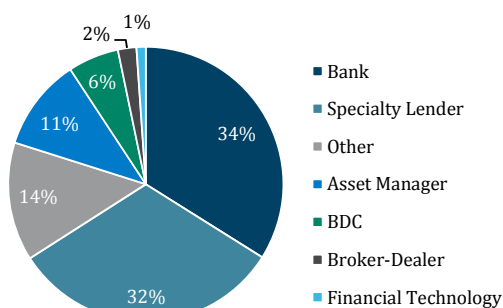
We analyzed over 150 commercial specialty finance M&A transactions over the past five years

The most common buyer types are banks and specialty lenders, which make up 34% and 32% of the entire buyer universe, respectively

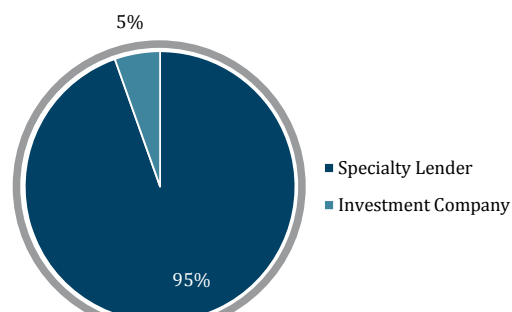
Of targets, almost all activity has been within the specialty lender sub-vertical, and 5% of M&A has been in the investment company space (BDCs, REITs, regulated investment companies, etc.)

Of target companies, equipment lenders have been the most popular M&A candidates, followed by niche commercial lenders, diversified specialty lenders, and commercial mortgage banks

Buyer Type Analysis



Target Type Analysis



Bank Primary Focus Breakdown⁽¹⁾

Equipment Lender	36.50%
Niche Commercial Lender	21.60%
Diversified Commercial Lender	13.50%
Commercial Mortgage Bank	12.20%
Diversified Specialty Lender	10.80%
Auto Finance Lender	1.40%
Credit Card Company	1.40%
Diversified Mortgage Company	1.40%
Investment Company	1.40%

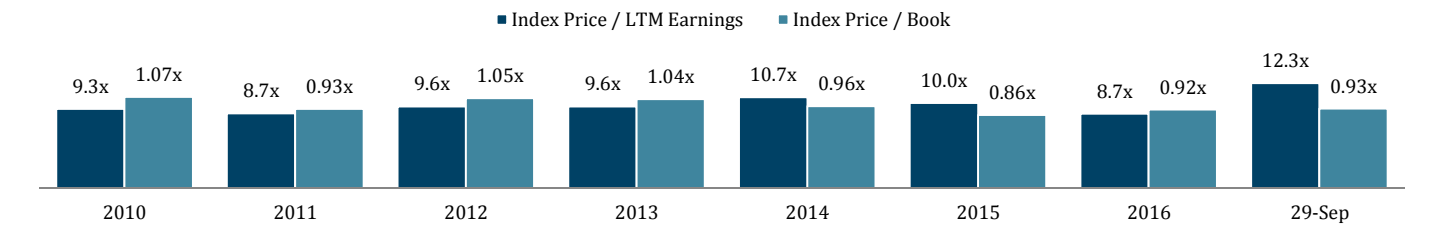
Target Primary Focus Breakdown⁽¹⁾

Equipment Lender	37.20%
Niche Commercial Lender	25.10%
Diversified Specialty Lender	12.10%
Commercial Mortgage Bank	8.80%
Diversified Commercial Lender	8.40%
Investment Company	2.80%
Diversified Mortgage Company	0.90%
Auto Finance Lender	0.90%
Business Development Company	0.90%

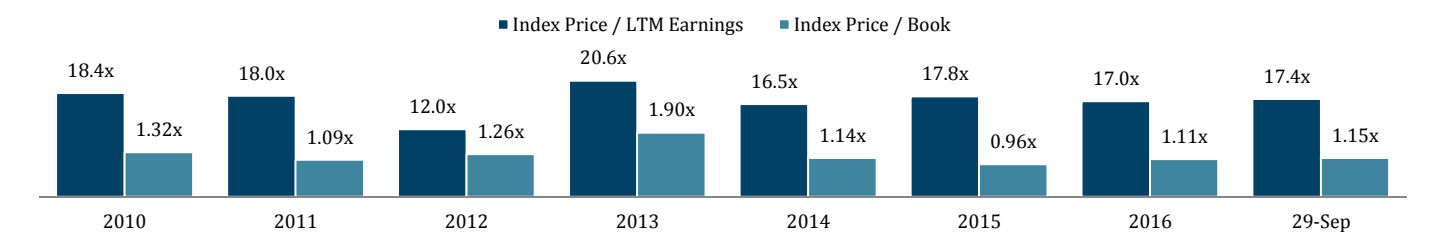
(1) Table only shows top 8 holdings by primary focus
Source: SNL Financial as of September 29, 2017

Commercial Specialty Finance Public Comparable Companies

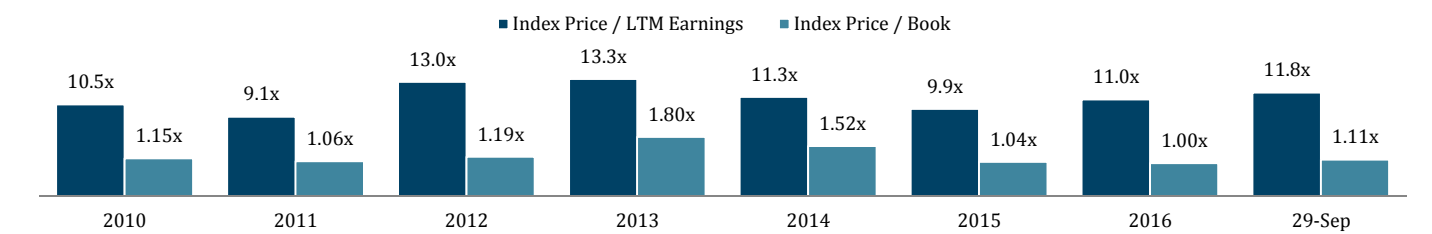
BDC



Commercial Finance



Leasing



Source: SNL Financial as of September 29, 2017

SECTOR AND TRANSACTION DATA

Recent Equity Offerings – Initial Public Offering

(\$ in millions)

Pricing Date	Company	Price	Shares	Amount	Market Cap. at Pricing /	
					LTM EPS	LTM Book Value
7/19/2017	TPG RE Finance Trust, Inc.	\$20.00	11.0	\$220.00	15.4x	1.22x
6/22/2017	Granite Point Mortgage Trust Inc.	\$19.50	10.0	\$195.00	19.2x	1.86x
6/13/2017	TCG BDC, Inc.	\$18.50	9.0	\$166.50	12.5x	1.46x
5/4/2017	KKR Real Estate Finance Trust Inc.	\$20.50	10.3	\$210.10	-	1.76x
4/6/2017	Elevate Credit, Inc.	\$6.50	12.4	\$80.60	-	-
2/9/2017	Sachem Capital Corp.	\$5.00	2.6	\$13.00	18.4x	1.97x
5/14/2015	Fortress Transportation and Infrastructure Investors	\$17.00	20.0	\$340.00	-	1.59x
3/26/2015	Jernigan Capital, Inc.	\$20.00	5.0	\$100.00	-	-
3/17/2015	Goldman Sachs BDC, Inc.	\$20.00	6.0	\$120.00	16.0x	1.03x
2/13/2015	Great Ajax Corp.	\$14.25	5.0	\$71.30	-	1.00x
12/16/2014	On Deck Capital, Inc.	\$20.00	10.0	\$200.00	-	-
12/11/2014	Avolon Holdings Limited	\$20.00	13.6	\$272.70	12.1x	1.05x
12/10/2014	LendingClub Corporation	\$15.00	58.0	\$870.00	-	-
11/20/2014	Neff Corporation	\$15.00	10.5	\$157.10	9.8x	6.59x
10/8/2014	Eagle Point Credit Company Inc.	\$20.00	5.2	\$103.10	-	-
7/30/2014	Synchrony Financial	\$23.00	125.0	\$2,875.00	-	-
5/8/2014	Alcentra Capital Corporation	\$15.00	6.6	\$100.00	10.3x	0.90x
4/9/2014	Ally Financial Inc.	\$25.00	95.0	\$2,375.00	-	0.80x
3/20/2014	TPG Specialty Lending, Inc.	\$16.00	7.0	\$112.00	12.4x	1.03x
3/5/2014	TriplePoint Venture Growth BDC Corp.	\$15.00	8.3	\$125.00	-	-
2/5/2014	CM Finance Inc.	\$15.00	6.7	\$100.00	9.1x	1.47x
2/5/2014	Ladder Capital Corp.	\$17.00	13.3	\$225.30	2.0x	6.44x
1/22/2014	Santander Consumer USA Holdings Inc.	\$24.00	75.0	\$1,799.80	17.2x	3.10x
1/15/2014	American Capital Senior Floating, Ltd.	\$15.00	10.0	\$150.00	-	-
11/8/2013	JGWPT Holdings Inc.	\$14.00	13.9	\$195.00	-	3.29x
11/6/2013	StoneCastle Financial Corp.	\$25.00	6.3	\$157.10	-	-
10/15/2013	Springleaf Holdings, Inc.	\$17.00	21.0	\$357.80	-	1.12x
10/9/2013	Stonegate Mortgage Corporation	\$16.00	7.1	\$113.60	14.1x	2.48x
10/3/2013	Cherry Hill Mortgage Investment Corporation	\$20.00	6.5	\$130.00	-	-

Source: SNL Financial

Recent Equity Offerings – Follow-on Equity Offering

(\$ in millions)

Pricing Date	Company	Price	Shares	Amount	Market Cap. at Pricing /	
					LTM EPS	LTM Book Value
7/17/2017	Annaly Capital Management, Inc.	\$11.66	60.0	\$699.60	4.0x	0.95x
6/27/2017	WhiteHorse Finance, Inc.	\$13.97	2.2	\$30.70	6.9x	0.96x
6/26/2017	ARMOUR Residential REIT, Inc.	\$26.40	4.5	\$118.80	3.7x	0.94x
6/22/2017	Jernigan Capital, Inc.	\$22.00	3.5	\$77.00	18.4x	1.83x
6/20/2017	Fidus Investment Corporation	\$16.80	1.8	\$29.40	9.2x	1.14x
6/16/2017	Five Oaks Investment Corp.	\$4.60	4.0	\$18.40	7.1x	0.56x
6/9/2017	Monroe Capital Corporation	\$15.00	3.0	\$45.00	13.3x	1.05x
6/7/2017	Golub Capital BDC, Inc.	\$18.71	1.8	\$32.70	15.5x	1.26x
5/30/2017	Apollo Commercial Real Estate Finance, Inc.	\$18.05	12.0	\$216.50	9.1x	0.88x
5/18/2017	Goldman Sachs BDC, Inc.	\$22.50	3.3	\$73.10	17.8x	1.34x
5/16/2017	Alcentra Capital Corporation	\$13.68	2.5	\$34.20	-	1.01x
5/10/2017	Arbor Realty Trust, Inc.	\$8.05	9.5	\$76.50	12.3x	1.25x
5/10/2017	Ellington Residential Mortgage REIT	\$14.55	3.0	\$43.70	6.6x	0.56x
5/9/2017	Gladstone Investment Corporation	\$9.38	2.1	\$19.70	6.5x	0.97x
5/4/2017	MFA Financial, Inc.	\$7.77	20.0	\$155.40	9.4x	0.97x
5/2/2017	AGNC Investment Corp.	\$20.53	24.5	\$503.00	4.5x	0.91x
4/20/2017	Eagle Point Credit Company Inc.	\$19.50	1.4	\$26.30	3.8x	1.23x
4/19/2017	TCP Capital Corp.	\$16.84	5.0	\$84.20	11.6x	1.24x
4/5/2017	Stellus Capital Investment Corporation	\$14.10	2.8	\$38.80	6.5x	1.01x
4/4/2017	New Mountain Finance Corporation	\$14.60	5.0	\$73.00	8.1x	1.14x
3/30/2017	OFS Capital Corporation	\$14.82	3.5	\$51.90	13.5x	1.30x
3/23/2017	Cherry Hill Mortgage Investment Corporation	\$16.50	4.5	\$74.30	5.0x	0.80x
3/21/2017	Golub Capital BDC, Inc.	\$19.03	1.8	\$33.30	16.1x	1.25x
3/7/2017	Ladder Capital Corp.	\$14.05	3.0	\$42.20	15.6x	0.69x

Source: SNL Financial

SECTOR AND TRANSACTION DATA

Recent Debt Offering – Debt Offering

(\$ in millions)

Date	Company	Offering Description	Amount	Maturity Date
08/29/17	American Honda Finance Corporation	Floating rate series A senior unsecured medium-term notes	\$400.00	11/05/21
08/23/17	National Rural Utilities Cooperative Finance Corporation	2.300% Series D senior unsecured medium-term notes	\$350.00	09/15/22
08/11/17	Resource Capital Corp.	4.500% Convertible senior unsecured notes	\$110.00	08/15/22
08/07/17	PACCAR Financial Corp.	2.300% Series O unsecured medium term notes	\$300.00	08/10/22
7/27/2017	American Express Company	2.500% Senior unsecured notes	\$1,850.00	8/1/2022
7/17/2017	AerCap Ireland Capital Ltd.	3.650% Senior unsecured notes	\$1,000.00	7/21/2027
7/10/2017	ORIX Corporation	2.900% Senior unsecured notes	\$750.00	7/18/2022
6/26/2017	Federal Home Loan Mortgage Corporation	1.375% Reference unsecured notes	\$500.00	5/1/2020
5/23/2017	Navient Corporation	6.750% Senior unsecured notes	\$500.00	6/25/2025
5/22/2017	PRA Group, Inc.	3.500% Senior unsecured convertible notes	\$300.00	6/1/2023
5/10/2017	Springleaf Finance Corporation	6.125% Senior unsecured notes	\$500.00	5/15/2022
5/2/2017	Blackstone Mortgage Trust, Inc.	4.375% Senior convertible unsecured notes	\$250.00	5/5/2022
4/27/2017	American Express Credit Corporation	3.300% Series F senior unsecured medium term notes	\$2,000.00	5/3/2027
4/19/2017	Federal Home Loan Mortgage Corporation	1.375% Unsecured Reference Notes	\$2,500.00	4/20/2020
4/10/2017	General Motors Financial Company, Inc.	3.950% Senior unsecured notes	\$1,250.00	4/13/2024
3/31/2017	SLM Corporation	5.125% Senior unsecured notes	\$200.00	4/5/2022
3/20/2017	Caterpillar Financial Services Corporation	1.900% Series H unsecured medium-term notes	\$650.00	3/22/2019
3/1/2017	Air Lease Corporation	3.625% Senior unsecured notes	\$500.00	4/1/2027
2/16/2017	Ryder System, Inc.	2.800% Unsecured medium-term notes	\$300.00	3/1/2022
2/13/2017	American Honda Finance Corporation	2.000% Series A unsecured medium-term notes	\$750.00	2/14/2020
2/8/2017	Federal Home Loan Mortgage Corporation	1.500% Reference Notes	\$500.00	1/17/2020
2/6/2017	Discover Financial Services	4.100% Senior unsecured notes	\$1,000.00	2/9/2027
2/6/2017	GATX Corporation	3.850% Senior unsecured notes	\$300.00	3/30/2027
1/31/2017	National Rural Utilities Cooperative Finance Corporation	2.950% Unsecured collateral trust bonds	\$450.00	2/7/2024
1/26/2017	TPG Specialty Lending, Inc.	4.500% Senior convertible unsecured notes	\$100.00	8/1/2022
1/23/2017	AerCap Ireland Capital Ltd.	3.500% Senior unsecured notes	\$600.00	5/26/2022
11/16/2016	American Honda Finance Corporation	Floating rate series A medium-term unsecured notes	\$750.00	11/19/2018
11/15/2016	American Express Credit Corporation	0.625% Senior unsecured notes	\$1,000.00	11/22/2021

Source: SNL Financial

Recent Preferred Offerings – Preferred Equity Offering

(\$ in millions)

Date	Company	Amount	Call Date	Dividend Rate
8/15/2017	AGNC Investment Corp.	\$300.00	10/15/2022	7.00%
7/25/2017	Annaly Capital Management, Inc.	\$700.00	9/30/2022	7.00%
7/12/2017	Two Harbors Investment Corp.	\$250.00	7/27/2027	7.60%
6/27/2017	PennyMac Mortgage Investment Trust	\$175.00	6/15/2024	8.00%
6/6/2017	Oxford Lane Capital Corp.	\$62.50	6/30/2020	6.80%
5/31/2017	CIT Group Inc.	\$325.00	6/15/2022	5.80%
5/15/2017	ECN Capital Corp.	\$100.00	6/30/2022	6.30%
4/26/2017	Element Fleet Management Corp.	\$100.00	6/30/2022	5.80%
3/7/2017	Two Harbors Investment Corp.	\$125.00	4/27/2027	8.10%
3/2/2017	PennyMac Mortgage Investment Trust	\$115.00	3/15/2024	8.10%
2/22/2017	Chimera Investment Corporation	\$300.00	3/30/2024	8.00%
11/23/2016	ECN Capital Corp.	\$100.00	12/31/2021	6.50%
10/14/2016	Willis Lease Finance Corporation	\$20.00	10/17/2016	6.50%
10/6/2016	Chimera Investment Corporation	\$135.00	10/30/2021	8.00%
9/19/2016	Gladstone Investment Corporation	\$50.00	9/30/2020	6.30%
4/5/2016	CoBank, ACB	\$375.00	10/1/2026	6.30%
10/22/2015	IEG Holdings Corporation	\$160.00	1/27/2020	7.60%
9/30/2015	Capstead Mortgage Corporation	\$1,146.00	5/13/2018	7.50%
9/18/2015	Apollo Commercial Real Estate Finance, Inc.	\$197.70	9/21/2020	8.00%
6/30/2015	Capstead Mortgage Corporation	\$881.00	5/13/2018	7.50%
6/18/2015	Oxford Lane Capital Corp.	\$30.00	6/30/2016	7.50%
5/20/2015	Element Financial Corporation	\$150.00	9/30/2020	6.50%
5/13/2015	Eagle Point Credit Company Inc.	\$40.00	6/29/2018	7.80%
5/6/2015	Gladstone Investment Corporation	\$35.00	5/31/2018	6.50%
4/15/2015	New York Mortgage Trust, Inc.	\$90.00	4/22/2020	7.90%
4/8/2015	Colony Capital, Inc.	\$250.00	4/13/2020	7.10%
2/25/2015	American Express Company	\$850.00	3/15/2020	4.90%
12/4/2014	Wells Fargo Real Estate Investment Corp.	\$240.00	12/11/2019	6.40%
11/20/2014	Oxford Lane Capital Corp.	\$25.00	6/30/2017	8.10%
11/5/2014	American Express Company	\$750.00	11/15/2019	5.20%
11/5/2014	Gladstone Investment Corporation	\$36.00	12/31/2017	6.80%
10/13/2014	Kayne Anderson MLP Investment Company	\$25.00	2/9/2017	3.90%
9/4/2014	Invesco Mortgage Capital Inc.	\$150.00	12/27/2024	7.80%

Source: SNL Financial

William Blair Specialty Finance Coverage

Robert Napoli

+1 312 364 5386

Financial Technology, Consumer and Commercial Finance

Company	Ticker
Alliance Data Systems Corporation	ADS
American Express Company	AXP
Bottomline Technologies, Inc.	EPAY
CAI International, Inc.	CAI
Capital One Financial Corporation	COF
Cardtronics, Inc.	CATM
Compass Diversified Holdings	CODI
CPI Card Group Inc.	PMTS
Discover Financial Services	DFS
Elevate Credit, Inc.	ELVT
Encore Capital Group, Inc.	ECPG
EVERTEC, Inc.	EVTC
Financial Engines, Inc.	FNGN
FleetCor Technologies, Inc.	FLT
Garrison Capital Inc.	GARS
Global Payments, Inc.	GPN
Green Dot Corporation	GDOT
Harvest Capital Credit Corporation	HCAP
Independence Realty Trust, Inc.	IRT
Marlin Business Services Corp.	MRLN
MasterCard Incorporated	MA
MoneyGram International, Inc.	MGI
Monroe Capital Corporation	MRCC
PayPal Holdings Inc.	PYPL
Performant Financial Corporation	PFMT
PRA Group, Inc.	PRAA
QIWI plc	QIWI
Square, Inc.	SQ
The Western Union Company	WU
TransUnion	TRU
USA Technologies, Inc.	USAT
Vantiv, Inc.	VNTV
Visa Inc.	V
WageWorks, Inc.	WAGE
WEX Inc.	WEX

Disclosure

“William Blair” is a trade name for William Blair & Company, L.L.C., William Blair Investment Management, LLC and William Blair International, Ltd. William Blair & Company, L.L.C. and William Blair Investment Management, LLC are each a Delaware company and regulated by the Securities and Exchange Commission. William Blair & Company, L.L.C. is also regulated by The Financial Industry Regulatory Authority and other principal exchanges. William Blair International, Ltd is authorized and regulated by the Financial Conduct Authority (“FCA”) in the United Kingdom. William Blair only offers products and services where it is permitted to do so. Some of these products and services are only offered to persons or institutions situated in the United States and are not offered to persons or institutions outside the United States.

This material has been approved for distribution in the United Kingdom by William Blair International, Ltd. Regulated by the Financial Conduct Authority (FCA), and is directed only at, and is only made available to, persons falling within COB 3.5 and 3.6 of the FCA Handbook (being “Eligible Counterparties” and Professional Clients). This Document is not to be distributed or passed on at any “Retail Clients.” No persons other than persons to whom this document is directed should rely on it or its contents or use it as the basis to make an investment decision.

William Blair’s investment banking group enables corporations, financial sponsors, and owner/entrepreneurs around the world to achieve their growth, liquidity, and financing objectives.

Drawing on the collective intellectual capital and deep sector expertise of a global team that reaches across more than 15 cities on four continents, the investment banking group brings a rigorous and innovative approach to corporate board advisory projects, mergers and acquisitions, and equity and debt financing. From 2012 to 2016, the team advised on more than \$230 billion in completed transaction volume.