



6 December 2017

RateSetter publishes 2016-17 accounts

- Revenues increased by 38 per cent
- Number of active lenders increased by 36 per cent
- Operating loss of £9.2m, of which £7.8m relates to core business and planned investment, combined with a one-off goodwill impairment to give a pre-tax loss of £23m

Peer-to-peer lending platform RateSetter has published its accounts for the year ending 31 March 2017.

Revenues were £23.7m, up 38 per cent from 2015-16; loans under management grew by 23 per cent, from £581m to £714m; the number of active lenders grew by 36 per cent from 31,036 to 42,049; and, over the same period, the number of active borrowers grew 27 per cent from 161,000 to 204,000.

The results show a pre-tax loss of £23.3m, compared to £5.3m in 2015-16. The platform's operating loss for the year was £9.2m, of which £7.8m relates to the core RateSetter business. Both are in line with expectations and reflect continued planned investment to lay the foundation for future growth of the business.

The remainder is a goodwill impairment arising from a loan to a business which subsequently got into financial difficulty. As this loan was outside RateSetter's credit policy and was an exceptional case, RateSetter believed it was right for it as a company to absorb any losses from this loan, as opposed to the Provision Fund doing so.

Shortly after the 2016-17 year end, RateSetter announced that it had completed a £13m equity raise, with backers including Woodford Investment Management and Artemis. The raise valued RateSetter at £195m. In July 2017, Paul Manduca took up his position as RateSetter's non-Executive Chairman and, later that month, the platform passed the milestone of £2bn cumulative lending since launch. In October 2017, RateSetter secured full regulatory authorisation from the Financial Conduct Authority.

Rhydian Lewis, RateSetter's CEO and co-founder, commented:

"The last year was an important one for RateSetter: we showed that we are a resilient business, with the strength and maturity to deal with challenges and emerge stronger as a result.

"During the year, we decided to focus on higher quality credit. Our view is that durability through a cycle is the key test and, while lower quality credit is still valid, it is clearly more vulnerable in a downturn.

"Since March 2017, our core business has continued to grow well. We have passed the milestone of £2bn total lending and returned over £85m in interest to our growing number of lenders. We were also pleased to achieve full authorisation from the FCA in October.

"As we go into 2018, we are very confident that the investment we have made over the last two years provides a strong foundation from which we can efficiently grow our business. We will launch our ISA before the end of the tax year and expect to attract £500m within a year. We expect to return to profitability next year."

ENDS

Notes to Editors

About RateSetter

RateSetter launched in 2010 to make investing better by opening the asset class of loans to everyone. This investment opportunity fills the gap for the retail investor between the low risk, low reward of cash and the higher risk, potentially higher reward of equities.

The RateSetter platform has now originated more than £2bn of loans to individuals and businesses across the UK and returned over £85m of interest to its lenders.

RateSetter has pioneered many firsts in peer-to-peer lending, including the Provision Fund model, which diversifies lenders' risk across the whole loan pool and provides protection against bad debt. The Provision Fund has ensured that all lenders have received the capital and interest that they expected. It is not, nor is it intended to be, a guarantee of safety. Capital is at risk and RateSetter is not covered by the Financial Services Compensation Scheme.

The interest rate in the RateSetter market is set by the supply of, and demand for, money, not by the platform itself. The aspiration is that this rate will become a benchmark rate for money.

In 2014, RateSetter became the first peer-to-peer lender to launch with a retail licence in Australia.

In November 2016, the platform won Best Peer-to-Peer Lender in the *FT* and *Investors Chronicle Wealth Management Awards* for the third year running. RateSetter was the highest-rated platform by *Which?* readers in 2015, 2016 and 2017.

In June 2017, RateSetter's CEO received an OBE for contribution to financial services and innovation in financial inclusion. The term "financial inclusion" often refers to access to credit – at RateSetter, we believe it is also about access to returns.

RateSetter is regulated by the Financial Conduct Authority.

More info is available at www.ratesetter.com. Follow us on Twitter [@RateSetter](https://twitter.com/RateSetter)