assetz capital

Outcomes statement.

1st April 2020 - 31st March 2021

Fairer growth for all.

Outcomes Statement.

To help you monitor the performance of our loan portfolio we will publish an Outcomes Statement within four months of the end of each financial year, for us that's 31st March.

The Outcomes Statement is a regulatory requirement, set by the Financial Conduct Authority (FCA), which came into effect on 9th December 2019. This is designed to show you how the loans available on our platform have performed with respect to actual levels of default versus our expectations in the last financial year. Plus, it also enables you to compare the advertised target interest rates for all open investment accounts with the actual returns received.

We do our best to predict potential returns and defaults, but we can't guarantee anything. Whilst our past performance helps you to better understand loan performance, it cannot guarantee future performance.

Target & Actual Interest Rates:

This table displays the advertised target interest rate against the actual return (before any tax which may be payable) for all investment accounts which were open to new investment between 1st April 2020 and 31st March 2021.

Investment Account	Target Gross Return per annum	Actual Gross Return per annum
Quick Access Account	3.81% (4.1% p.a. to 1 June 2020, 3.75% thereafter)	3.76%
30-Day Access Account	4.18% (5.1% p.a. to 1 June 2020, 4.0% thereafter)	3.99%
90-Day Access Account	4.65% (5.75% p.a. to 1 August 2020, 4.1% thereafter)	4.30%

As with all investments, there's a balance of risk and reward. It's important to remember that investments in peer-to-peer loans are not covered Financial Services Compensation Scheme and your capital is at risk.

Default Rates:

When you invest in loans, there is always a possibility that some of them won't be paid back on time (a Default) or you might lose money (a Loss). It's important to note that a Default doesn't always mean that there will be a Loss. The vast majority of our loans have the benefit of property security which, if the borrower can't pay back the loan, can be enforced to sell the asset to get back some or all of the money they owe you.

As a result, on our loans a Default and a Loss are very different – Losses being much less, relative to the value or proportion of defaults. This can be seen from our Defaults and Losses page on our website:

https://www.assetzcapital.co.uk/loan-performance

In line with the new regulations we're obliged to show our default rates in our yearly Outcomes Statement. We've included a brief overview for how we work out our Expected and Actual Default rate below:

	How we calculate default rates
Actual Default Rate:	In the period from 1st April 2020 to 31st March 2021 a number of loans will have defaulted, which may have been originated before or during this period. To calculate the Actual Default Rate, by risk category, we aggregate the capital balances of loans which have defaulted, and divide the total by the average capital outstanding for all loans in the risk category – the average capital outstanding is calculated as the capital outstanding at the start of the period plus the capital outstanding at the end of the period divided by two. The Actual Default Rate expresses the proportion of the value of all loans in a risk category that did default in a specified period.
Expected Default Rate:	Our credit risk model is used to maintain a "Probability of Default" (PD) measure against all of our live loans. The Expected Default Rate for each risk category is calculated by multiplying the PD for all loans in that risk category not already in default by the capital outstanding at the start of the period (1st April 2020), aggregating the results and then dividing by the aggregated capital balances. Loans already in default at the start of the period are excluded from these calculations. The Expected Default Rate expresses the proportion of the value of all loans in a risk category that we expect to default in the future.

Default Rates continued:

This table displays the Expected Default Rate for all P2P agreements against the Actual Default Rate by reference to their risk category for the period from 1st April 2020 until 31st March 2021. It's important to note that this period covers the Covid-19 pandemic where borrowers benefitted from a range of financial support measures introduced by the UK Government, as well as being able to apply for forbearance on their loans.

Risk Category	Expected Default Rate	Actual Default Rate
Low At the time of the latest assessment loans within Risk Category "Low" are considered to have the lowest risk of loss either due to a low PD rating and/or a strong level of security cover.	0.51%	0%
Medium - Low At the time of the latest assessment loans within Risk Category "Medium Low" are considered to have a modest risk of loss either due to lower than average PD rating and/or a high level of security cover.	3.16%	1.19%
Medium At the time of the latest assessment loans within Risk Category "Medium" are considered to have a moderate risk of loss either due to an average PD rating and/or security cover at standard written down percentages.	5.70%	3.38%
Medium - High At the time of the latest assessment loans within Risk Category "Medium High" are considered to have a higher than moderate risk of loss either due to a higher than average PD rating and/or testing levels of security cover. This may be entirely normal with certain types of loan, e.g. Development, where the asset value will fluctuate throughout the course of its build period.	9.24%	6.46%
High At the time of the latest assessment loans within Risk Category "High" are considered to have the highest risk of loss due to a challenging PD rating and/or a weakening level of security cover.	36.50%	30.32%