loanpad™

WATCH YOUR MONEY GROW

Outcomes Statement.

01 January 2024 to 31 December 2024

Don’t invest unless you’re prepared to lose money. This is a high-risk investment. You may not be able to access your money easily and are unlikely to be protected if something goes wrong. Take 2 mins to learn more.

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

The Outcomes Statement is a regulatory requirement by the Financial Conduct Authority (FCA). It is designed to help you monitor and understand the performance of the loan portfolio by showing expected and actual default rates by reference to risk categories and the actual return achieved against any Target Rate offered.

We try our best predict potential returns and defaults, but we can't guarantee anything.

1. Target Rate and Actual Interest Rates

The Target Rate is defined by the Financial Conduct Authority (FCA) as the overall rate of return that we aim to achieve for our lenders in the respective lending accounts.

The Target Rate is not guaranteed, and it can go up or down. We monitor interest rates against the performance of the loans on our portfolio. If our rates do change, we let lenders know in advance and clearly explain the reason for the change.

We set out below the advertised target interest rate for the period 01 January 2024 to 31 December 2024 against the actual returns for the Classic and Premium accounts.

01 January 2024 to 31 December 2024				
Lending Account	**Target Return Per Annum**		**Actual Return Per Annum**	
Classic	1.1.24 to 31.12.24	5.50%	1.1.24 to 31.12.24	5.50%
Premium	1.1.24 to 31.12.24	6.50%	1.1.24 to 31.12.24	6.50%
ISA Classic	1.1.24 to 31.12.24	5.50%	1.1.24 to 31.12.24	5.50%
ISA Premium	1.1.24 to 31.12.24	6.50%	1.1.24 to 31.12.24	6.50%

We highlight that the actual returns above are stated before compounding interest which would have increased the actual returns generated.

Please refer to our website for the current Target Interest Rate.

2. Default Rates - Overview

When you invest in loans, there is always a possibility that some of them won't be paid back on time. This is a common occurrence and can often be a result of logistical delays in securing re-finance, delays in development / refurbishment and / or the property sales process taking longer than expected.

We partner with established property lenders and spread your money evenly every day across a portfolio of secured property loans. We only take on carefully vetted lower-risk property loans.

In line with FCA regulations, we are required to define a loan in default where the borrower is past the contractual payment date by more than 180 days. At Loanpad, we also define a loan in default where the borrower has materially breached the terms of the loan and we are actively seeking full repayment.

It is important to note that default does not necessarily mean that lenders will incur a capital loss. All loans are backed (secured) by property that we can sell to recover lenders' money if required. As at 31 December 2024, no capital losses have been incurred for any lenders.

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We set out below how we work out our Expected and Actual Default rates.

Term	Definition	Explanation
Actual Default Rate	The proportion of loans in a particular risk category which went into default in the period according to the regulatory definition above and / or where the borrower materially breached the terms of the loan and we were actively seeking full repayment.	We sum the value of loans that went into default during the period and divide the total by the average capital outstanding for all loans in each risk category. The average capital outstanding for each risk category is calculated by adding the outstanding loans at the start of the period to the outstanding loans at the end of the period and dividing by two. Loans already in default at the start of the period are excluded from these calculations. *See Appendix 1 for a worked example*
Expected Default Rate	The proportion of loans in a particular risk category which, at the period start date, were expected to go into default based on a combination of the risk category and a theoretical fall in the property value of 40% and / or where we believe the borrower will materially breach the terms of the loan.	We sum the value of loans expected to go into default in the future and divide by the total capital outstanding for all loans in each risk category at the period start date. Loans already in default at the start of the period are excluded from these calculations. *See Appendix 2 for a worked example*

3. Default Rates - Expected vs Actual

The table below shows the Expected Default Rate against the Actual Default Rate by reference to their risk category for the period from 01 January 2024 to 31 December 2024.

Risk Category	Expected Default Rate	Actual Default Rate
Category 1: LTV under 35%. Bridging, development exit, refurbishment and / or property conversion loan. No known material adverse	0.00%	0.00%

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information on the loan or borrower.		
Category 2: LTV between 35%-50%. Bridging, development exit, refurbishment and / or conversion loan. No known material adverse information on the loan or borrower.	0.99%	1.02%
Category 2A: LTV between 50%-55%. Bridging, development exit, refurbishment and / or conversion loan. No known material adverse information on the loan or borrower.	0.00%	0.00%
Category 3: LTV under 35%. Development loan. No known material adverse information on the loan or borrower.	0.00%	0.00%
Category 4: LTV between 35%-50%. Development loan. No known material adverse information on the loan or borrower.	0.00%	0.00%
Category 4B: LTV between 50%-55% Development loan. No known material adverse information on the loan or borrower.	0.00%	0.00%
Category 5: LTV under 35%. Loan is suspended on our platform. Loanpad considers there is a material risk of capital loss and is in the process of conducting recovery action.	0.00%	0.00%
Category 6: LTV between 35%-50%. Loan is suspended on our platform. Loanpad considers there is a material risk of capital loss and is in the process of conducting recovery action.	0.00%	0.00%
Category 6B: LTV between 50%-55%. Loan is suspended on our platform. Loanpad considers there is a material	0.00%	0.00%

risk of capital loss and is in the process of conducting recovery action.		

4. Loans in Default

At the start of the period, there was one loan in default accounting for 0.66% of the overall loanbook. This was fully repaid during the year with no capital losses for lenders.

During the year, two loans were placed into default.

The first was placed into default on 12 April 2024. This loan accounted for 0.59% of the overall loanbook as at the date of default. This loan was partially repaid during the year. As at 31 December 2024, this loan remained in default and accounted for 0.20% of the loanbook with a loan to value of 37.14%. Loanpad is actively seeking recovery of this loan in consultation with the receiver and does not expect any capital losses for lenders.

The second was placed into default on 31 July 2024. This loan accounted for 0.20% of the overall loanbook at the date of default. The loan was put back into good standing on 9 September 2024.

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Appendix 1 – Actual Default Rate

As outlined above, we work out our Actual Default rates using the below definition.

Term	Definition	Explanation
Actual Default Rate	The proportion of loans in a particular risk category which went into default in the period according to the regulatory definition above and / or where the borrower materially breached the terms of the loan and we were actively seeking full repayment.	We sum the value of loans that went into default during the period and divide the total by the average capital outstanding for all loans in each risk category. The average capital outstanding for each risk category is calculated by adding the outstanding loans at the start of the period to the outstanding loans at the end of the period and dividing by two. Loans already in default at the start of the period are excluded from these calculations.

We set out below a hypothetical example on how we work out our Actual Default rates:

Value of loans in default at the start of the period (A) *	£500,000
Value of loans that went into default during the period (B)	£1,000,000
Amount invested in Category 2 loans at start of period (C)	£40,000,000
Amount invested in Category 2 loans at end of period (D)	£80,000,000
Average capital outstanding (C + D / 2) (E)	£60,000,000
Actual Default Rate For Category 2 loans (B / E)	1.67%

** Loans already in default at the start of the period are excluded from these calculations*

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Appendix 2 – Expected Default Rate

As outlined above, we work out our Expected Default rates using the below definition.

Term	Definition	Explanation
Expected Default Rate	The proportion of loans in a particular risk category which, at the period start date, were expected to go into default based on a combination of the risk category and a theoretical fall in the property value of 40% and / or where we believe the borrower will materially breach the terms of the loan.	We sum the value of loans expected to go into default in the future and divide by the total capital outstanding for all loans in each risk category. Loans already in default at the start of the period are excluded from these calculations.

We set out below a hypothetical example on how we work out our Expected Default rates:

Value of loans in default at the start of the period (A) *	£500,000
Value of loans expected to go into default during the period (B)	£800,000
Amount invested in Category 2 loans at start of period (C)	£90,000,000
Expected Default Rate For Category 2 loans (B / C)	0.88%

** Loans already in default at the start of the period are excluded from these calculations*

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