



COLLATERAL **EDGE**

CollateralEdge is Re-Envisioning Debt Capital Delivery for the Middle Market

CollateralEdge has developed an innovative, fintech platform that enables banks to efficiently increase lending capacity without compromising credit quality.

THE FOUNDERS

Approximately 40+ years of expertise executing financing transactions as operators, investors and operators.

Joel Radtke



- Nearly 25 years of finance expertise implementing complex strategies and solutions across a wide area of middle market business models
- Executed dozens of buy and sell-side health care middle market transactions as both an investment banker at Credit Suisse and then later as an investor at Grotech Capital
- As co-founder and CFO, grew United Orthopedic from initial platform to exit with 15 acquisitions and 3 re-financings over a 6-year period
- Born in an Illinois corn field. Texan since 2013. Proud Dad of two very cool kids who keep me on my toes

Joe Beard



- As an investment banker and senior leader; advised on approximately \$10 billion of M&A, equity and debt financing transactions
- As Partner at Perot Jain, reviewed thousands of venture deals, invested in and managed a portfolio of 40+ tech-enabled companies
- Founder of Venture Dallas and UMB Bank North Texas Advisory Board Member
- Honoree - Dallas Business Journal Forty Under 40, Dallas CEO 500, Tech Titan Investment Catalyst, Robert A. Toigo Fellow
- Military brat; married with four active children

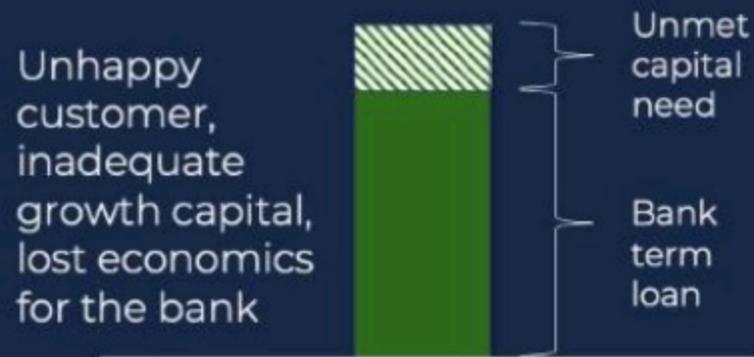


MIDDLE MARKET LENDING IS BROKEN

Banks struggle to address incremental capital needs of qualified borrowers while maintaining downside protection cushions.



OPTION 1 RESTRICT CREDIT



Bank misses the opportunity to meet needs of a new customer. Company doesn't receive necessary capital to fund the business.

OPTION 2 SUB DEBT / MEZZ



Bank and sub-debt lender have misaligned interests. No additional net income. Long term hassle to a short-term problem for the bank.

OPTION 3 NON-BANK LENDER

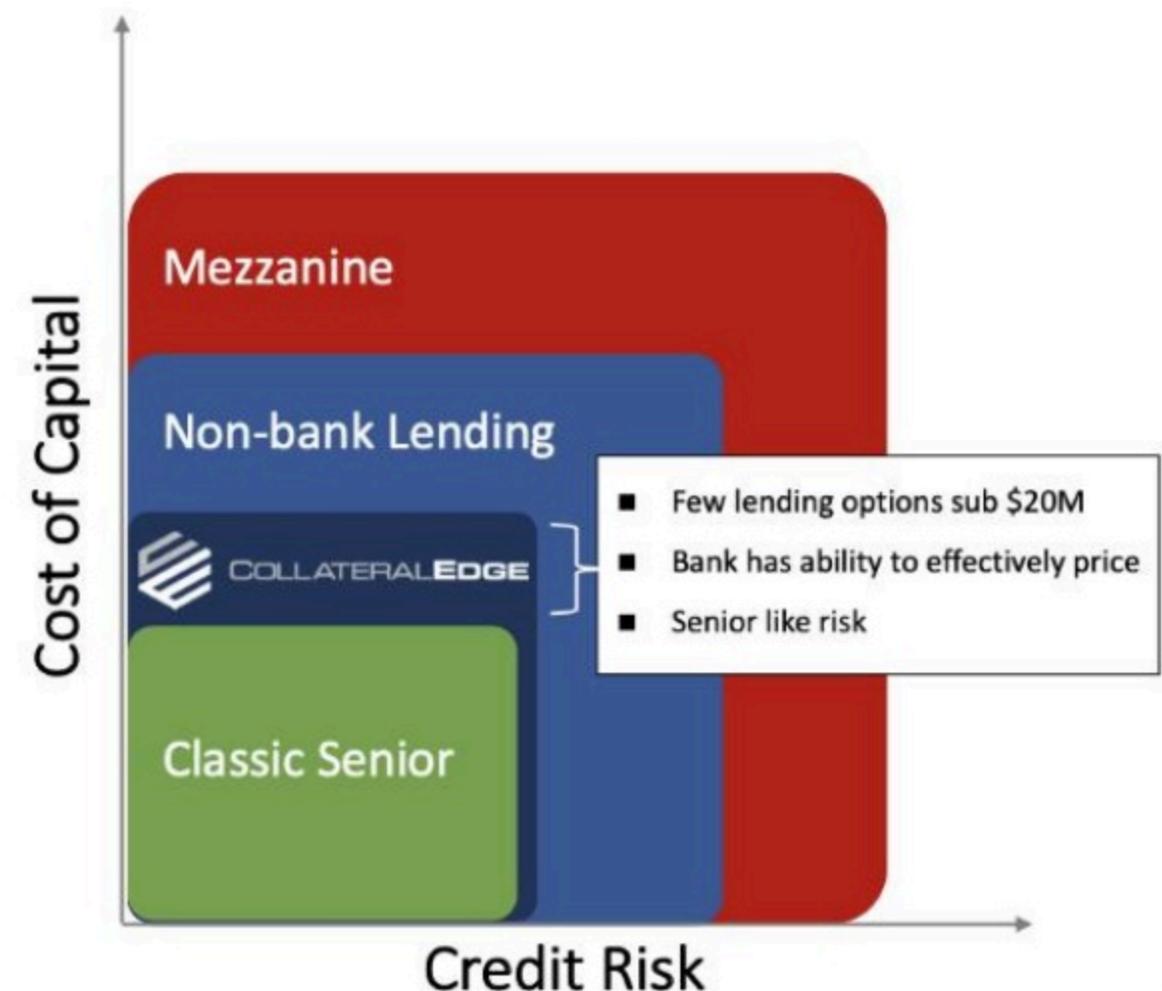


Bank loses customer relationship, loses all interest income, fees treasury, FX etc. Lost time and resources on business development.

COLLATERALEDGE PRODUCT SOLUTION

The CollateralEdge platform enables the bank to offset the slice of risk that creates discomfort while still maintaining control of the entire borrower customer relationship.

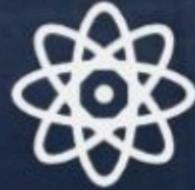
- ✓ Through an efficient tech-enabled contractual model, CollateralEdge facilitates a bank's ability to execute on marginal credit exposure.
- ✓ Our platform provides the bank an internal collateral based senior product to satisfy customer capital needs and increase bank net income without increasing credit risk.
- ✓ The bank is the sole lender and maintains its ability to leverage its strong underwriting, monitoring and relationship management platforms.
- ✓ Lower risk rating and reserve requirements on higher margin loans executed through the CollateralEdge model.



H I G H L Y S C A L A B L E

TECHNOLOGY PLATFORM

The CollateralEdge Pricing Portal seamlessly integrates within a bank's workflow, ensuring accurate and efficient pricing to the borrower.



PROPRIETARY ALGORITHM



PRICING PORTAL



STRATEGIC PARTNER



REAL TIME PRICING

3RD PARTY DATA PULL

MANAGE PORTFOLIO DIVERSITY

REFLECTS CAPITAL POOL COSTS

MACHINE LEARNING / AI



CLOUD-BASED SOFTWARE

SECURE BANKER LOGIN

EXISTING PORTFOLIO TRACKING

NEW DEAL MANAGEMENT

AUTO-GENERATED REPORTS



ON-SHORE / OFF-SHORE MODEL

DEDICATED ENGINEERING TEAM

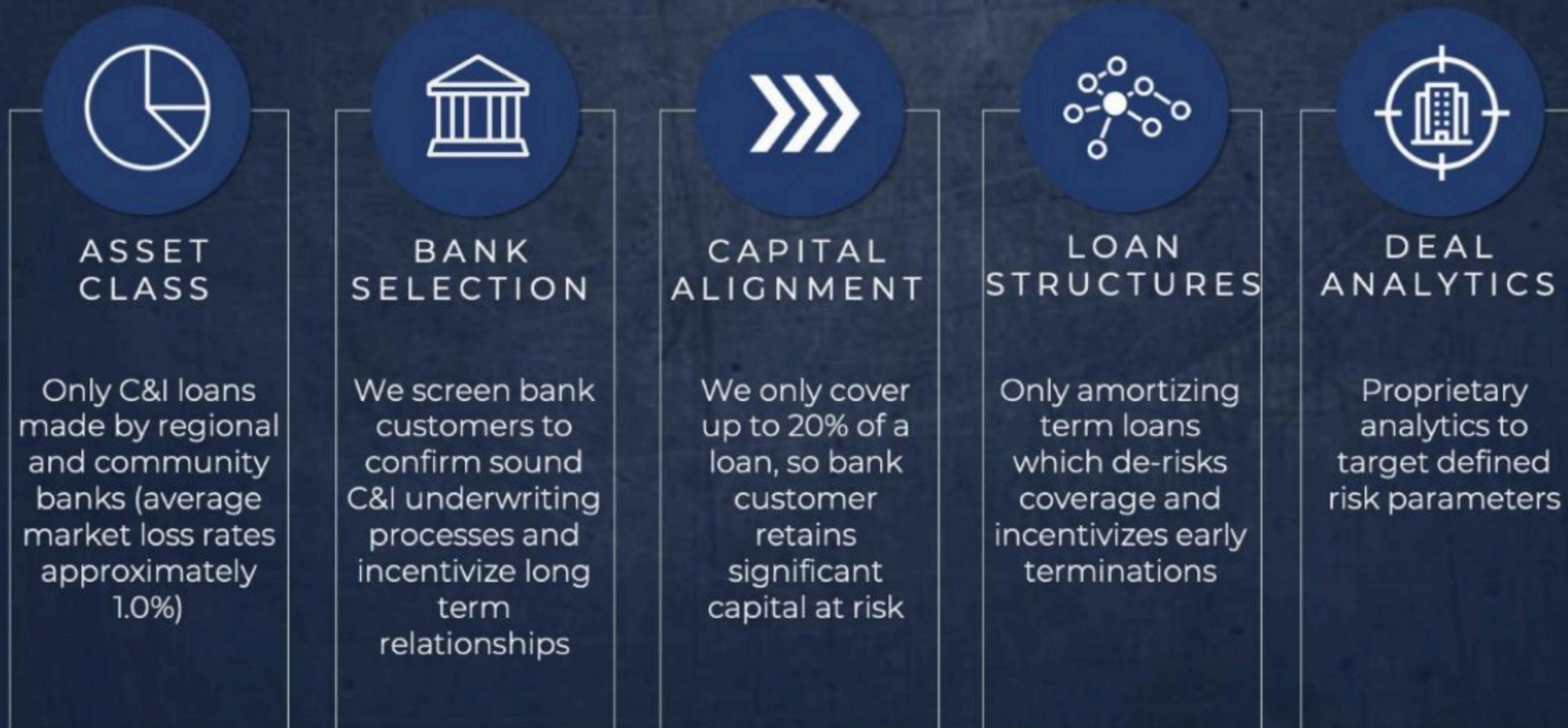
DALLAS-BASED PROJECT MGMT

CUSTOMIZABLE TECH STACK

24/7 SUPPORT TEAM

HOW WE LIMIT TRANSACTION RISK

We have designed a system that aligns incentives with our bank partners and limits outsized risk exposure.



ATTRACTIVE MARKET DYNAMICS

We believe this is an opportune time in the market to launch the CollateralEdge platform. The bank market remains cautious but steadfast in its commitment to drive economic development in the United States.

US C&I LOAN MARKET

\$2.6 Trillion

650 US BANKS
> \$1B IN ASSETS

BANKING MARKET
EMBRACING
DIGITIZATION AND
INNOVATION

Q3 2020 -
HIGHEST FINTECH
VC INVESTMENT
QTR IN HISTORY **\$8.9
Billion**

4 MINIMAL FAILED
BANKS IN 2020
COMPARED to 2008

OUR CUSTOMER PROFILE

- ✓ FOCUSED ON BANKS WITH APPROXIMATELY \$1 BILLION - \$50 BILLION IN ASSETS
- ✓ COMMUNITY AND REGIONAL BANKS
- ✓ US DOMICILED BANKS AND BORROWERS
- ✓ SUITABLE FOR BANKS WITH HIGH C & I LOAN VOLUME AS WELL AS BANKS SEEKING ACCESS TO THE C&I MARKET
- ✓ NONSYNDICATED TERM LOANS \$5M-\$50M

WE EXPECT

SIGNIFICANT BANK DEMAND

The CollateralEdge platform has been developed through extensive market research, deal experience and conversations with senior bank executives over the course of several years. We have designed our fintech solution to address several important pain points for the bank.

Prudential regulatory requirements and competition from non-bank lenders have created a unique set of operating challenges for regional and community banks. Our solution improves loan economics while positively impacting risk rating and reserve requirements on individual loans. Banks can better meet the incremental borrowing needs of their customers while maintaining credit risk within approved risk tolerances.



1 Minimal Friction

- No upfront cost to try our product or expensive IT system required
- Seamlessly fits within existing underwriting workflow
- No constraints on managing loan or executing required loan amendments as needed
- One main agreement governs all deals



2 Better Economics

- Increased spread in every coverage transaction
- Win deals that may have been lost
- Increase customer "stickiness" by fully meeting funding needs and preserve future sources of fee income from promising C&I borrowers
- Lower risk rating and reserve requirements



3 Managed Risk

- Downside protection to reduce risk of principal loss
- Effectively get accelerated amortization on uncovered portion of loans
- A flexible and efficient short-term solution to a short-term problem
- Potential to expand CRA eligible loan portfolio



4 Bank Focused

- Bank-controlled collateral support – maximum flexibility to respond to a borrower's funding needs
- Our solution doesn't go around the bank – it empowers the bank to be able to say YES on attractive lending opportunities.
- We give the bank the ability to say YES on attractive opportunities

WHAT MAKES COLLATERALEDGE UNIQUE?

We have created a technology-driven delivery vehicle to transfer risk in an enormous addressable market.

- 1 **Bank Channel Partnerships.** Our solution addresses common problems on a large percentage of lower middle market loans that come through the bank's business development process.
- 2 **Technology Leverage.** Transparent Pricing Portal fits seamlessly into the bank's workflow and approval processes with no disruption.
- 3 **End-to-End Solution.** From pricing to risk transfer to affiliated junior capital pool, we provide a solution entirely within the control of the bank without the need for multiple lenders.
- 4 **Scalability.** The automated pricing and standardized contract formats allow a bank to easily expand the solution within its organization. Not limited by geography, industry or deal size.
- 5 **Proprietary and Market Changing.** CollateralEdge is a completely new way of addressing debt capital delivery – a first-mover in an enormous market.



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