Understanding Online Lending

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• Mark Quinn, CAMEO (moderator)

@CAMEOMicro #2018Micro
“Our mission is to transform the banking system to make credit more affordable and investing more rewarding.”
Company Overview

- Founded in 2006
- Headquartered in San Francisco
- $36+ billion loans facilitated
- 1,600+ employees
- Publicly traded (NYSE: LC)
- Personal loans, auto loans, and small business loans

As of Q3 2016.
Few small business can access sufficient credit

- 42% not interested in credit
- 18% too discouraged to apply
- 40% applied
- 24% declined or did not receive desired amount
- 16% receive desired amount

Want credit: 58%
Got amount they wanted: 16%

New Online Options -- What’s Going On?

Bloomberg Businessweek
Small Business

How Much Is Too Much to Pay for a Small Business Loan?
By Patrick Clark | May 16, 2014

The Wall Street Journal
MARKETS

Alternative Lenders Peddle Pricey Commercial Loans
With Credit for Businesses Tight, Nonbank Lenders Offer Financing at a Price

Wall Street Finds New Subprime With 125% Business Loans
By Zeke Faux | May 21, 2014 9:00 PM PT | Comments Email Print

“This is the new predatory lending,’ said Mark Pinsky, president of Opportunity Finance Network, a group of lenders that help the poor.”

Small Business Loans and Lines: Best of Both Worlds

For SMBs without access to credit from banks, LC provides a fast process like alternative lenders, but much lower rates.

For ‘bankable’ SMBs, LC provides similar rates to banks with a much faster process.

Sources: Internal data, bank websites, alternative lender websites
## Lending Club Business Loans and Lines of Credit

<table>
<thead>
<tr>
<th>Feature</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Loan Amount</strong></td>
<td>$5k - $300k</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>1, 2, 3, or 5 years</td>
</tr>
<tr>
<td><strong>APRs</strong></td>
<td>9.7% - 35.7%</td>
</tr>
<tr>
<td><strong>Collateral</strong></td>
<td>Personal guarantee, No collateral required &lt; $100k, UCC filing &gt; $100k</td>
</tr>
<tr>
<td><strong>Time to funding</strong></td>
<td>Application takes 5 minutes. Get offers instantly. Funding received as fast as 3 days. Average 1 week</td>
</tr>
<tr>
<td><strong>Minimum Requirements</strong></td>
<td>1+ year in business, Revenues $50k+ for previous year</td>
</tr>
</tbody>
</table>
Affordable, simple business loans

Borrow up to $100,000 with 1-5 year terms

Low, fixed interest rates starting at 5.9%*

Check your rate in minutes

How much do you need?

What is it for?

Get started

Won't impact your credit score

Already have a Business Account?
Log in here

Get the capital to grow your business at competitive rates and without the hassle!

Lending Club, the nation’s leading lending marketplace, uses innovative technology to deliver simple, low cost business loans. We’ve built a best-in-class platform and here’s what business owners love about it:
First, tell us about your business.

Business name: Legal name

Business address: Number, street, apt/unit #
City: [input]
State: [input]
ZIP: [input]

Business phone: [input] - [input] - [input]

Under current ownership since: Month [input] Year [input]

Number of employees: [input]

Legal structure: 
- Sole proprietor
- LLC
- General partnership
- LLP
- S-corp
- C-corp

E-mail: [input]
Password: [input] Choose a password

By continuing, you agree to the Terms of Use.

[Continue]
Now, tell us about yourself.

Name  
First  Last

Home address  
My home address is the same as my business address  
Number, street, apt./unit #  
City  State  ZIP

Phone  
Best contact number  Alternative number (optional)

Date of birth  
mm  dd  yyyy

By continuing, you agree to the Terms of Use.

Continue ➤

Checking your rate will not affect your credit score.
Just a few financial details – you are one click away from a decision.

Your business:

Annual Revenues

Gross sales last year
$ /

Net profit last year (before taxes)
$ /

Monthly Expenses (if applicable)

Real estate loans
$ / month

Rent
$ / month

Business leases
$ / month

Other business loans
$ / month

Yearly financials:

Yearly individual income
$ /

Ownership %
Congratulations! ACME TRUCK BRAKE SUPPLY CO is pre-qualified for a business loan.

Select the loan that best fits your needs. After you choose, you can review the terms before proceeding.

<table>
<thead>
<tr>
<th>LOAN AMOUNT</th>
<th>12 monthly payments of</th>
<th>24 monthly payments of</th>
<th>36 monthly payments of</th>
</tr>
</thead>
<tbody>
<tr>
<td>$55,000</td>
<td>$5,712</td>
<td>$3,087</td>
<td>$2,250</td>
</tr>
<tr>
<td></td>
<td>9.90% Interest rate</td>
<td>12.90% Interest rate</td>
<td>14.90% Interest rate</td>
</tr>
<tr>
<td></td>
<td>One-time origination fee of 3.00%</td>
<td>One-time origination fee of 3.50%</td>
<td>One-time origination fee of 4.00%</td>
</tr>
</tbody>
</table>

Select loan
Submit Required Documents

Expedite processing of your loan application by instantly uploading your documents. It’s fast, easy and secure.

<table>
<thead>
<tr>
<th>Select</th>
<th>Document</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Bank statements for all business bank accounts - last 3 months</td>
<td>Requested</td>
</tr>
<tr>
<td></td>
<td>IRS Form 4506T (for business tax returns)</td>
<td>Requested</td>
</tr>
<tr>
<td></td>
<td>Business tax returns (with all schedules)</td>
<td>Requested</td>
</tr>
</tbody>
</table>

Upload or Need to Fax?
Find a Lender That Stands Up For You

Forbes / Investing

Lenders Voluntarily Create A Bill Of Rights To Protect Small Businesses From Lending Abuses

www.ResponsibleBusinessLending.org

"You Have A Right To…
1. Transparent Pricing and Terms
2. Non-Abusive Products
3. Responsible Underwriting
4. Fair Treatment from Brokers
5. Inclusive Credit Access
6. Fair Collection Practices"
Thank you!

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855-846-0153
Kabbage started with a simple idea

To leverage the power of real-time, persistently connected data to streamline the lending process.
Company Overview

Drive small business financial services globally

Direct Lending (U.S.)

› Nearly ~$5B in Funding
› 140,000 businesses served
› 1,000% growth over three years

Global Lending & Data Infrastructure

› Power automated lending for banks worldwide
› Deploy without feet on local ground
› Turnkey, flexible platform allows banks to set their own risk criteria and be up and running in months

Year Founded: 2009
1st Origination: 2011
# of Employees: ~450
Locations:
- Atlanta, Georgia*
- New York, New York
- Denver, Colorado
- San Francisco, California
- Bangalore (India)

Equity Raised Since Inception:
- ~$500 mm
- SoftBank
- BlueRunVentures
- MDV
- Thomvest
- Reverence

*Atlanta, Georgia
Helping small business grow

$250K
Lines of Credit

~$5B
Total Funding

140K
Customers

2M+
Data Connections

New ways to remove friction in small business owner’s day
A Better Way to Connect with Customers

**TRADITIONAL**
Customer is responsible for gathering and providing all data for review

**KABBAGE**
Customer simply grants access to existing data for review

**Offer precisely the right amount of credit at every point in time**

Customers never have to reapply. The Kabbage line adjusts automatically based on industries and seasonality
Persistent & Granular Access to Over 2 mm live data points

Mitigate Risk

Rate Changes

Identity

Threat Metrix

IDology

SOCURE

Credit Bureaus

Experian

Data by Vertical

Examples

Online Retailer

eBay

Amazon

Yahoo!

Etsy

Construction

Zoho

Invoice2Go

FreshBooks

BuilderTrend

Restaurants

TripAdvisor

OpenTable

Payment Processors

PayPal

Stripe

Sage

Authorize.Net

Bank Accounts

Business Checking Data

Collection

Payment Tools

QuickBooks

Google Analytics

UPS

Google AdWords

Business Management Tools

Marketing