

# Understanding Online Lending

- Paul Bernardini, Kabbage
- Louis Caditz-Peck, Lending Club
- Jonny Price, Wefunder
- Mark Quinn, CAMEO (moderator)

@CAMEOMicro #2018Micro

2018 Annual Meeting

C A M E O

“ Our mission is to **transform** the banking system to make credit more **affordable** and investing more **rewarding**. ”



 **LendingClub**

# Company Overview



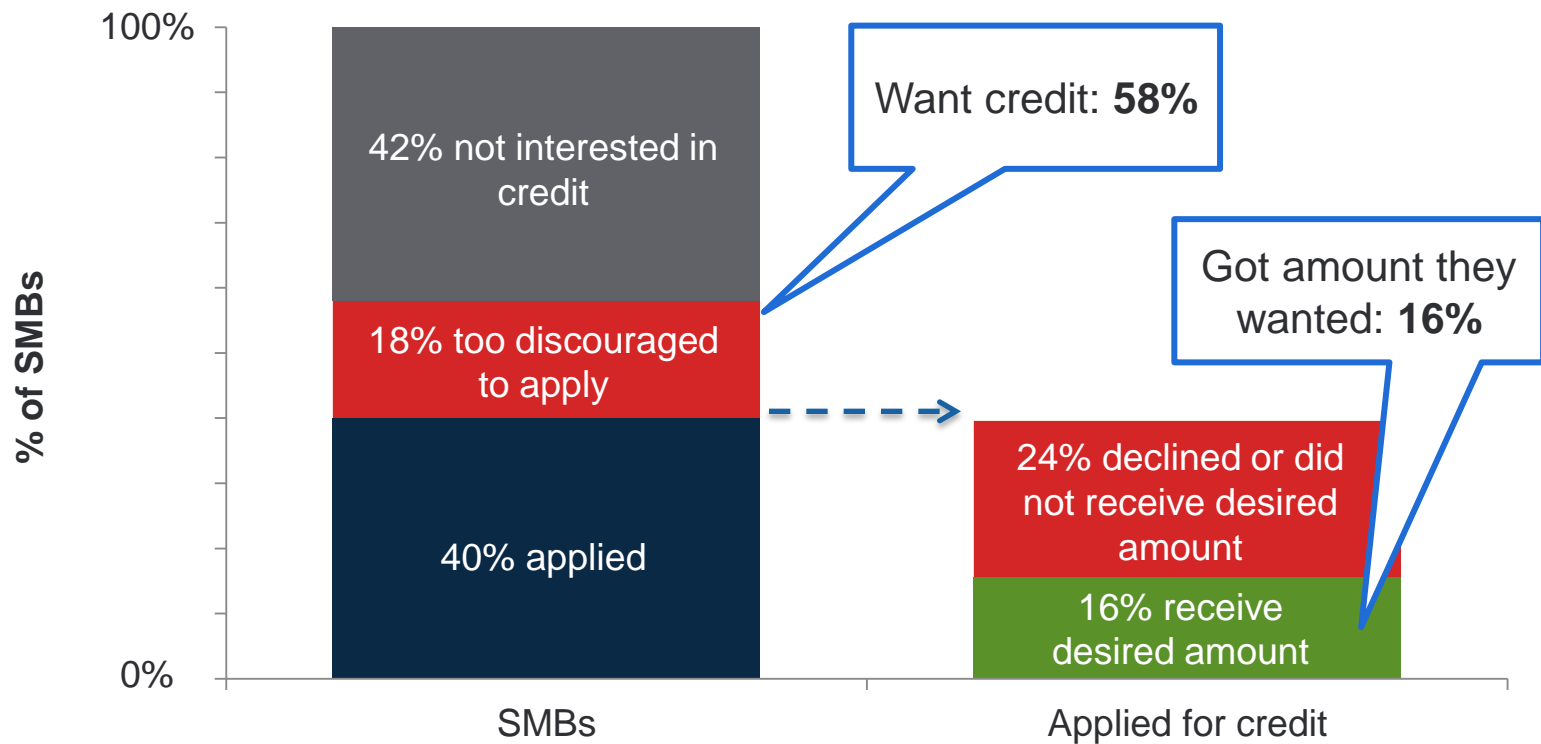
- Founded in 2006
- Headquartered in San Francisco
- \$36+ billion loans facilitated
- 1,600+ employees
- Publicly traded (NYSE: LC)
- Personal loans, auto loans, and small business loans



*As of Q3 2016.*

# Why Are We All Here?

## Few small business can access sufficient credit



Source: New York Federal Reserve Small Business Survey, Q2 2014 <http://www.ny.frb.org/smallbusiness/Spring2014/>

# New Online Options -- What's Going On?



## How Much Is Too Much to Pay for a Small Business Loan?

By Patrick Clark  | May 16, 2014



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](#)

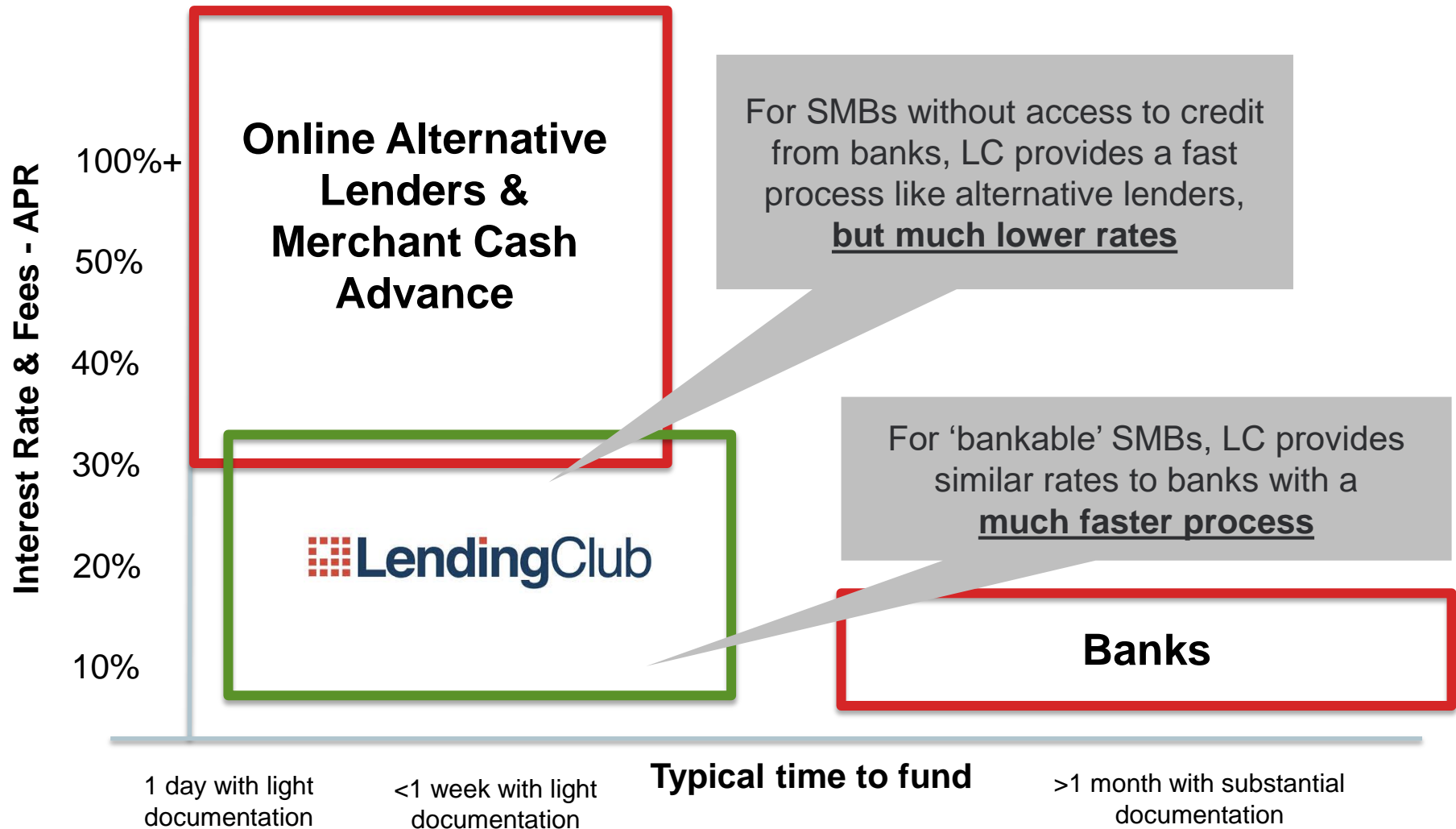


“This is the new predatory lending,’ said Mark Pinsky, president of Opportunity Finance Network, a group of lenders that help the poor.”<sup>1</sup>

<sup>1</sup><http://www.bloomberg.com/news/2014-05-22/wall-street-finds-new-subprime-with-125-business-loans.html>.

Other articles: <http://www.businessweek.com/articles/2014-05-16/how-much-is-too-much-to-pay-for-a-small-business-loan>, <http://online.wsj.com/news/articles/SB10001424052702304477704579256123272658660>

# Small Business Loans and Lines: Best of Both Worlds



# Lending Club Business Loans and Lines of Credit

<b>Loan Amount</b>	\$5k - \$300k
<b>Term</b>	1, 2, 3, or 5 years
<b>APRs</b>	9.7% - 35.7%
<b>Collateral</b>	Personal guarantee No collateral required <\$100k. UCC filing >\$100k
<b>Time to funding</b>	Application takes 5 minutes. Get offers instantly. Funding received as fast as 3 days. Average 1 week
<b>Minimum Requirements</b>	1+ year in business Revenues \$50k+ for previous year

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.

QUESTIONS?  
CALL YOUR DEDICATED  
CLIENT ADVISOR

855-846-0153

Get Online Help

 Lending Club uses  
bank level security.

Business name

Business address

Business phone  -  -

Under current  
ownership since

Number of employees

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

E-mail

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.

QUESTIONS?  
CALL YOUR DEDICATED  
CLIENT ADVISOR

855-846-0153

Get Online Help

 Lending Club uses  
bank level security.

Just a few financial details –  
you are one click away from a decision.

QUESTIONS?  
CALL YOUR DEDICATED  
CLIENT ADVISOR

855-846-0153



Lending Club uses  
bank level security.

### Your business:

#### Annual Revenues

Gross sales last year

\$ / year

Net profit last year  
(before taxes)

\$ / year

#### Monthly Expenses

(if applicable)

Real estate loans

\$ / month

Rent

\$ / month

Business leases

\$ / month

Other business loans

\$ / month

### Yearly financials:

Yearly individual income

\$ / year

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.

QUESTIONS?  
CALL YOUR DEDICATED  
CLIENT ADVISOR

**855-846-0153**

Get Online Help

 Lending Club uses  
bank level security.




LOAN AMOUNT	LOAN AMOUNT	LOAN AMOUNT
◀ \$55,000	<b>\$65,000</b>	\$75,000 ▶
<p>12 monthly payments of</p> <p><b>\$5,712</b></p> <p>Interest rate 9.90%</p> <p>Select loan</p> <p>One-time origination fee of 3.00%</p>	<p>24 monthly payments of</p> <p><b>\$3,087</b></p> <p>Interest rate 12.90%</p> <p>Select loan</p> <p>One-time origination fee of 3.50%</p>	<p>36 monthly payments of</p> <p><b>\$2,250</b></p> <p>Interest rate 14.90%</p> <p>Select loan</p> <p>One-time origination fee of 4.00%</p>


## Submit Required Documents

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

QUESTIONS?  
CALL YOUR DEDICATED  
BUSINESS LOAN MANAGER

**855-846-0153**

Select	Document	Status
<input type="checkbox"/>	Bank statements for all business bank accounts - last 3 months 	Requested
<input type="checkbox"/>	IRS Form 4506T (for business tax returns) 	Requested
<input type="checkbox"/>	Business tax returns (with all schedules) 	Requested

 Lending Club uses  
bank level security.

[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

2 FREE ISSU



**SMALL BUSINESS BORROWERS'**  
**BILL OF RIGHTS**

[www.ResponsibleBusinessLending.org](http://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!

Louis Caditz-Peck  
Director, Public Policy  
[Lcaditz-Peck@lendingclub.com](mailto:Lcaditz-Peck@lendingclub.com)

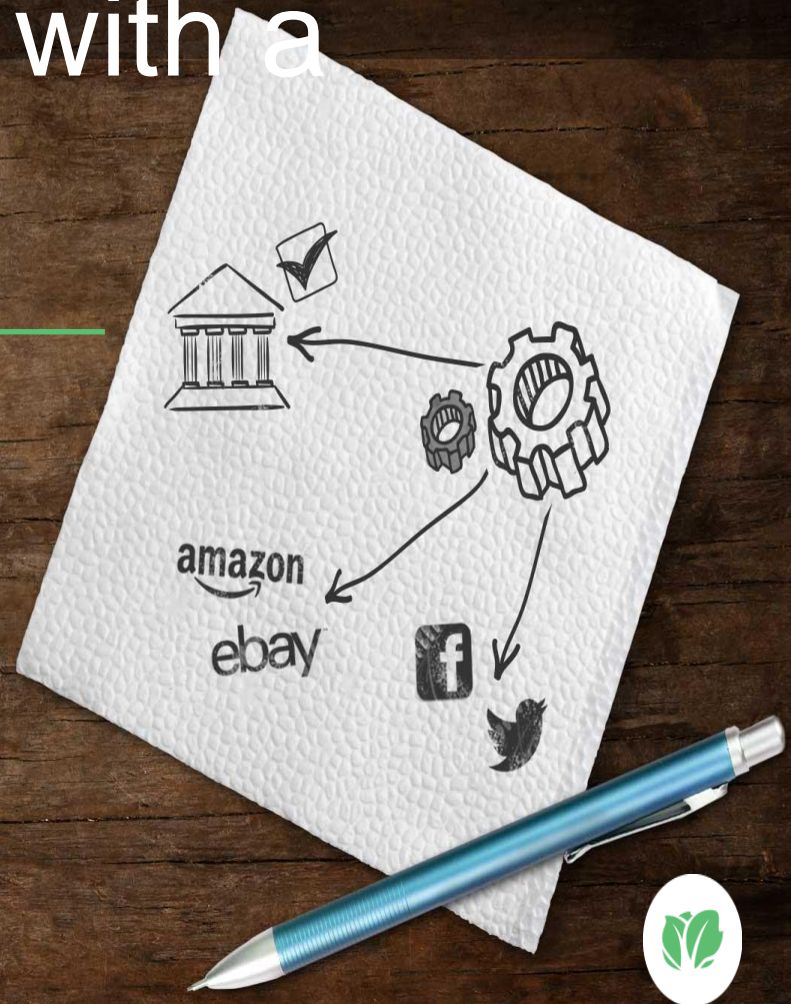
Website: [www.LendingClub.com/Business](http://www.LendingClub.com/Business)

Team contact info:  
[Business@LendingClub.com](mailto:Business@LendingClub.com)  
855-846-0153

# Kabbage started with a simple idea

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



# Company

## Overview

Drive small business financial services globally

**Year** 2009

**Founded:**

**1<sup>st</sup>** 2011

**Origination:**

**# of** ~450

**Employees:**

**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

## 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

# 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



Forbes  
**FINTECH 50**

CNBC  
**DISRUPTOR 50**  
2016

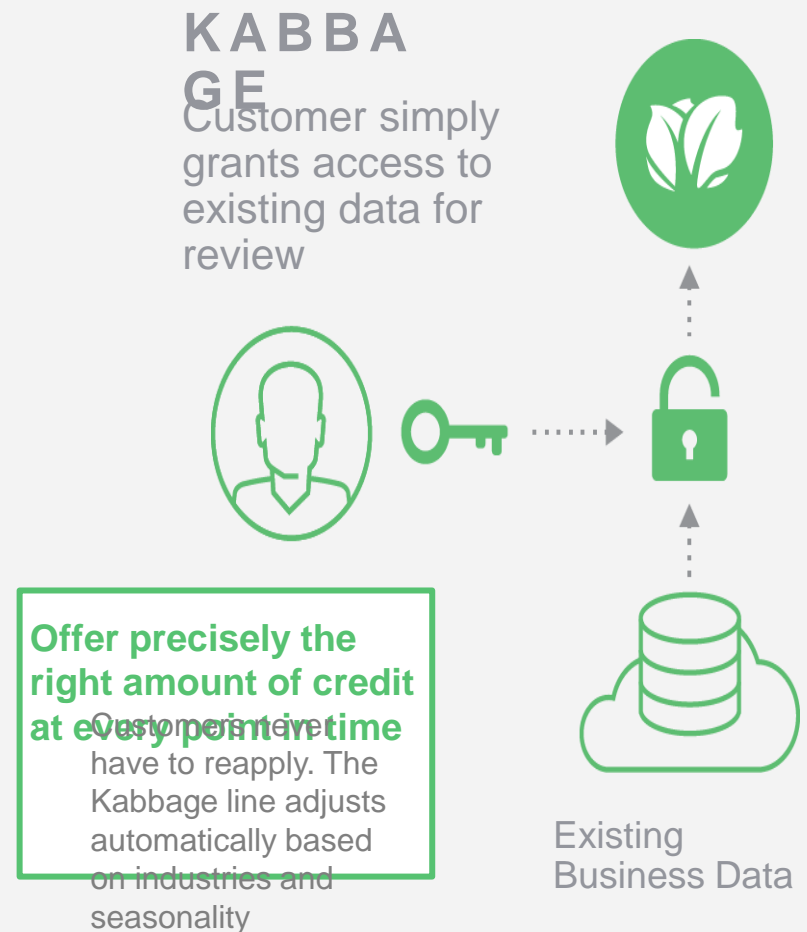
**Deloitte.**  
Technology Fast 500

**Inc.**  
**500**

Forbes | 2015  
**AMERICA'S MOST  
PROMISING  
COMPANIES**



# A Better Way to Connect with Customers



# Persistent & Granular Access to Over 2 mm live data points

