

**Meet Kate.**





**Meet Kate.  
She's a Small  
Business Owner.**



**Meet Kate.**  
**She's a Small  
Business Owner of  
a pet supply store.**





# Kate needs funding to help with things like:



# Kate needs funding to help with things like:



Building a website



Buying inventory



Hiring staff

**Meet Rich, the  
traditional banker.**



Kabbage

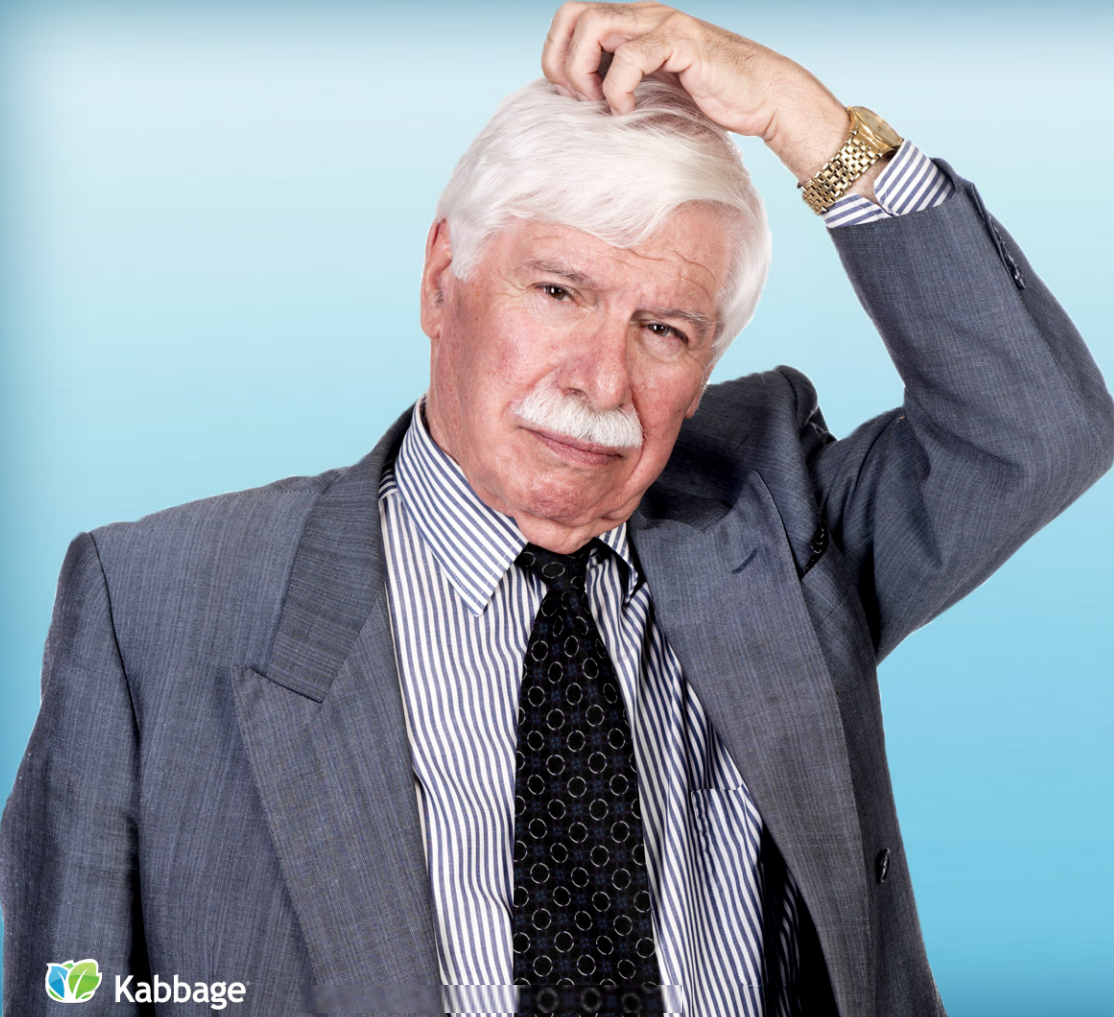
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**Rich doesn't  
understand  
Kate's business.**

**When bankers like Rich  
look at Kate, all they can  
see is a credit score.**



# Built for big business, Rich's loan process frustrated Kate.

In fact, bank's overhead &  
processes make it unprofitable  
to underwrite smaller lines.



Kabbage

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**How did a small data  
company revolutionize the  
financial services industry?**



Kabbage





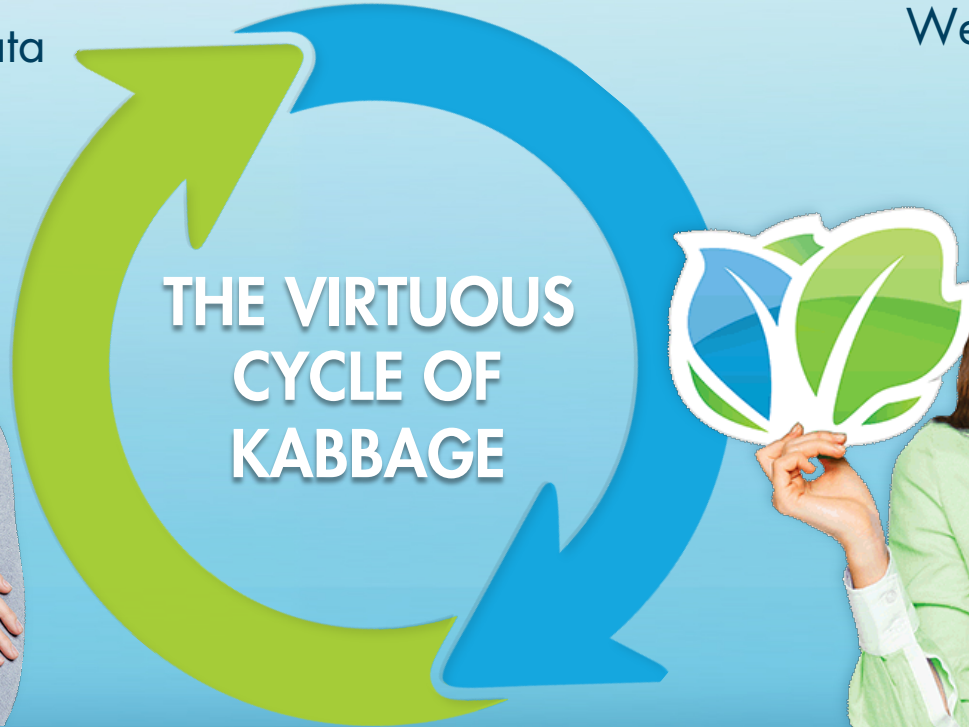
# Kabbage helps SMBs use the power of their business data to get working capital.

- + Cash in 7 minutes or less
- + Short application
- + Automated, painless process
- + Lines between \$2,000 and \$125,000
- + Works across all channels

# Our new model is the start of something big.

I've got sales, social,  
shipping & payment data

We've got cash





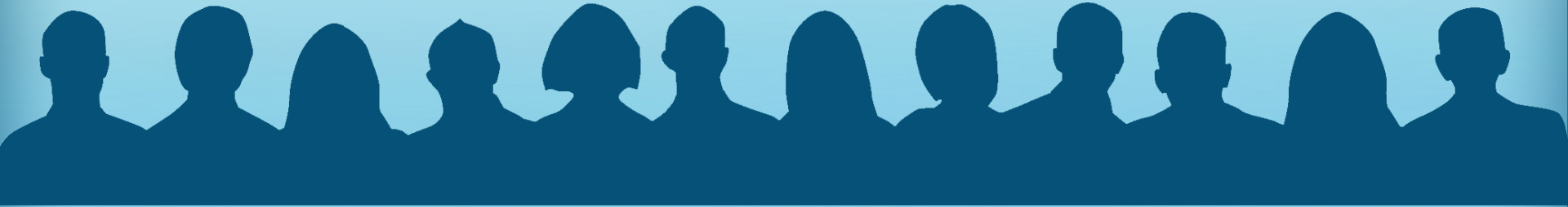
# The virtuous cycle is creating a 360° view of Kate's business.

- + Credit history
- + Banking history
- + Identity
- + Social data
- + Supplier information



- + Customer reviews
- + Accounting & tax info
- + Payment processors
- + Ecommerce software
- + Shipping history

**Today, Kabbage collects and analyzes  
real-time, verified data from nearly two  
hundred thousand SMB customers.**



# We connect the data dots to mitigate credit risk and fund small businesses.





# Some call it Big Data. We call it Data Context.



# Kabbage 1.0 launched in 2010

- + Instant financing for eBay customers
- + **\$500** up to \$12,000
- + 57 Qualified Accounts
- + \$47,900 advanced



# Kabbage in 2014

- + Instant financing for **all businesses** with Business Checking underwriting!
- + **\$2,000** up to \$125,000
- + 30K Qualified Customers
- + \$500,000+ provided
- + 2 issued patents





# Automation and Persistent Data Connections

- 1 Massive data collection and analysis for each customer
- 2 Continuous daily monitoring and decisioning of each customer
- 3 Powerful underwriting model improves upon traditional models
- 4 Highly disruptive Internet-based provider of growth capital to SMBs
- 5 Robust, proven, deep underwriting platform leveraging Internet “big data”

# Lessons Learned

- + Mandatory equipment: iron stomach
- + Customers are extremely willing to provide access to data
- + Model iteration and testing is critical for a rapidly expanding data pool
- + Sales works. Sometimes people actually want to talk to someone
- + Imitation really is the most sincere form of flattery

# Bumps & Bruises



- + SMBs can be difficult to find and harder to underwrite
- + Third-party technology: you get what you pay for
- + Managing data partners is critical
- + Sad face. There are bad guys.
- + Growing a business while maintaining your culture



# How is Kabbage different?

Hint: We don't act like a bank.





**Kabbage®**

| Our Story

# The SMB Lending Model is Ripe for Disruption

## Small Business is BIG BUSINESS

**228 MM**  
IN THE U.S.

**65%**  
OF ALL NEW  
JOBS IN THE U.S.

**283 B<sup>2</sup>**  
TOTAL OUT  
STANDING DEBT

**50+ %<sup>1</sup>**  
OF PRIVATE  
NONFARM GDP

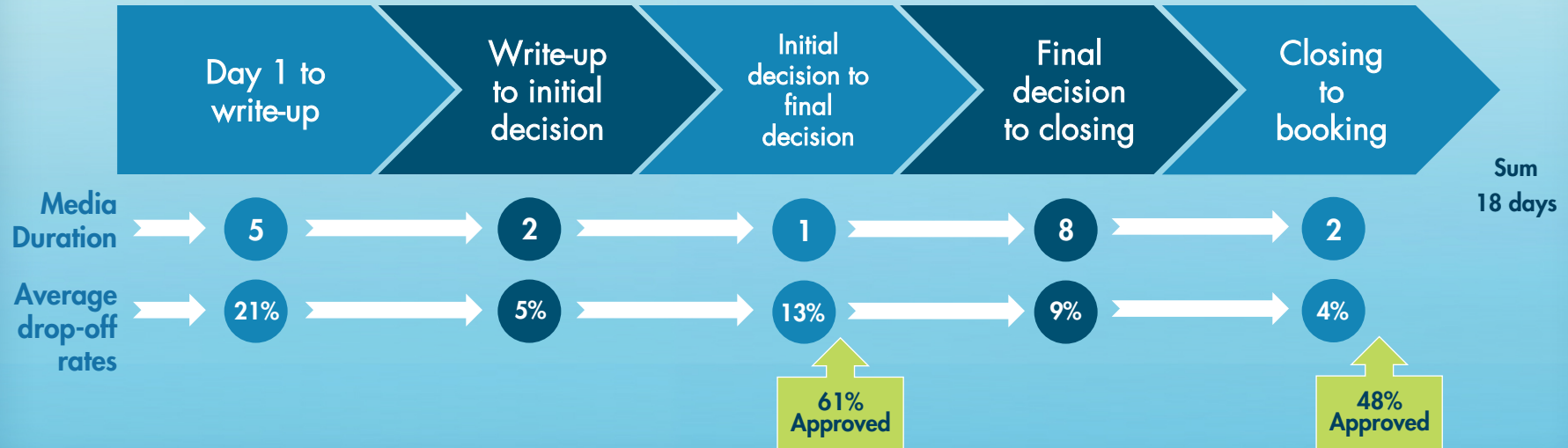
- + Micro loans ( $\leq \$100K$ ) to SMBs have **fallen** every year for the last five years
- + The largest banks ( $\geq \$50B$  in assets) have **shrunk** their SMB lending ( $\downarrow 17\%$ ) from 2008-11

- + SMB loans represent **only 1.21%** of all business loans and are **shrinking**
- + CRA institutions reported the number of micro business loans **fell by 2M Y/Y** in 2010



# 39% of small business applicants fall out of the application process.

Duration of credit delivery activities:



# Kabbage created a better way

CONTINUOUS MONITORING OF PAYMENT, SALES, BUSINESS & PERSONAL DATA

## PAYMENT DATA



YODLEE



stripe



Authorize.Net  
a CyberSource solution



xero

## SALES DATA



YAHOO!

Etsy



## BUSINESS & PERSONAL INFO

facebook



AVERAGE >250,000 TRANSACTIONS ACROSS 5 DATA SOURCES ANALYZED PER CUSTOMER  
COMMON USE CASES FOR SMALL BUSINESS OWNERS:



# The more data we add, the more our business grows.

## Customers grow revenue 72% after taking cash!

Number based on average growth across all Kabbage customers in the 6 months before taking their 1<sup>st</sup> Kabbage loan vs. 6 months after taking their first Kabbage loan. Individual results may vary



amazon.com™

YODLEE



facebook

ebay

YAHOO!

Etsy



Authorize.Net  
a CyberSource solution

sage

Google

shopify



x.commerce

stripe

Square

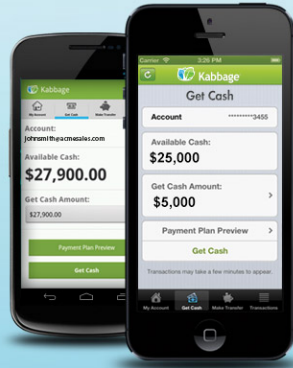


Kabbage





# Others see this as the future of alternative lending. This is Kabbage now.



Mobile Applications



Global presence  
and opportunity  
for expansion

Customer onboarding  
and funding scalability



Lower  
Rates



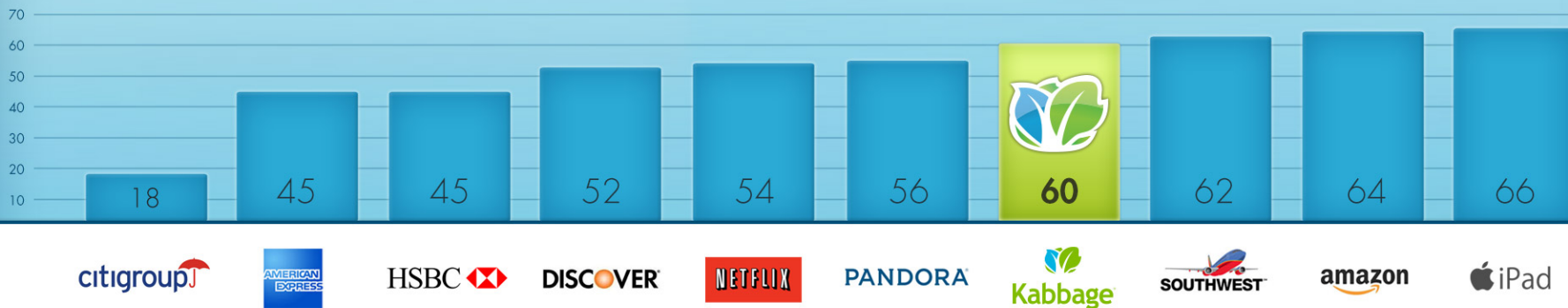
Qualified Accounts	Qualified Accounts	Payments	Payments
\$872,200	\$700	\$323,271	\$1,670
145	2	346	15
Accounts Taking Cash	Accounts Taking Cash	Payments (Up/Ref)	Payments (Up/Ref)
\$465,100	\$4,400	\$283,205	\$1,670
144	11	315	15
Accounts Taking Cash (Up/Ref)	Accounts Taking Cash (Up/Ref)	Payments (ACH)	Payments (ACH)
\$339,900	\$4,400	\$40,066	\$0
125	11	31	0
Accounts Taking Cash (ACH)	Accounts Taking Cash (ACH)	Site Activity	
\$125,200	\$0	Quantity	Customer quality \$2000 at 3...
15	6	Quantity	Customer quality \$2000 at 3...
Get Cash Error	Get Cash Error	Quantity	Customer quality \$7750 at 3...
		Quantity	Customer quality \$14750 at 3...
		Quantity	Customer quality \$2250 at 3...

Refined reporting capabilities

# Kabbage is the Industry Leader

- + More than 200,000 loans over 3 years
- + More than \$500 million USD loaned
- + #1 Online Provider of working capital
- + \$106 million in equity raised
- + \$300 million in debt raised
- + 2 issued patents

## Net Promoter Score CUSTOMER LOYALTY METRIC



# Kabbage is the most disruptive force in specialty finance.

Access to online data is transforming the underwriting process.

- + Highly-disciplined credit screening and real-time monitoring
- + Proprietary “big-data” analytics capabilities
- + Robust credit model outperforms traditional models
- + Ongoing relationship with customers reduces risk
- + Efficiently reaches SMBs nationwide and globally via Internet
- + Profitably address long tail with low cost model
- + Over a dozen online and offline data partners

# Introducing the Kabbage white label product:

Powered by:

A silver laptop is shown from a front-three-quarter view, displaying a web application on its screen. The application is titled "Business Line of Credit from Your Company" and includes a form for business owners to fill out. The form has sections for business information, company structure, and contact details. A "Continue" button is at the bottom of the form. To the right of the form, there are bullet points listing benefits and a "Safe and Secure" section. The top of the screen shows a header with a logo placeholder, a phone number, and a sign-out link. The background of the laptop screen is a light blue gradient.

Your Company Logo

Speak to a Customer Service Representative: 888-986-8263  
Sign Out

Qualify in 3 Simple Steps

Business Information   Instant Business Review   Account Information

## Business Line of Credit from Your Company

We look at your real-life business data, not just your credit score, to get you qualified for up to \$100,000 in minutes.

Hello Business Owner, please fill out this short form to get started. \* Required

\* Business Name

\* Company Structure  
Sole Proprietorship

Federal Tax ID / EIN

\* Years in Business  
Please Choose

\* Business Address

\* City

\* State  
Choose

\* Business Phone

\* Zip Code

- Ongoing access to cash
- Lines up to \$100,000
- Simple 6-month terms
- No early payment fees

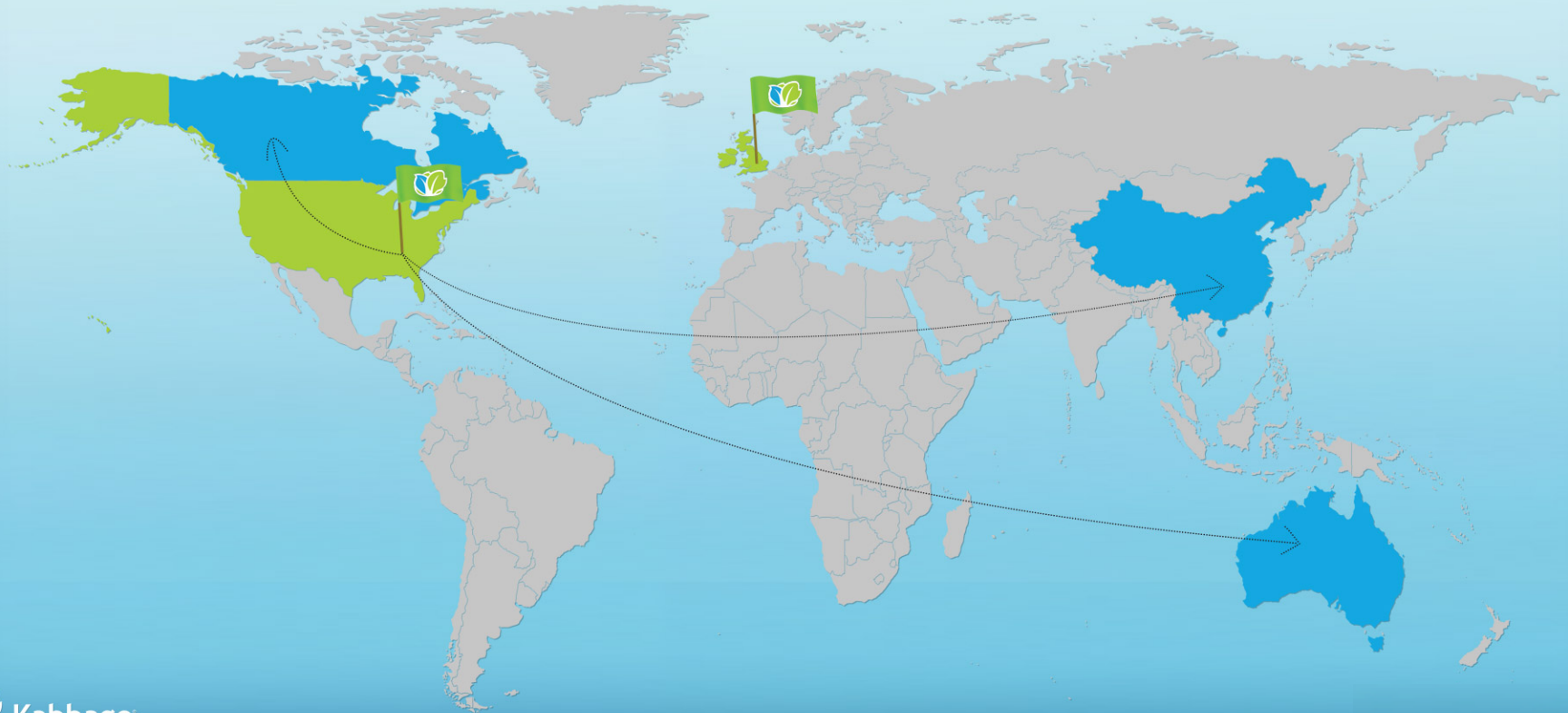
**Safe and Secure**  
We use bank-level security to keep all your data secure.

Powered by  
 Kabbage

Continue



# Global Expansion





# Karrot™

Fast & Friendly Personal Loans:)

Powered by Kabbage

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**FICO WORLD 2014**  
The New Customer Imperative

# Thank You!

