



Kabbage®



Kabbage PPP Results: A Historic Feat for FinTech

Updated as of August 8, 2020, the
end of the Paycheck Protection
Program (PPP) extension

The pandemic is a reckoning for small businesses and the very fabric of our financial system in America. The smallest, most vulnerable businesses often struggle to receive adequate financial services in the best of times, and now in the worst of times, traditional banks are not there during this crisis. FinTechs were.

Kabbage processed \$7 billion in Paycheck Protection Program loans, providing support to nearly 300,000 small businesses and preserved an estimated 945,000 jobs across Main Street America. This includes all types of businesses, from restaurants, gyms, and retail stores, to also zoos, shrimp boats, and beekeepers; toy factories, sheep farmers, and swim schools.

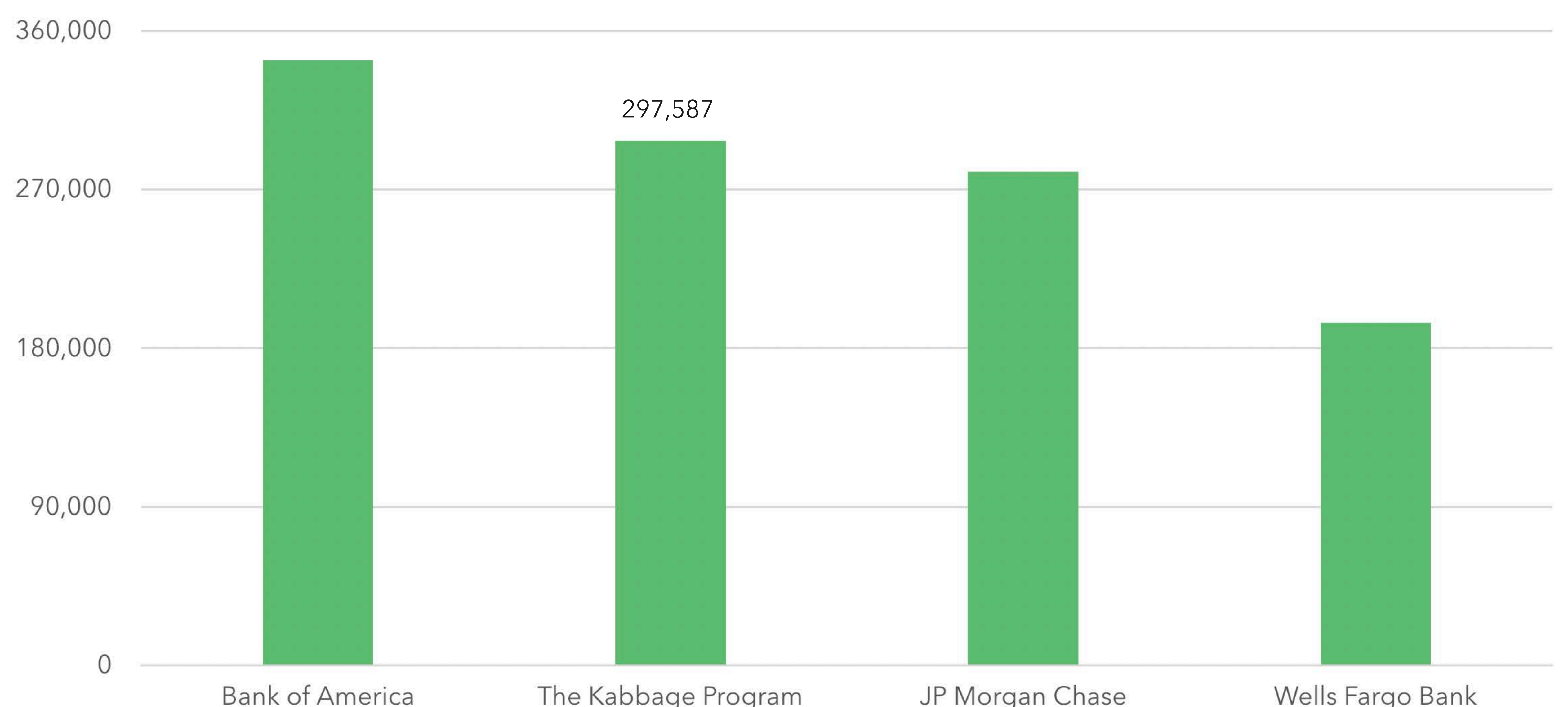
Overall, Kabbage's PPP loan average is \$23,546 with a median of \$12,775

We served the most vulnerable of businesses represented as over 92% of all loans were under \$50,000, the SBA's smallest tier of measurement, for an average of \$12,976. Overall, Kabbage's PPP loan average is \$23,546 with 50% of all loans under \$12,775. While many large banks closed their PPP applications in May, we kept processing applications through the extended program in August to ensure that small businesses had maximum access to capital in this uncertain public-health emergency and economic crisis. During the last week of the program, we experienced a surge of demand processing an additional 46,000 applications for nearly \$900 million, showing the appetite for the Paycheck Protection Program remains strong.

**\$7
Billion to
297,587
customers,
saving
945,000
jobs**

Kabbage is the second largest PPP lender in the country by application volume.

PPP Applications Approved



Working with Small and Micro-Businesses

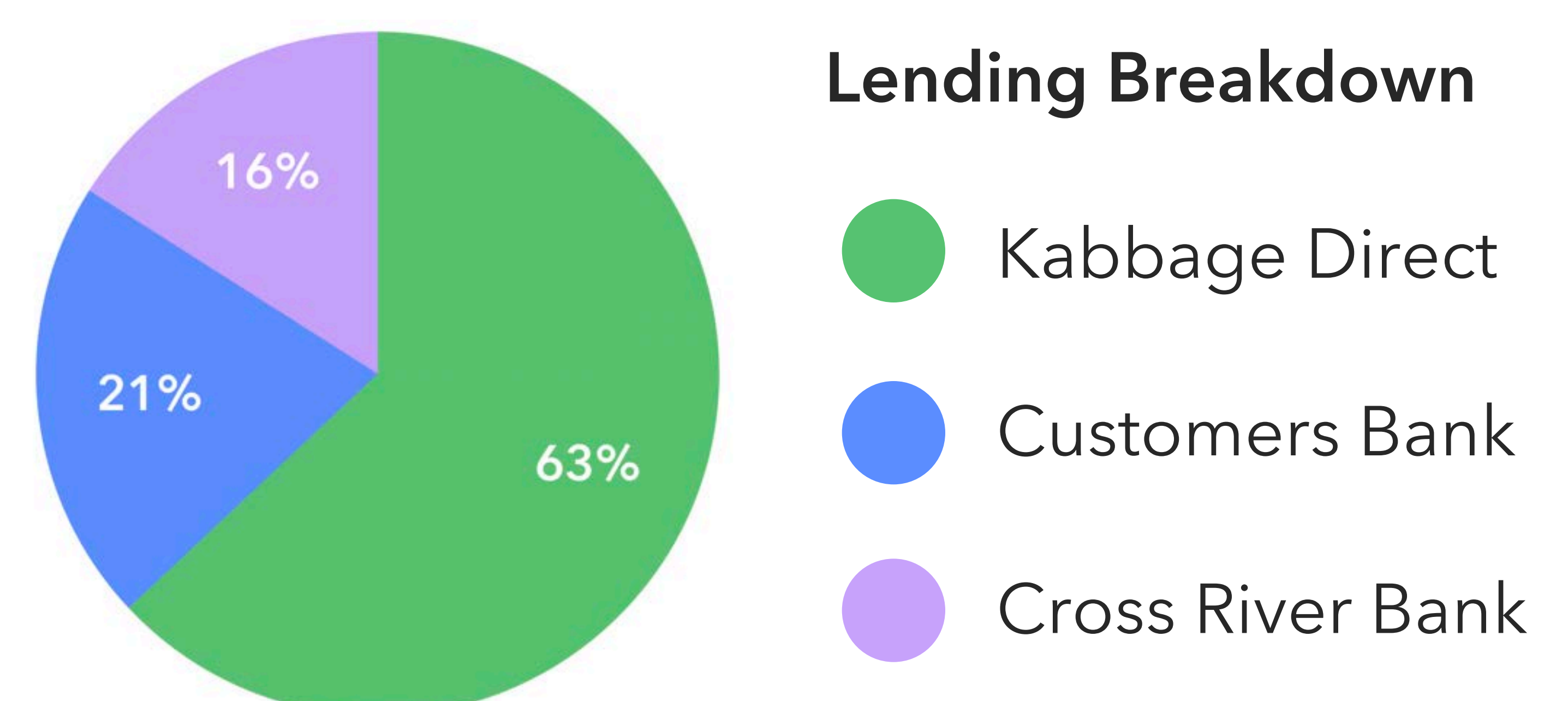
Kabbage customers accessed nearly \$3 billion in working capital loans in 2019, driven by almost 60,000 new customers. In just four months, we delivered more than double the amount of funding (\$7B) to roughly five-times the number of new customers (297K). While banks and other providers limited their processing to existing lending customers, new customers represented 98% of all Kabbage’s approved applications. Perhaps, more importantly, we served the smallest of small businesses, sole proprietors, and non-employer firms.

67% of our PPP customers were self-employed

Roughly 69% of our PPP customers had only one employee

90% of our PPP customers had 10 or fewer employees

“Helping restore nearly one million jobs has been the greatest privilege to date for me and the entire Kabbage team,” said Kabbage co-founder and CEO Rob Frohwein. “We’re now the second largest PPP lender in the nation by application volume. Our technology platform, commitment to connectivity, and automation allowed us to reach these milestones with a fraction of the resources accessible to lenders with trillions of dollars in assets, once again demonstrating the power of FinTech.”



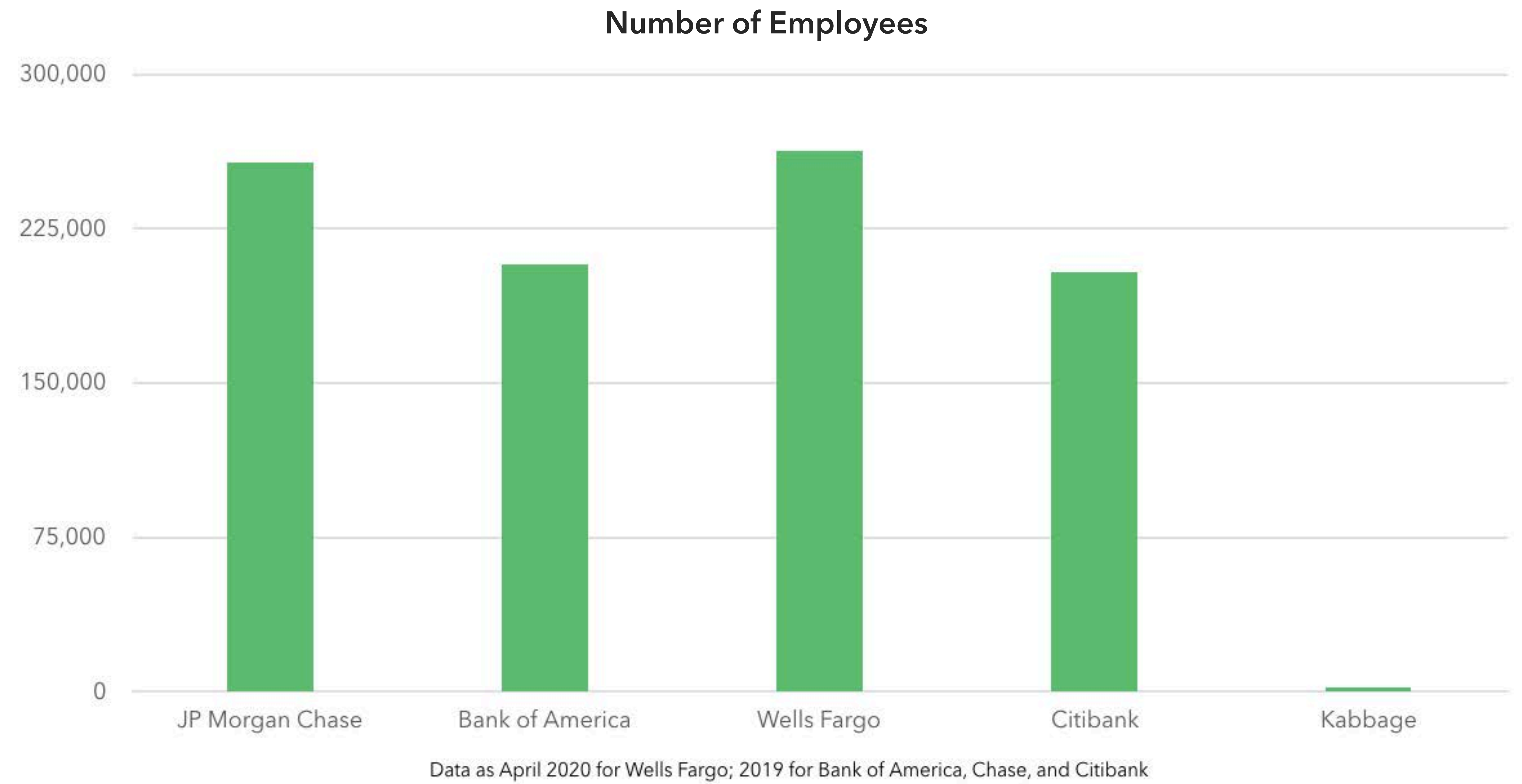
Footnote: Kabbage issued PPP loans directly as an SBA-approved lender, and in partnership with Customers Bank (PA) and Cross River Bank (NJ) to serve small businesses in all 50 states and U.S. territories.

Automation is Key

Thanks to our commitment to data and technology to drive automation, over 75% of all approved applications, and more than 90% of self-employed applications, were processed without human intervention or manual review. Overall, our median time from applying to approval was only 4 hours.

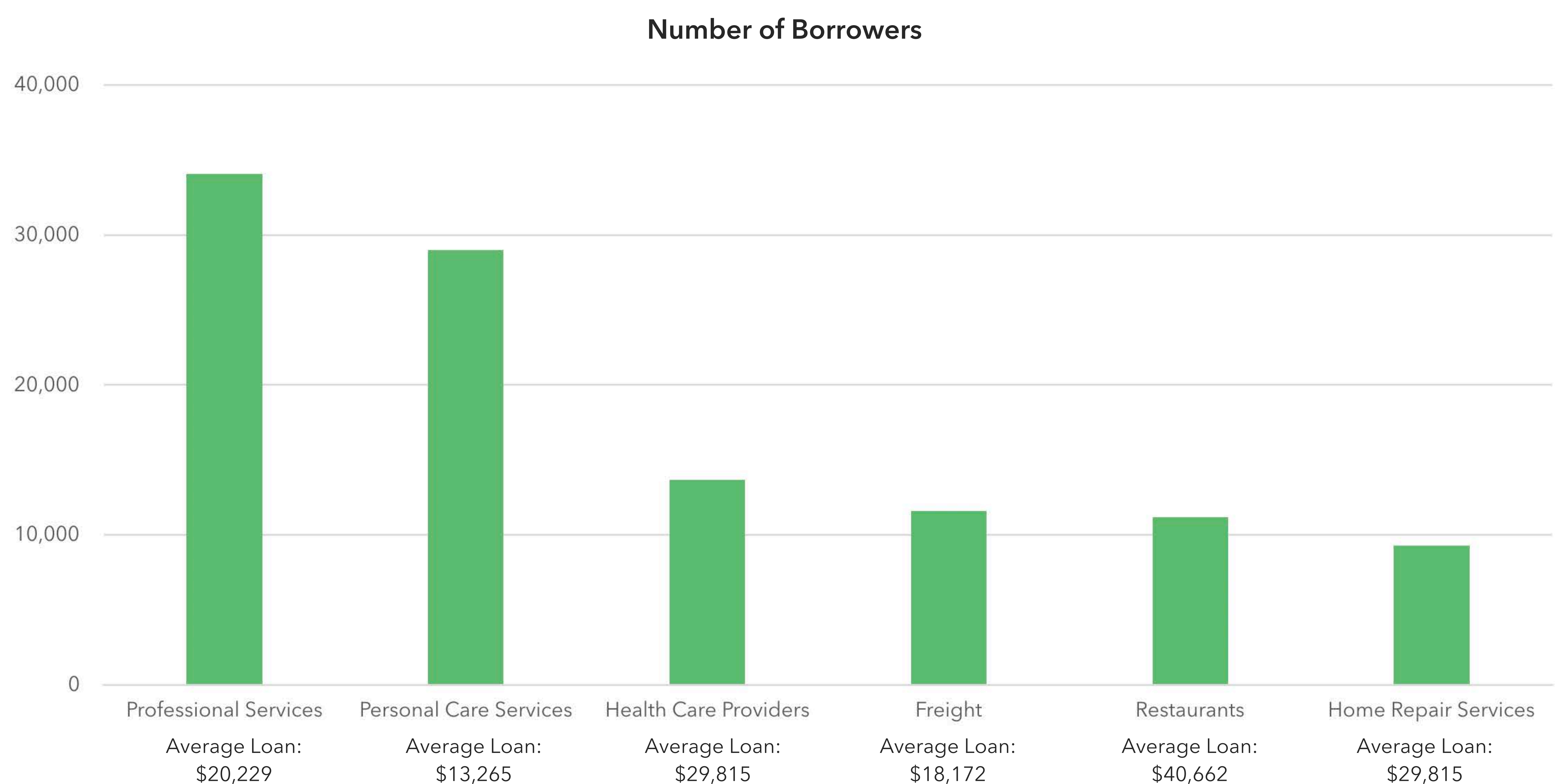
Without large back-office staffing, automation has been the key to our success. On average, for every 790 employees at major U.S. banks, Kabbage has one. Prior to the PPP, Kabbage had never processed a loan for the SBA. In less than two weeks, Kabbage entirely restructured its lending platform and developed new automated systems to ingest, analyze, verify, and approve PPP applications, distilling a complex and paper-heavy application into a logical, easy to follow, process built around advanced data analysis. As a result, it became a top-two lender in the largest program in the Administration’s history.

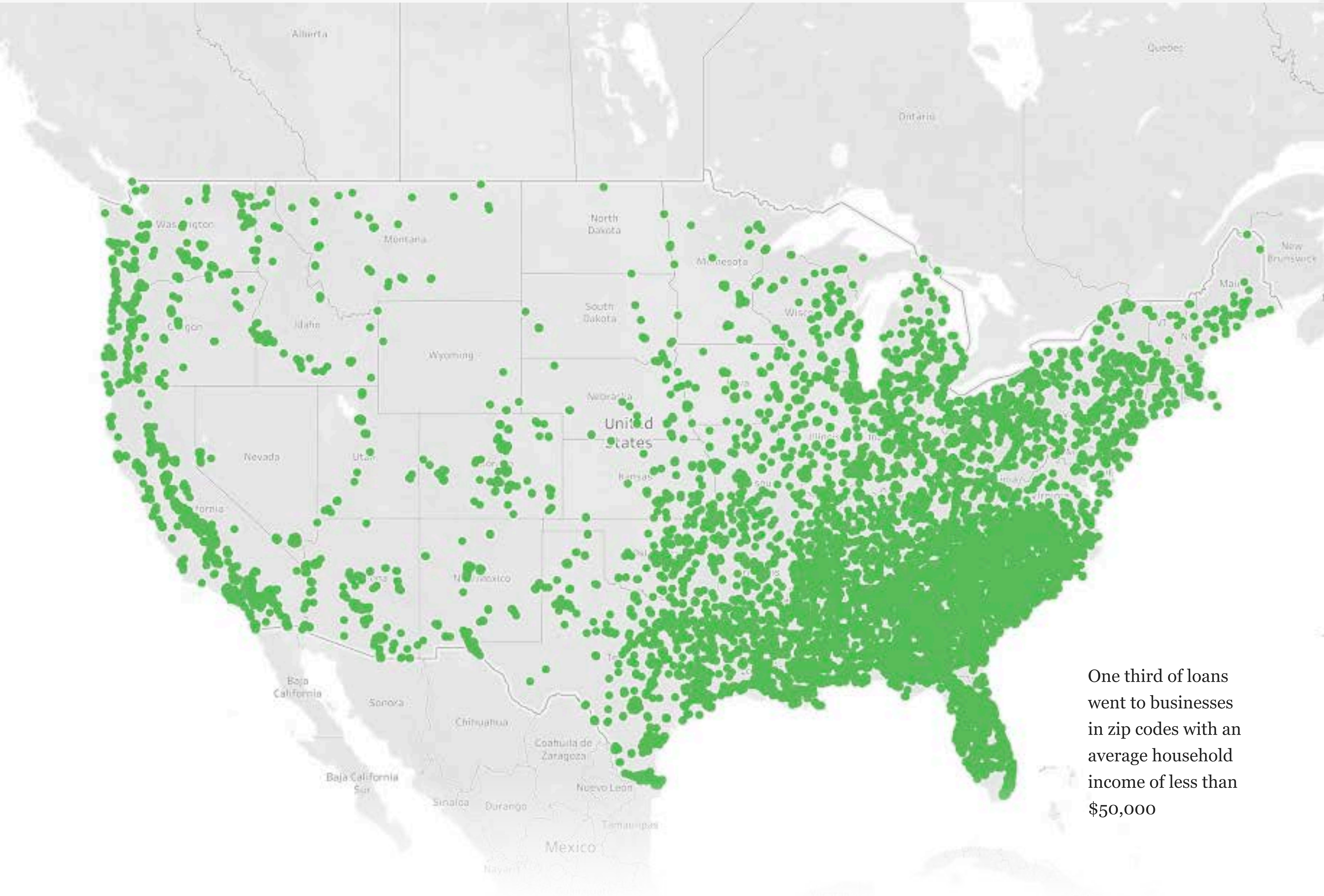
For every
~790
employees
at major
U.S. banks,
Kabbage
has one.



Industry Breakdown

Our top-performing loans by industry paint an interesting picture of the importance and the diversity of small businesses to our economy. Professional services, personal care services, and restaurants comprise the top three industries. Outside of the top three industries, healthcare providers, freight, and home repair services were all considered essential services and faced both decreased demand while incurring significantly increased operational costs.





Geography

As an online platform, Kabbage reaches all types of businesses in all corners of the nation which is critical to successfully fulfilling Congress’s intent to serve businesses through the Paycheck Protection Program. Throughout the program, we provided over \$1.98B to businesses in low and moderate-income (LMI) areas. More importantly, of the total estimated jobs saved, over 257,000 were with small businesses in LMI areas and traditionally underserved communities. This is critically important as recent Federal Reserve data shows that Black-owned firms have been twice as likely to shutter during the pandemic.

In addition to serving businesses in all 50 states, Puerto Rico, Guam, and the U.S. Virgin Islands, Kabbage served small businesses in some of the most rural and remote communities as well as in critical private infrastructure like rural bus services and river ferry lines that help keep us connected. Moreover, we were able to provide \$166M of much-needed capital to America’s farmers, saving nearly 27,000 jobs.



Kristy Kowal

Olympic Medalist and Athletic Consultant

Kristy Kowal is a storied Olympic athlete who, since retiring from competing for team U.S.A., began a consulting career joining the millions of other independent contractors in America. Kristy was on the National Olympic Team for over 10 years, holding eight American records, one World record and she won a silver medal in the 2000 Olympic games for the 200-Meter Breaststroke. Now as an educator and athlete-development specialist, Kristy provides support for young athletes and their families, teaching them how to face challenges, overcome disappointment, and find success despite failures along the way.

“COVID-19 resulted in pools around the country closing down, and as a result of that, I have not been able to conduct swim clinics or provide swim instruction in person. All of the scheduled clinics, camps, lessons, and speaking engagements I had are canceled, and there is no set timeline when I will be able to resume working,” said Kowal, who has since adapted given the new normal of life.

“During the crisis, I began hosting weekly webinars for parents of athletes called The Carpool Lane, as well as conducting workshops for parents called Parents in the Game: Supporting from the Sidelines. I have also spoken to athletic teams throughout the country via team Zoom calls.”

Kristy originally applied for Pandemic Unemployment Assistance (PUA) in California, but was denied three times and ran into walls with the Employment Development Department (EDD) after two and a half months of trying to complete the process. It wasn't until a friend shared her success applying and qualifying for a loan through Kabbage as an independent contractor that Kristy found the relief she needed.

“As a self-employed individual, these last few months have been incredibly stressful, having a minimal income, and using savings to pay rent and bills. With the uncertainty of when I will be able to return to work full time, receiving a PPP loan through Kabbage has provided me with the peace of mind that I will be able to continue with the work I have spent the last 20 years developing, once it is safe to do so.”

Access to capital has been far too complicated and inequitable for far too long; but at Kabbage, we're driven to simplify life for all small business owners. The pandemic and the early challenges of the Paycheck Protection Program only highlight the need for financial products, policies, and programs tailored to the smallest of small businesses.

While many small businesses were able to adapt their business during COVID-19, many were not. The small businesses that account for almost half of the nation's GDP will need continued support through the duration of the pandemic so we may rebuild the health of our communities and the U.S. economy.

