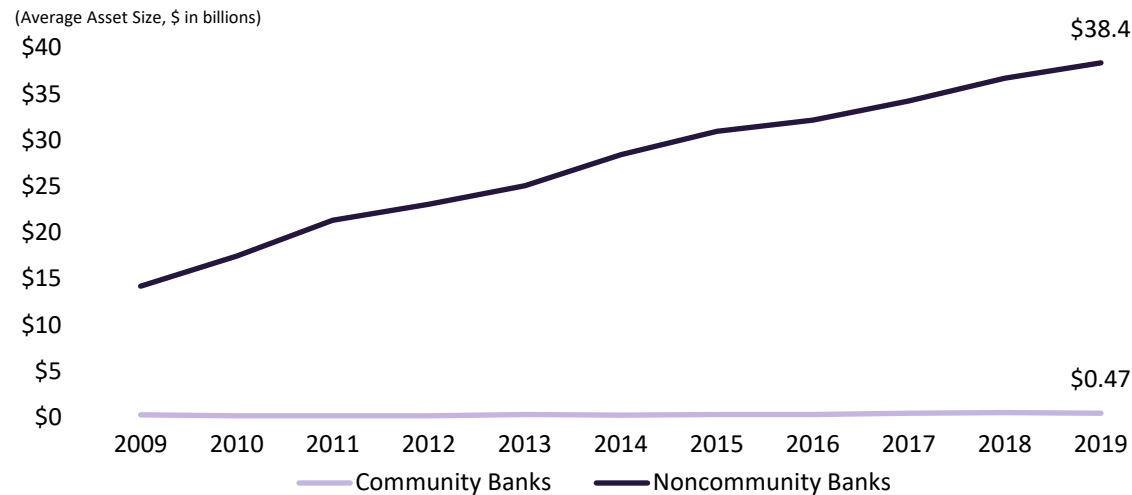




2021 Reinventing Our Communities (ROC) Cohort Program Equitable Small Business Recovery

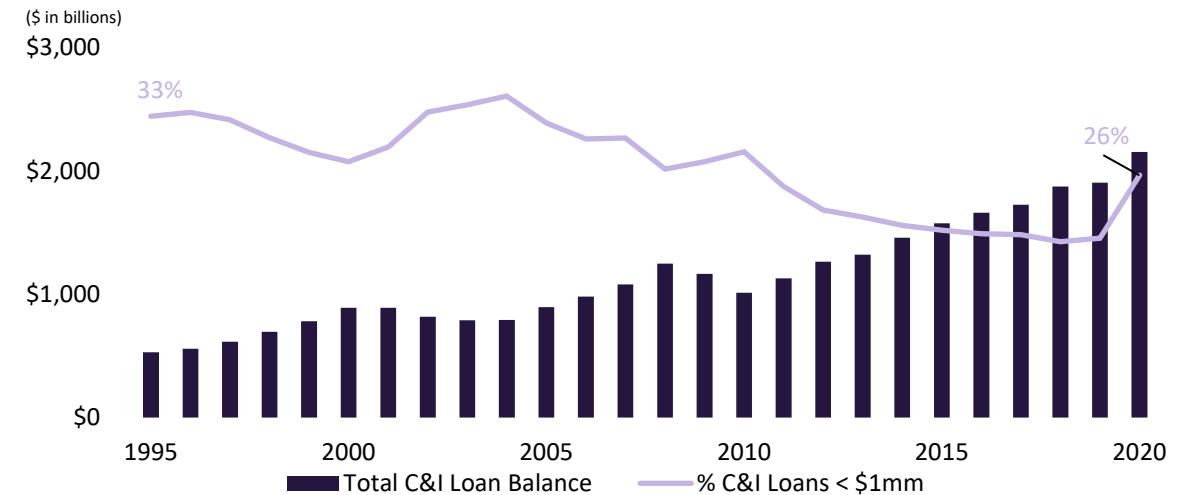
October 14, 2021

1 Asset growth at bigger banks is outpacing smaller community banks.



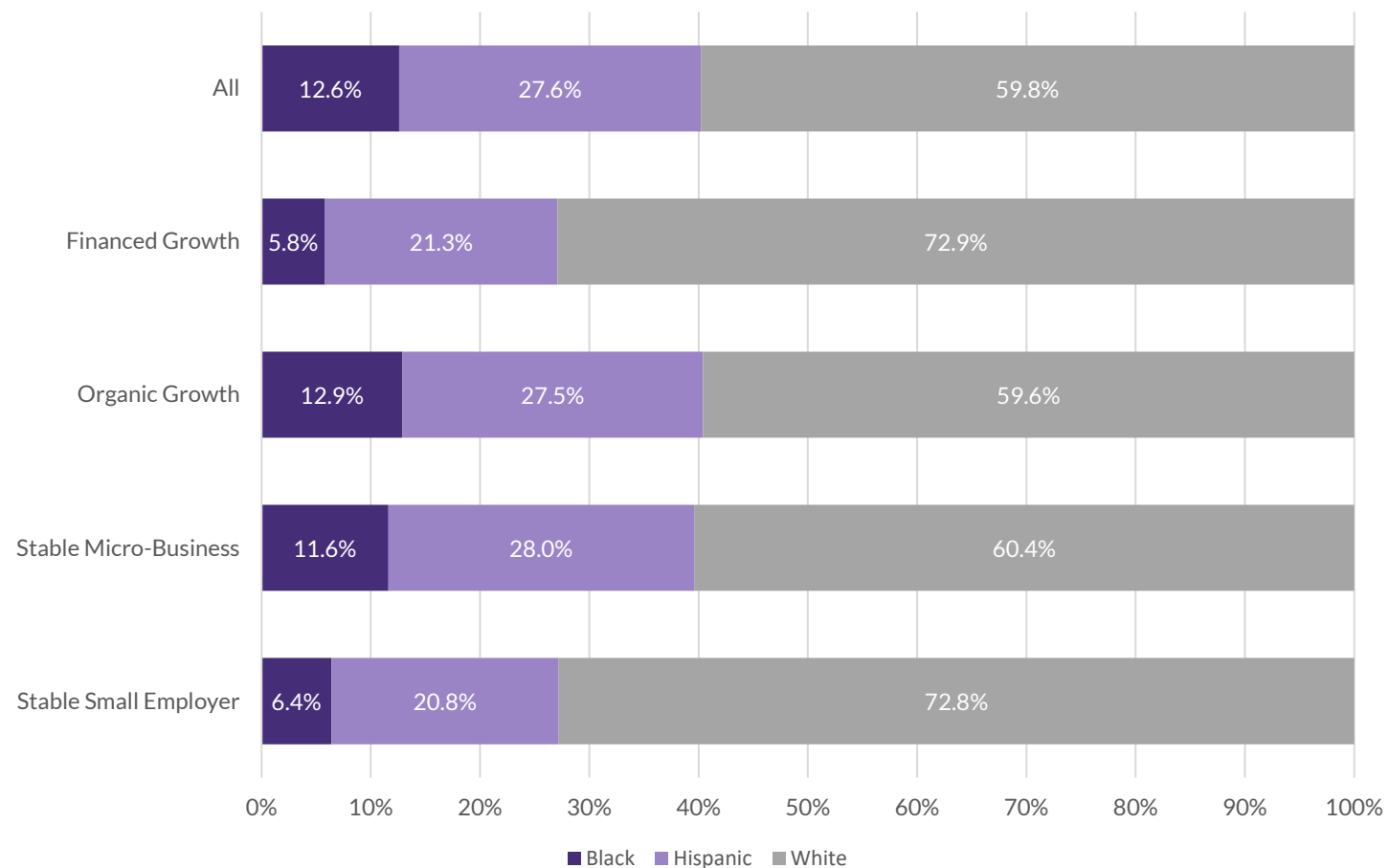
Technology, economies of scale, and public policy contribute to the rapid growth of big banks.

2 There is an accompanying decline in specialist institutions focused on small businesses and consumers.



Larger banks can make larger loans to businesses, and larger loans earn more in interest for a bank while costing the same amount of staff resources to underwrite as smaller loans. That means a bigger bank has less incentive to make the smaller loan sizes that many small businesses need.

Black- and Hispanic-owned businesses are well-represented among small businesses that grow organically but **underrepresented among those with external financing.**



Black- and Hispanic-owned businesses face challenges of lower revenues, profit margins, and cash liquidity.

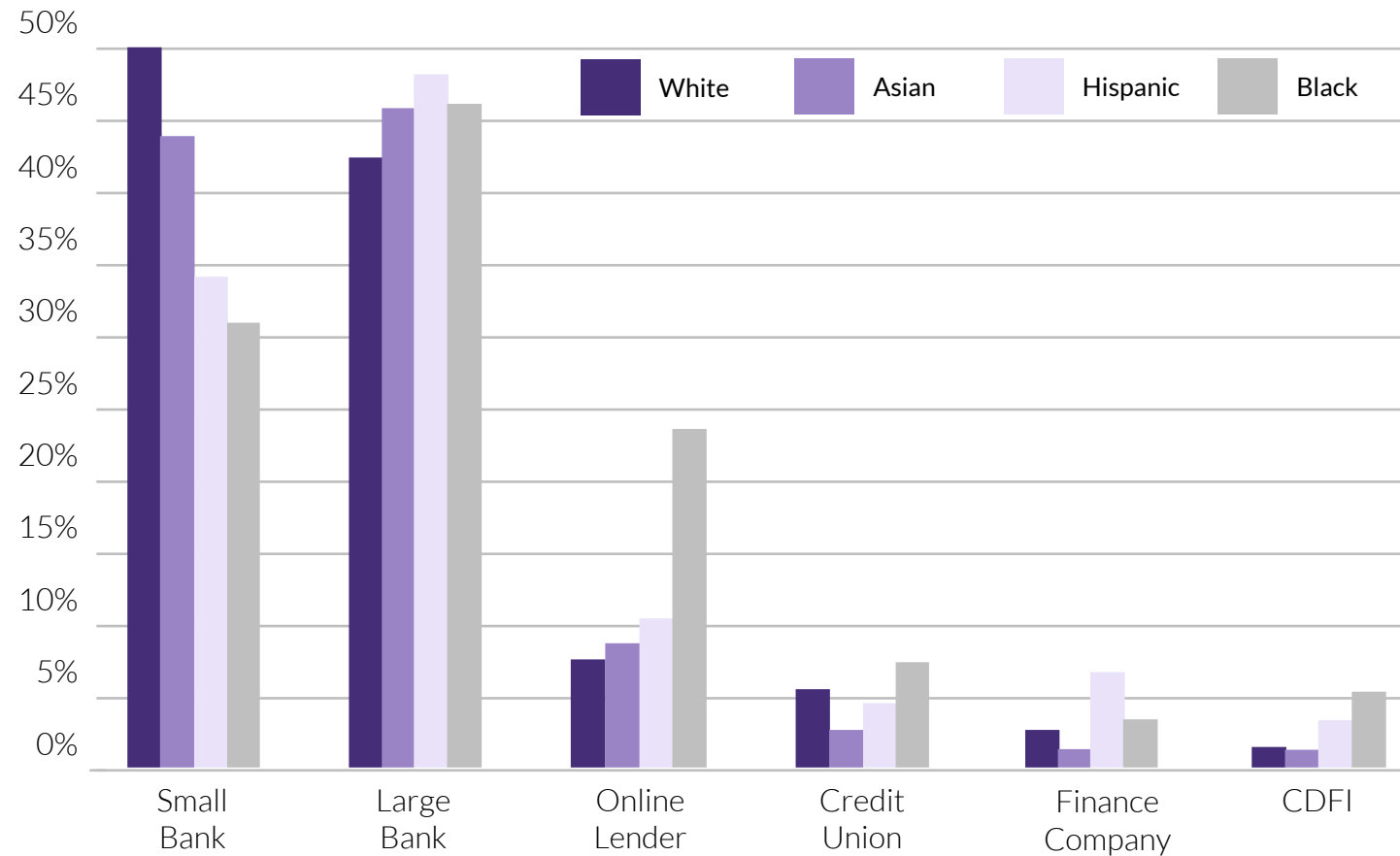
- While business creation among people of color has been higher than among whites for many years, business exit in the first three years has consistently been higher for Black- and Hispanic-owned businesses.
- Over half (58%) of Black-owned small businesses were classified as “at risk or distressed” before the COVID-19 pandemic compared to 27% of white-owned firms.
- Going into the pandemic, Black- and Hispanic-owned small businesses had no more than two weeks’ worth of cash buffer.

Sources

1. <https://www.jpmorganchase.com/institute/research/small-business/report-small-business-owner-race-liquidity-survival#finding-1>
2. <https://www.forbes.com/sites/danestangler/2021/07/27/addressing-complex-challenges-in-small-business-access-to-capital/?sh=fc9b73532482>

lendistry | Access to PPP Loans Were Demographically Uneven

Pre-pandemic differences in financing sources were reflected in PPP applications. Online lenders and CDFIs were disproportionately important capital sources for minority-owned businesses.



Access to and utilization of PPP loans was demographically uneven, reflecting underlying differences in relationships with financial institutions.

PPP Success Rate Comparison

White-Owned

55%

Black-Owned

39%

Small businesses owned by people of color tend to have weaker banking relationships, experience worse outcomes on credit applications, and are more reliant on personal funds.

Sources

1. https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/07/Access_to_Capital_Fact_Sheet_RV2.pdf
2. Federal Reserve, Small Business Credit Survey: 2021 Report on Firms Owned by People of Color.
3. Reimagine Main Street, "Back to Business: Are Small Businesses Rebounding from COVID-19?" May 2021

The 7(a) loan program is the SBA's most common loan program and provides financial help for small businesses with special requirements. It was created to address perceived failures in the market for small business credit and is intended to assist those firms failing to find "credit elsewhere."

However, the 7(a) program has gradually drifted toward larger loan amounts every year since 2015.

Why does this matter?

SBA loan guarantees are intended to help address gaps in the market, but as they get larger, these programs become increasingly inaccessible for many small businesses who need credit the most.

1

Black- and Hispanic-owned small businesses are more likely to seek smaller amounts of financing.

2

One-quarter of Black- and Hispanic-owned firms, when they apply for external financing, seek less than \$25,000. That compares to 15% and 9%, respectively, for white and Asian-owned firms.

3

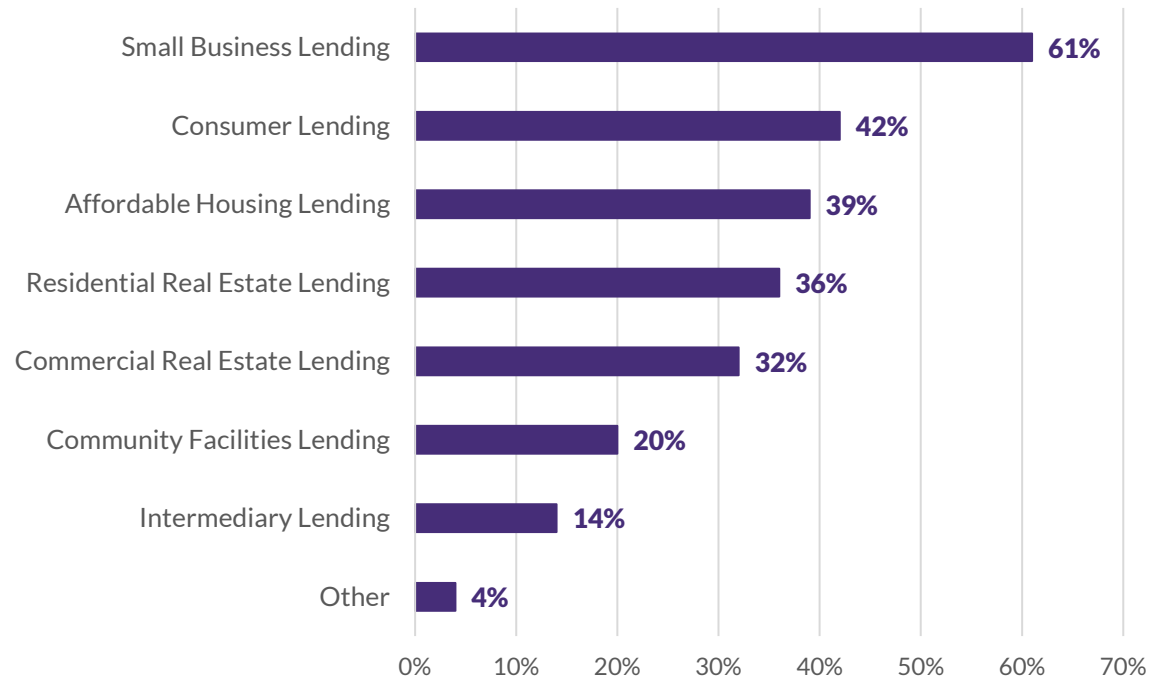
Over half, 54% and 58%, respectively, of white and Asian-owned small businesses, when they apply for external financing, seek more than \$100,000. That compares to 37% and 33%, respectively, for Black- and Hispanic-owned firms

Sources

1. https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/07/Access_to_Capital_Fact_Sheet_RV2.pdf
2. Federal Reserve, Small Business Credit Survey: 2021 Report on Firms Owned by People of Color.
3. <https://www.forbes.com/sites/danestangler/2021/07/27/addressing-complex-challenges-in-small-business-access-to-capital/?sh=fc9b73532482>

1 Top Lines of Business in 2021

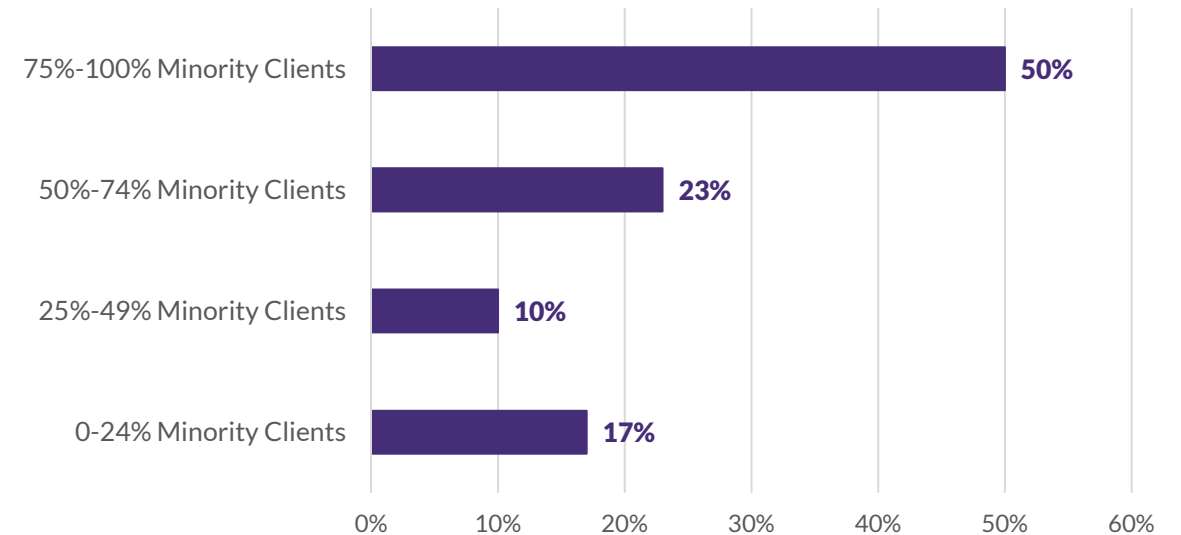
(Based on a survey of 345 CDFIs)



Prior to the COVID-19 pandemic, 51% of respondent CDFIs reported small business finance as either their primary or secondary line of business. **In 2021, the response increased to 61%.**

2 CDFI Clients that are Racial or Ethnic Minorities

(Based on a survey of 225 CDFIs)



The minority populations recognized by the CDFI Fund as targeted communities include Hispanics, African Americans, Pacific Islanders, and the native population. **73% of respondent CDFIs serve clients that are mostly composed of ethnic and racial minorities.**

Lendistry is a minority-led and technology-enabled Community Development Financial Institution (CDFI) that **provides economic opportunities and progressive growth for small business owners and their underserved communities** with financing and financial education.

Our Business Model

Along with our non-traditional business model that is technology-led and customer-focused, our team has a collective 300 years of banking experience, making us well-equipped to assist small business owners during unprecedented times.

Our Social Impact

Our target markets are minority small business owners and their underserved communities. **This year, we expect to provide over \$10 billion in capital to small business owners and support over 2+ million jobs.**

Our Technology

We have an ongoing investment in our proprietary technology to enhance the borrower experience. Lendistry is uniquely positioned to use its technology to quickly and efficiently deploy capital in a scalable way.

Our Certifications



Community Development Financial Institution



Community Development Entity



Federal Loan Home Bank

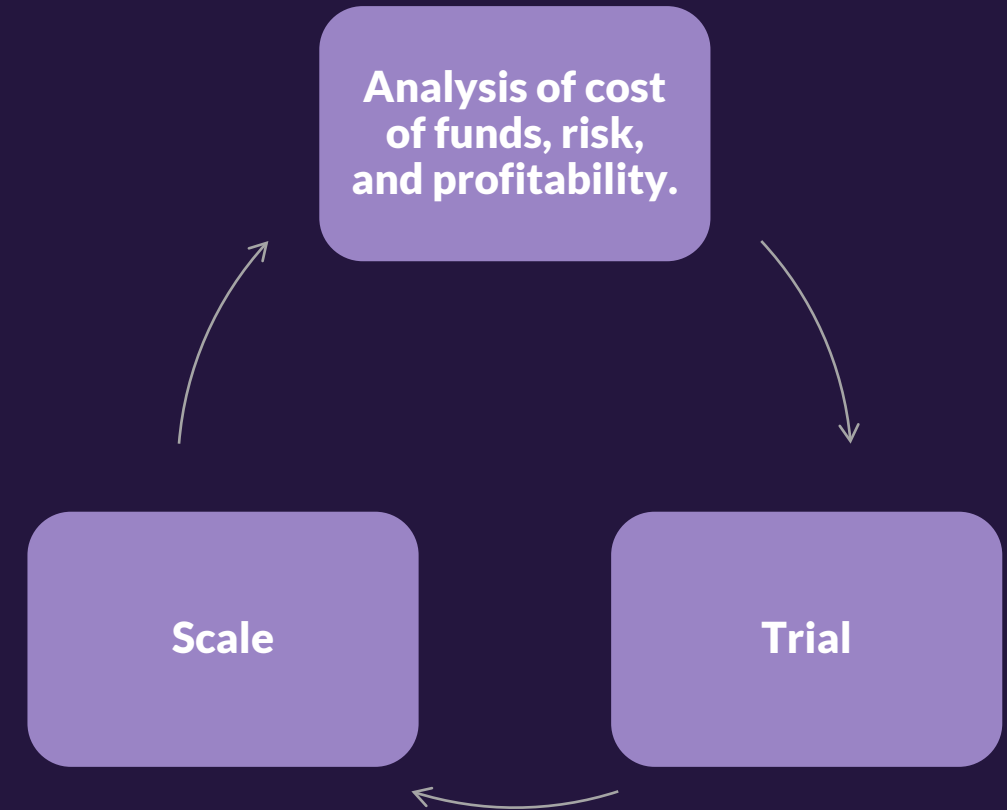


Small Business Administration

Despite extraordinary circumstances, this last year heralds a rapid ascent in Lendistry's customer acquisition, market penetration, and positive social impact. As the only **fintech CDFI**, our **proprietary technology** and online application portal enable a faster and more widely accessible lending process for small business borrowers.

Ongoing investment in technology gives Lendistry the ability to adapt to small business lending trends as they occur. Our proprietary technology allows to pivot when needed and create innovative products to continuously foster the equitable distribution of capital.

Lendistry's Ongoing Investment in Technology



1

Capital Deployment

Alignment with capital deployers for larger collaboration.

2

Technology

Seamless integration, customer-centric, scalability.

3

Innovative Products

Customer survey, understanding capital landscape, responsible capital stack.

Lendistry's goal is to provide economic opportunities **for everyone.**

Everett K. Sands

CEO

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lendistry