



**A unique online lending platform matches lenders with borrowers based on proprietary credit risk analytics, offering risk-adjusted returns and significant social benefit**

## People Capital Solution

People Capital's platform brings liquidity to the private student loan market, and expands access to credit for students, by offering a web-based marketplace which matches lenders and borrowers

The platform is uniquely built to support the private student loan industry and offers full-service loan origination and servicing

This platform offers an innovative combination of student loan products and features including:

- Proprietary credit tools – The Human Capital Score™
- Identification verifications
- Proprietary credit risk tools for lenders
- Full asset transparency
- Long- and short-term loans – with deferred payment features

## Risk Mitigation

### Issues in traditional Private Student Loan investing

Students without – or with low – credit scores are not profiled accurately with existing credit tools

- The traditional credit metric – the FICO® score – is inappropriate for students as it is based on credit payment history
- Students are required to secure a co-borrower and/or seek sub-prime rates to fund their education

### The People Capital Advantage – The HUMAN CAPITAL SCORE™

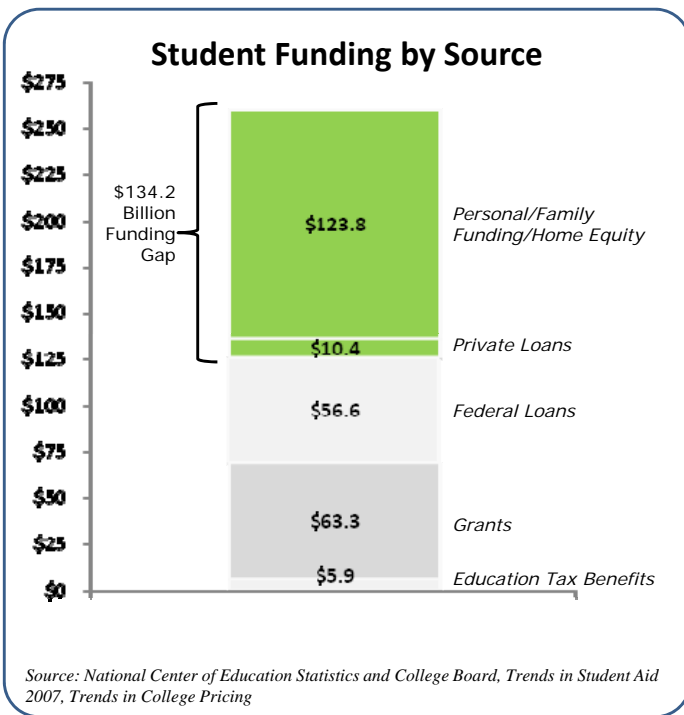
The Human Capital Score™ (HCS) is a proprietary credit scoring model built and owned by People Capital. It profiles risk for the 18 - 30 year old demographic without credit payment history

- Generates 10-year income projections for students and, thus, their ability to service debt
- Algorithm utilizes “human capital” data including demographic, geographic, college, major, standardized test scores, and GPA
- Developed by leading academic team, based on research developed at The Wharton School of the University of Pennsylvania

## Social Return

Students needing funding beyond what is available in federal grants and loans, and what their family can provide, often turn to credit cards or other high interest funding, putting their financial futures and credit scores in jeopardy.

People Capital's investors help students to complete their educations while earning a predictable return on their loans



## \$134+ Billion Untapped Lending Opportunity

Demand for undergraduate private student loans will continue to grow at 25% per year as a result of:

- Maximum borrowing of \$31,000 through the Federal Family Loan Program over 4 years – while tuition costs may be in excess of \$80,000
- Federal Stafford loan limits that are capped at \$23,000 – not even 20% of the cost of a 4 year degree
- Sustained increases in tuition
- Continued rising enrollment

### Students do not have access to credit

- Many traditional student lenders have stopped lending or have tightened credit standards
- Students rely upon credit cards to fund the increasing cost of education

## Private Student Loans – an Attractive Asset Class

Private Student Loans are an asset class which earn solid yields and diversify consumer portfolio risk

- Large and growing asset class
- Traditionally low default rates
- Generally cannot be discharged in bankruptcy

## Benefits for Lenders

People Capital's lenders help students bridge the \$134+ billion funding gap in the student loan market – while providing a steady return on investment

### Tax & Legal

- People Capital offers loan products which are standardized, legally compliant and tax efficient

### Risk Management

- The Human Capital Score™ enables lenders to select their specific risk profile based on students' HCS scores
- Ongoing risk management tool monitors risk through detailed performance data on each loan
- Repayment risk is reduced as students are required to make payments throughout the term of their loan
- Lenders are able to see detailed data for each loan, including HCS, FICO, GPA, SAT scores, major, and detailed academic and achievement profiles

### Portfolio Diversification

- Lenders may choose to fund a loan in full, or to participate in only a portion of it, to manage their exposure risk
- Lenders may create their own portfolio of loans diversified by any combination of criteria including demographic, credit risk, human capital, duration and loan size

## Benefits for Students

The availability of affordable loans – to fill the gap between federal loans, grants and tuition costs – allows students to focus on their education

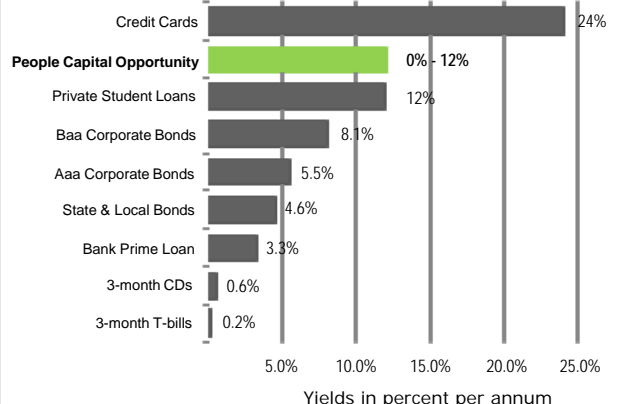
### Tax Efficiency

- Reliable funding with stable interest rates and repayment schedule, in contrast to credit cards
- Tax-deductible loans
- Deferrable payments when in school

### Long Term

- Web-based solution provides transparency and automatic features with which today's students are comfortable
- Repayment schedule and loan servicing form healthy bill payment habits
- Build solid credit history

## Comparative Interest Rates



Source: Federal Reserve Statistical Release (May '09), Bankrate.com Jun 8 '09, People Capital industry analysis

## Advantages of Online Platform

- System provides tools to manage lender portfolios
- Lenders may create automatic bidding rules, and use auto-bid tools, to find loans that match their criteria
- Borrowers are able to manage their loans, return each year for additional loans, and repay loans in secure online environment
- Access and "high touch" servicing lower default rate

### Example

- Lender will invest \$5 million in a portfolio of loans
- System tools alert – or automatically bid on behalf of – lender when loans meeting specified risk profile and return requirements become available
  - College = Ivy League
  - Major = Engineering
  - HCS >7+
  - Bid interest rate >=8%

## A Targeted Solution

People Capital is the only online lending company that is entirely focused on the private student loan market and which has proprietary technology to enable lenders to target borrowers with specific risk and interest rate profiles

### New Peer-to-Peer Companies

Peer-to-peer companies (e.g. Lending Club or Virgin Money) meet general credit needs of borrowers, but do not help lenders assess asset-specific risk

- Consumer loans are dischargeable in bankruptcy
- Increased default risk because loan products are inappropriate for student borrowers
  - No tax deductibility
  - Do not provide for deferments while in school

## PEOPLE CAPITAL

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