Life-Changing Loans
A Presentation for Impact Investors
Who We Are

• Nonprofit, U.S. Treasury-certified Community Development Financial Institution (CDFI)
• Nationally recognized organization founded in 2009
• Social change “fintech” built on an advanced technology platform
• Leading innovator; only nonprofit lender of our kind

Our mission is to create pathways out of poverty through equitable financial services
Mission-Focused Consumer Loans & Financial Coaching

- 1,600+ families received financial & health coaching
- $4,000,000+ in client interest and fee savings
- 4,700+ equitable loans
- Lives Changed & Lives Saved
- 90+ point average credit score improvement

Data from January 2009 to November 2019
Client Story: Mamadou

Mamadou – Immigration Loan Client
Due to a lengthy immigration process, Mamadou and his family had been apart for over seven years. After everything was finally settled, Mamadou needed financial assistance to fly his wife and children from Africa to their new home in Rhode Island. Thanks to our loan, Mamadou was reunited with his family at last. Afterward, he told us, “My experience was excellent. You are the only ones who could resolve my problem.”
The Problem – Lack of Equitable Financial Services

• **Tens of millions** of Americans lack access to equitable credit and sound financial advice

• A **$200 billion predatory industry** takes advantage of this injustice

• 40% of adults **cannot cover a $400 expense** without borrowing money or selling an asset

• The average family earning $25,000 per year **spends as much on financial services** (interest, fees) as it does on food (10% of income)
The Opportunity – Equitable Consumer Loans

• Personal loans of $300–$25,000 that save borrowers $500–$7,000 of interest compared to a predatory product
  ▫ Massive potential for scale and impact: $1 billion loan portfolio would equal a market share of half a percentage-point

• Mission-driven loans to cover critical expenses
  ▫ Emergencies, vehicle purchase or repair, citizenship / immigration expenses, security deposit, technology purchase, energy-efficiency improvements

• Technology platform to efficiently and effectively manage high-volume small-dollar transactions

• Alternative underwriting structure to properly assess risk
Loan Products & Financial Coaching

- **Emergency Loans**
  
  Clients save $500

- **Impact Loans**
  
  Clients save $900

- **Immigration Loans**
  
  Clients save $3,000

- **Car Purchase / Refinance**
  
  Clients save $4,000

- **Weatherization Loans**
  
  Clients save $1,700

---

**Estimated average savings in interest + fees versus predatory alternatives**

---

**CREDIT BUILDER PROGRAM**

- $120
  - Increases credit scores
  - Includes free coaching session

**FINANCIAL COACHING PLUS**

- $180
  - Six 1-on-1 coaching sessions
  - Builds credit

Programs structured as loans with monthly payments. Reported to credit bureaus.
Detailed Loan Product Information

Emergency Loan • $300–$500 • 10% APR
For financial emergencies such as debt repayment, bill catch-up, utilities, unforeseen expenses, etc. $8 closing fee. No down payment. Monthly repayment over 1 year. Example Lifetime Cost: A $400 loan costs $22 of interest.

Impact Loan • $700–$2,000 • 24% APR
For any other personal purchase or expense such as security deposits, car repairs, computer purchase, etc. No closing fee or down payment. Monthly repayment over 2 years. Example Lifetime Cost: A $1,000 loan costs $269 of interest.

Immigration Loan • $2,000–$20,000 • 15.99% APR
For paying fees for acquiring U.S. citizenship, securing or renewing a Green Card, applying for family members to come to the U.S., and other immigration steps. No closing fee or down payment. Monthly repayment over 2 to 4 years. Example Lifetime Cost: A $5,000 loan costs $1,800.44 of interest.

Car Loan • $6,000–$25,000 • 7%–17.99% APR
Refinance or purchase of a new or used car for you or your family. $500 down payment, which includes a $24 closing fee. Monthly repayment over 5 years. Example Lifetime Cost: A $13,000 loan costs $3,960 of interest (with an APR of 11%).

Weatherization Loan • $500–$25,000 • 0% APR
For measure to make your home more energy efficient and safe, for example insulations, replacing light bulbs, sealing ducts, etc. No closing fee or down payment. Monthly repayment over 2 to 5 years. Example Lifetime Cost: A $5,000 loan costs $0 of interest.
Alternative to Predatory Lending

- More branches than Starbucks and McDonald’s combined
- “Win-lose” model: they make money when the borrower defaults
- Double- and triple-digit interest rates
- Target minorities, the low-income, the elderly, other vulnerable groups
- Trap clients in debt spirals, can result in bankruptcy, homelessness, draining savings, etc.
- Powerful public lobbies & commanding market presence

CAPITAL GOOD FUND PROVIDES ATTRACTIVE AND EQUITABLE TERMS

- Equitable & fixed interest rates
- Simple installment loans
- Free restructuring options
- No prepayment penalty
- Report to credit bureaus
- Easy online application
- No credit needed
- Alternative approval process
- No selling to collection agencies
- No predatory collection practices
# Payday Loan Comparison

<table>
<thead>
<tr>
<th></th>
<th>Average Payday Loan</th>
<th>Good Fund Emergency Loan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Principal</strong></td>
<td>$400</td>
<td>$400</td>
</tr>
<tr>
<td><strong>Term</strong></td>
<td>14 days</td>
<td>12 months</td>
</tr>
<tr>
<td><strong>APR</strong></td>
<td>391%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Monthly Payment</strong></td>
<td>N/A, rolled over 8 times on average</td>
<td>$35.17</td>
</tr>
<tr>
<td><strong>Total Interest Paid</strong></td>
<td>$15 per $100 advanced</td>
<td>$22</td>
</tr>
<tr>
<td><strong>Total Cost of Loan</strong></td>
<td>$1,200+</td>
<td>$422</td>
</tr>
</tbody>
</table>
Example: LendUp

We believe everyone deserves access to quality credit.

LendUp is a socially responsible lender for the 56% of Americans shut out of mainstream banking due to low credit or volatile income.

San Francisco, California, United States

Categories: Finance, FinTech, Lending

Amount $250
Finance Charge $44.00
APR: 494.15%
Repayment $294.00 on Apr 15, 2019

DECEPTIVE MARKETING

500% APR
Proven Track Record

• 4,700 loans, $10 million financed
• 95% all-time repayment rate
• $5 million in loans outstanding to 1,850 borrowers, 96% on-time
• 1,600 financial coaching clients
• Lending in five states: RI, DE, FL, MA, IL; TX in 2020
• Market leader / innovator
• 33 full-time employees
• 240+ Google Reviews, 4.8 avg. rating

Data as of November 2019
**Transformational Impact**

### Building Credit
- 100% of loans reported to all three credit bureaus
- Financial Coaching clients see 100+ FICO score increase

### Cash Savings
- $500 to $7,000 in cash savings versus predatory alternative
- Financial Coaching clients see $113 increase in monthly income

### Lives Changed
- Pay off high interest loan
- Security deposit for safe housing
- Citizenship, Green Cards, family reunification
- Reliable vehicle to get to work
- Efficient and safe homes
- Etc.
Serving the Underserved

• At intake — Average FICO of 580; 20% no FICO
• Emphasis on Spanish-language clients, communities of color, other marginalized populations

Demographics based on 2018 beneficiaries.

(1) Includes Caucasian, mixed race/ethnicity and other selections.

Income level categories determined using Average Median Income (AMI) thresholds. Extremely Low ≤ 30%; Very Low > 30% ≤ 50%; Low > 50% ≤ 80%; Moderate > 80% ≤ 120%; Above Moderate > 120%.
Launched scaling plan in 2016 with a goal of self-sufficiency by 2024

- Charge an equitable interest rate
- Make high-volume, low-margin, life-changing loans
- Scale portfolio to $90 million by 2024
- Cover 100% of operating costs with earned income
Scaling Plan: Goals

Today
- $5 million portfolio
- 2,000 clients
- 30% self-sufficiency through earned-income
- Operating in five states

By 2024:
- $90 million loan portfolio
- 15,000+ clients
- 100% self-sufficiency through earned income
- Operating in six+ states
- Force competitors to lower rates or shut down

Operating investments (systems, personnel, marketing, etc.)
Scaling Plan: Direct Public Offering

Our Direct Public Offering (“DPO”) is issued by Social Capital Fund, a tax-exempt supporting organization:

- Invest as little as $1,000
- Receive annual interest payments
- Initial investment is repaid in three to seven years
- Unique, high-impact, direct investment
Launched Direct Public Offering in 2016 to Fund the Growth Plan

- Year 4
- 1,000% Increase in Assets
- 800% Increase in Loan Volume
- Expanded to four new states

### Annual Interest Rates
Based on Investment Amount and Maturity Term

<table>
<thead>
<tr>
<th>Initial Investment</th>
<th>7 years</th>
<th>5 years</th>
<th>3 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>$1,000 - $24,999</td>
<td>2.50%</td>
<td>2.50%</td>
<td>2.00%</td>
</tr>
<tr>
<td>$20,000 - $74,999</td>
<td>4.00%</td>
<td>4.00%</td>
<td>3.50%</td>
</tr>
<tr>
<td>$75,000 - $124,999</td>
<td>4.50%</td>
<td>4.50%</td>
<td>4.00%</td>
</tr>
<tr>
<td>$125,000 and above</td>
<td>5.50%</td>
<td>5.50%</td>
<td>5.00%</td>
</tr>
</tbody>
</table>
### Executive Team

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy Posner</td>
<td>Founder &amp; CEO</td>
</tr>
<tr>
<td>Annie Dickson</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>Jim Mazjanis</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>Heiry Bulux</td>
<td>Director of Loan Origination</td>
</tr>
<tr>
<td>Aisha Bussey</td>
<td>Director of Marketing</td>
</tr>
<tr>
<td>Chadria Major-Thomas</td>
<td>Human Resources Manager</td>
</tr>
<tr>
<td>Laura Rijo</td>
<td>Director of Loan Servicing</td>
</tr>
<tr>
<td>Kevin Egolf</td>
<td>VP of Investor Relations</td>
</tr>
<tr>
<td>Angela Tosca</td>
<td>Director of Systems</td>
</tr>
<tr>
<td>Isabel Rodriguez</td>
<td>Financial Coaching Officer</td>
</tr>
</tbody>
</table>

The Executive Team is intentionally structured to serve and represent clients.

#### Gender Distribution
- Female: 30%
- Male: 70%

#### Race / Ethnicity Distribution
- Minority: 50%
- Non-minority: 50%
I have now had two loans with capital good fun, each experience was both delightful, and easy! They’re friendly and they are there to help!

Very helpful. I contacted capital good fund to review and improve my credit score and I am happy to say it was a success.

Caring and honest. Reasonable rates and terms. Fantastic company.
## Financial History

### Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$419</td>
</tr>
<tr>
<td>2016</td>
<td>$1,234</td>
</tr>
<tr>
<td>2017</td>
<td>$1,998</td>
</tr>
<tr>
<td>2018</td>
<td>$2,552</td>
</tr>
<tr>
<td>2019P</td>
<td>$3,400</td>
</tr>
</tbody>
</table>

### Loans Receivable

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$355</td>
</tr>
<tr>
<td>2016</td>
<td>$740</td>
</tr>
<tr>
<td>2017</td>
<td>$2,136</td>
</tr>
<tr>
<td>2018</td>
<td>$3,676</td>
</tr>
<tr>
<td>2019P</td>
<td>$5,300</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$33</td>
</tr>
<tr>
<td>2016</td>
<td>$91</td>
</tr>
<tr>
<td>2017</td>
<td>$1,117</td>
</tr>
<tr>
<td>2018</td>
<td>$1,660</td>
</tr>
<tr>
<td>2019P</td>
<td>$2,100</td>
</tr>
</tbody>
</table>

### Self-Sufficiency Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>21.5%</td>
</tr>
<tr>
<td>2016</td>
<td>8.7%</td>
</tr>
<tr>
<td>2017</td>
<td>15.7%</td>
</tr>
<tr>
<td>2018</td>
<td>22.4%</td>
</tr>
<tr>
<td>2019P</td>
<td>24.0%</td>
</tr>
</tbody>
</table>

As of November 2019

*Includes for EQ2s*
**Financial Projections**

**Revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020B</th>
<th>2021P</th>
<th>2022P</th>
<th>2023P</th>
<th>2024P</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in thousands</td>
<td>$4,542</td>
<td>$5,476</td>
<td>$7,814</td>
<td>$10,577</td>
<td>$12,973</td>
</tr>
</tbody>
</table>

**Loans Receivable**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020B</th>
<th>2021P</th>
<th>2022P</th>
<th>2023P</th>
<th>2024P</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in thousands</td>
<td>$13,387</td>
<td>$29,112</td>
<td>$50,726</td>
<td>$72,545</td>
<td>$92,814</td>
</tr>
</tbody>
</table>

**Net Assets**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020B</th>
<th>2021P</th>
<th>2022P</th>
<th>2023P</th>
<th>2024P</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ in thousands</td>
<td>$3,291</td>
<td>$3,745</td>
<td>$4,504</td>
<td>$4,797</td>
<td>$6,417</td>
</tr>
</tbody>
</table>

*Includes EQ2s*

**Self-Sufficiency Ratio**

<table>
<thead>
<tr>
<th>Year</th>
<th>2020B</th>
<th>2021P</th>
<th>2022P</th>
<th>2023P</th>
<th>2024P</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>35.0%</td>
<td>55.1%</td>
<td>74.4%</td>
<td>87.4%</td>
<td>103.6%</td>
</tr>
</tbody>
</table>

As of November 2019
Achieving Self-Sufficiency

• Build Equity / Net Assets
  ▫ Maintain and expand granting relationships
  ▫ Social Capital Fund Direct Public Offering

• Balance smaller loans with higher profitability larger loans

• Continual improvement of technology platform to reduce transaction costs

• Leverage fixed costs

• Expand loan volumes
  ▫ Geographic expansion
  ▫ Deeper market penetration
  ▫ New loan products
  ▫ Technology enhancements

• Maintain underwriting standards & loan performance

• Measured, prudent annual growth
  ▫ No equity investors driving hockey stick goals
Client Story: Sherlie

Sherlie – Car Loan Client
Sherlie’s old car was breaking down and becoming dangerous for Sherlie and her daughter. Good Fund gave Sherlie a Car Loan so she could afford safe, reliable transportation for her family. “I know that anything I do with Good Fund is going to be done with my best interest in mind and that the staff will treat me with respect.” After getting her Car Loan, she said, “Good Fund helped me buy a reliable car and took a very heavy load off my shoulders!”
# Key Funders, Investors, & Supporters

<table>
<thead>
<tr>
<th>DISCOVER</th>
<th>JPMorgan Chase &amp; Co.</th>
<th>Santander</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citizens Bank</td>
<td>RHODE ISLAND FOUNDATION</td>
<td></td>
</tr>
<tr>
<td>United Way</td>
<td>The Miami Foundation</td>
<td>Bank Newport</td>
</tr>
<tr>
<td>National Grid</td>
<td>Catholic Campaign for Human Development</td>
<td>CDFI</td>
</tr>
<tr>
<td>Gulf Coast Community Foundation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alan Hassenfeld</th>
</tr>
</thead>
<tbody>
<tr>
<td>Former CEO, Hasbro Toys</td>
</tr>
</tbody>
</table>

Sisters of Charity of Cincinnati | Community Foundation of Tampa Bay |