



- **Fourth Quarter and Full Year 2019 Results**
February 18, 2020

Disclaimer

Some of the statements in this presentation, including statements regarding future product initiatives, borrower and investor demand, anticipated future financial results, and our ability to obtain a bank charter and the impact it would have on our business are “forward-looking statements.” The words “anticipate,” “believe,” “estimate,” “expect,” “intend,” “may,” “outlook,” “plan,” “predict,” “project,” “will,” “would” and similar expressions may identify forward-looking statements, although not all forward-looking statements contain these identifying words. Factors that could cause actual results to differ materially from those contemplated by these forward-looking statements include: the outcomes of pending governmental investigations and pending or threatened litigation, which are inherently uncertain; the impact of management changes and the ability to continue to retain key personnel; our ability to achieve cost savings from restructurings; our ability to continue to attract and retain new and existing borrowers and investors; our ability to obtain or add bank functionality and a bank charter; competition; overall economic conditions; demand for the types of loans facilitated by us; default rates and those factors set forth in the section titled “Risk Factors” in our most recent Quarterly Report on Form 10-Q and Annual Report on Form 10-K, each as filed with the SEC. We may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements, and you should not place undue reliance on forward-looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements. We do not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

This presentation contains non-GAAP measures relating to our performance. We have included certain pro forma adjustments in our presentation of non-GAAP Adjusted Net Income (Loss), non-GAAP Adjusted Earnings Per Diluted Share, non-GAAP Contribution, non-GAAP Contribution Margin, non-GAAP Adjusted EBITDA, and non-GAAP Adjusted EBITDA Margin. We believe these non-GAAP measures provide management and investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies, many of which present similar non-GAAP financial measures.

These measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with generally accepted accounting principles. You can find the reconciliation of these non-GAAP financial measures to the most directly comparable GAAP measures in the Appendix at the end of this presentation.

Information in this presentation is not an offer to sell securities or the solicitation of an offer to buy securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Agenda

- 4Q and Full Year 2019 Results
- 2020 Outlook and Guidance

4Q and Full Year 2019 Results



4Q 2019 Results

Achieves GAAP Net Income profitability

	4Q19 Guidance Range	4Q19 Results	YoY
Net Revenue	\$190M – \$200M	\$188.5M	+4%
GAAP Consolidated Net Loss	\$0M – \$5M	\$0.2M	+\$13.6M
Adjusted EBITDA	\$34M – \$39M	\$39.0M	+37%
Adjusted EBITDA Margin	17.9% – 19.5%	20.7%	+5.0pts
Adjusted Net Income¹	\$0M – \$5M	\$7.0M	+\$11.1M

1) Excludes certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as \$4.5 million of legal, regulatory and other expense related to legacy issues, \$0.3 million of expenses related to our cost structure simplification, \$0.9 million of acquisition and related expenses, and \$1.0 million of other items. Refer to the Appendix at the end of this presentation for additional information.

Full Year 2019 Results

Record Contribution Margin and Adjusted EBITDA

	Full Year Guidance Range	Full Year 2019 Results	YoY
Net Revenue	\$760M – \$770M	\$758.6M	+9%
GAAP Consolidated Net Income	(\$31M) – (\$26M)	(\$30.7M)	+\$97.5M
Adjusted EBITDA	\$130M – \$135M	\$134.8M	+38%
Adjusted EBITDA Margin	17.1% – 17.5%	17.8%	+3.8pts
Adjusted Net Income (Loss) ¹	(\$5M) – \$0M	\$2.2M	+\$34.6M

1) Excludes certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as \$19.6 million of legal, regulatory and other expense related to legacy issues, \$9.9 million of expenses related to our cost structure simplification, \$0.9 million of acquisition and related expenses, and \$2.5 million of other items. Refer to the Appendix at the end of this presentation for additional information.

2020 Outlook and Guidance



2020 Outlook and Guidance

Macro assumptions

- Economy continues to grow, but more slowly, and recession concerns remain elevated given the late stages of the economic cycle.
- Consumer demand remains strong but continued credit tightening across the market will slow overall personal loan market growth.
- Lower interest rates may be offset by volatile credit spreads.
- Radius acquisition expected to close in 12 to 15 months.

2020 Outlook and Guidance

Our priorities

- Focus on profitable growth as we prepare for bank charter.
- Investment in our infrastructure to prepare for a bank charter.
- Investment in customer engagement functionality which will enable us to serve our members across a broader spectrum of products and services.
- Investment in our distribution platforms to further increase the breadth and depth of liquidity in the marketplace.

2020 Outlook and Guidance

Focus on contribution margin dollars as a % of origination leverages our scale and drives profitable growth

(\$ in millions)	Q1 2020	FY 2020	Notes
Total Net Revenue	\$170 – \$180	\$790 – \$820	
GAAP Consolidated Net Income (Loss)	(\$5) – \$0	\$17 – \$37	Actual results for GAAP Consolidated Net Income (Loss) and Adjusted Net Income (Loss) will differ as financial information related to our legacy issues, cost structure simplification, acquisition and related expenses, and other items become available. Such items will not impact Adjusted Net Income (Loss) but will impact GAAP Consolidated Net Income (Loss).
Adjusted Net Income (Loss)	(\$5) – \$0	\$17 – \$37	
Adjusted EBITDA	\$25 – \$30	\$150 – \$170	

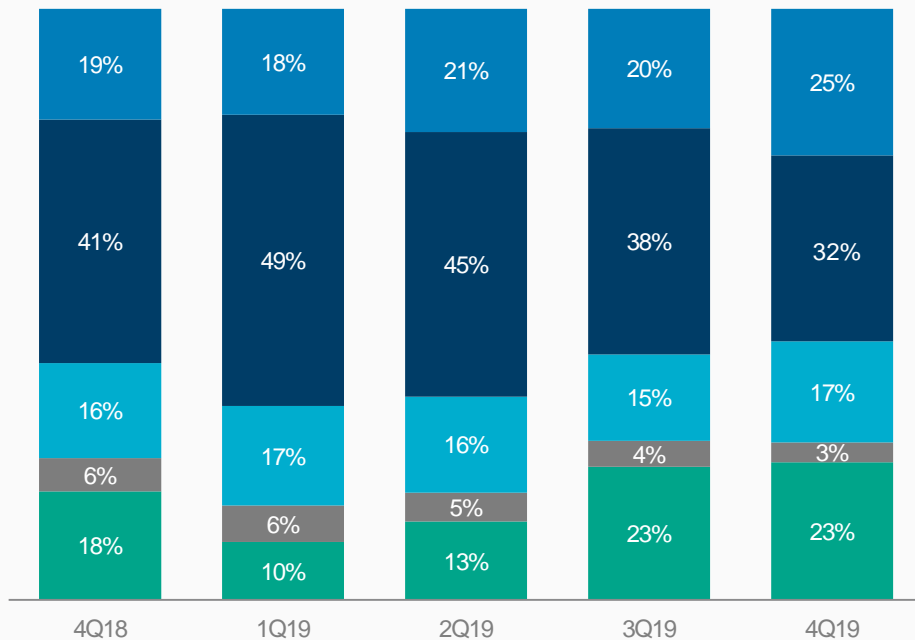
Financial Metrics

LendingClub Platform Investors

Diverse investor channels provide breadth of credit appetite and flexibility to adapt to various market conditions.

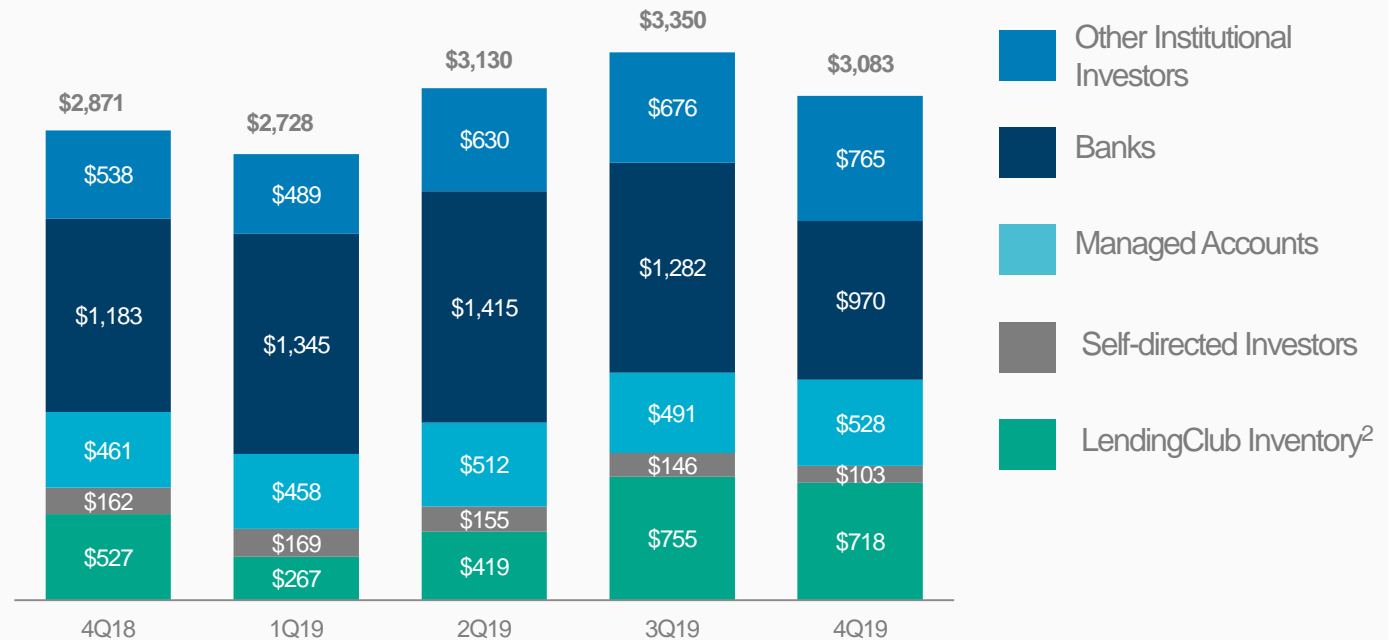
Originations Mix by Funding Source

(as a % of total platform originations)



Platform Originations by Funding Source¹

(\$ in millions)



1) There may be differences between the sum of the quarterly results due to rounding.

2) Represents the percentage of loan originations in the period that were purchased or pending purchase by the Company during the period, excluding loans held by the Company through consolidated trusts, and not yet sold as of the period end. LendingClub inventory percentage also includes the portion of securities not sold to third parties for our structured program transactions during the period. It is the Company's expectation that most of these loans will be included in future structured program transactions or sold in whole loan format in subsequent periods.

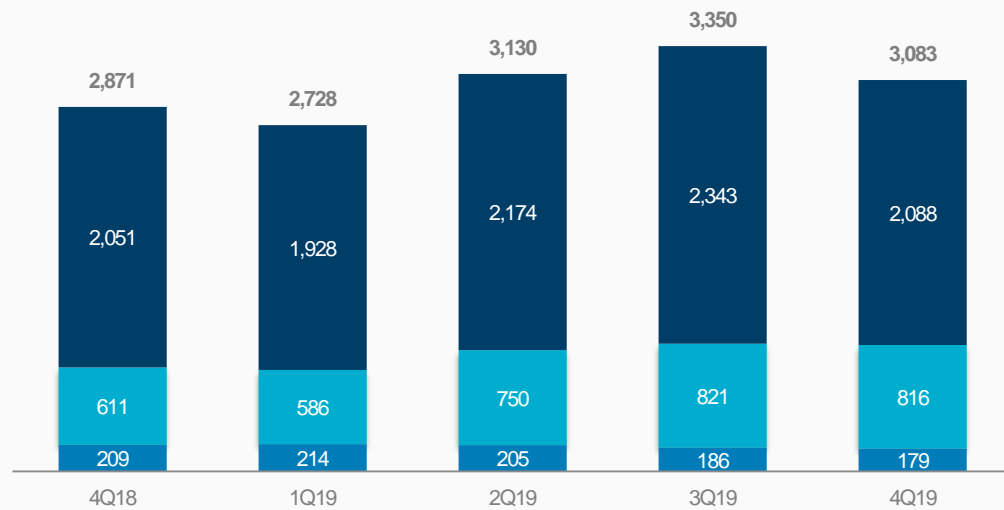
Originations & Revenue

Grew quarterly originations by 7% and net revenue by 4% year-over-year.

Quarterly Originations¹

(\$ in millions)

- Personal loans - standard
- Personal loans - custom²
- Other³



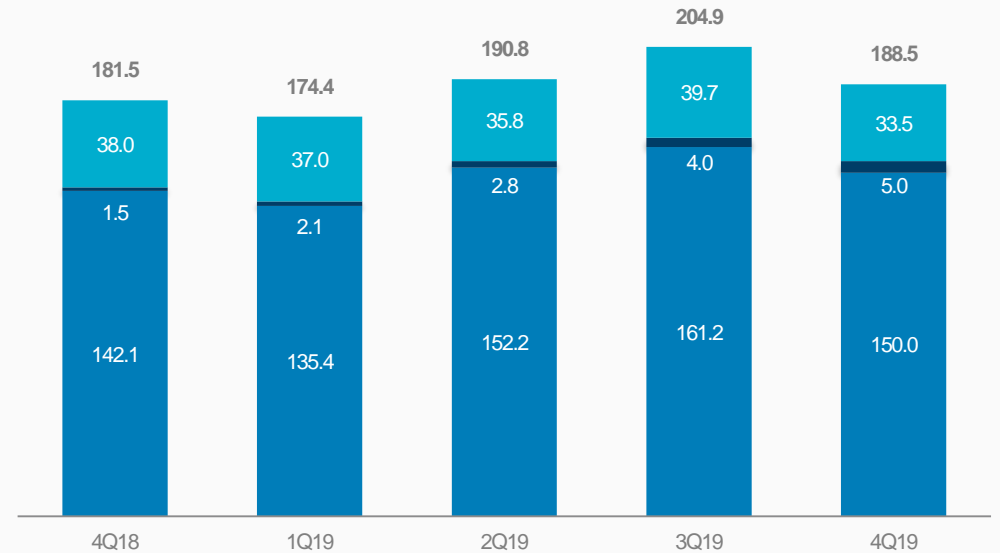
Growth (%)

YoY	18%	18%	11%	16%	7%

Quarterly Total Net Revenue¹

(\$ in millions)

- Net Investor Revenue
- Other Revenue
- Transaction Fee Revenue



Growth (%)

YoY	16%	15%	8%	11%	4%
Yield	6.32%	6.39%	6.10%	6.12%	6.11%

1) There may be differences between the sum of the quarterly results due to rounding.

2) Includes loans made to near-prime and super-prime borrowers, as well as testing program originations.

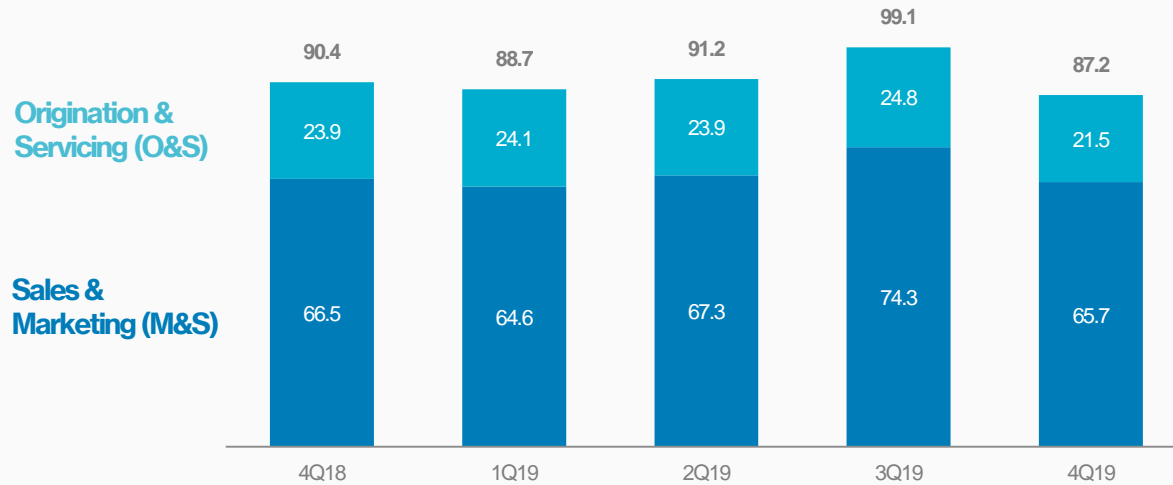
3) In the second quarter of 2019, the Company sold certain assets related to its small business operating segment and announced that it will connect applicants looking for a small business loan with strategic partners and earn referral fees instead of facilitating these loans on its platform. As a result, beginning in the third quarter of 2019 the "Other loans" category presented in the chart above no longer includes small business loans.

Contribution²

Achieved record quarterly Contribution Margin of 53.7% – driven by efficiencies in marketing and operations.

Quarterly expenses impacting Contribution Margin¹

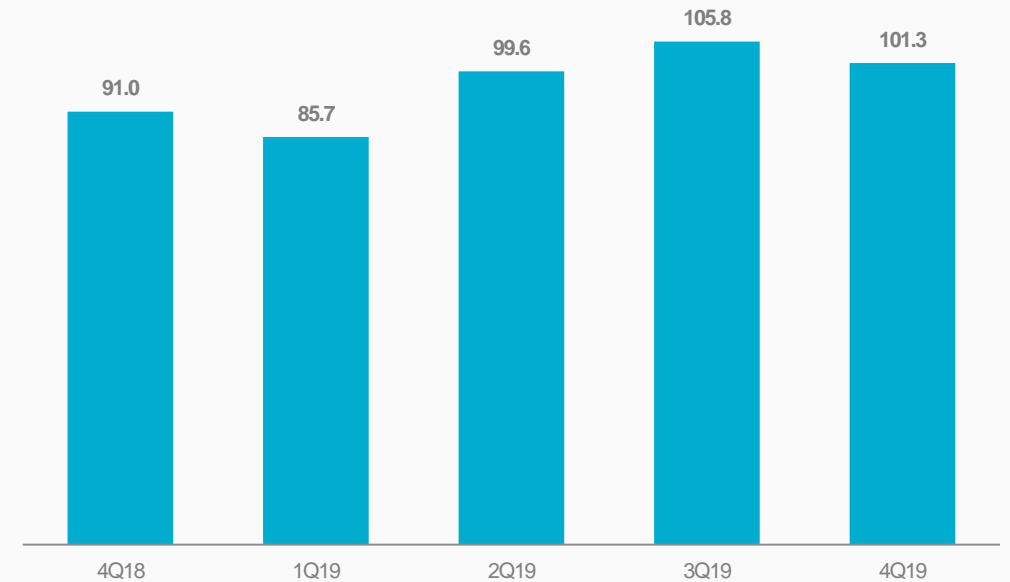
(\$ in millions)



O&S % of Originations	0.83%	0.88%	0.76%	0.74%	0.70%
M&S % of Originations	2.32%	2.37%	2.15%	2.22%	2.13%
Total % of Originations	3.15%	3.25%	2.91%	2.96%	2.83%
Total % of Revenues	49.8%	50.9%	47.8%	48.4%	46.3%

Quarterly Contribution Margin^{1,2}

(\$ in millions)



Margin % of Revenue	50.1%	49.1%	52.2%	51.6%	53.7%
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1) There may be differences between the sum of the quarterly results due to rounding.

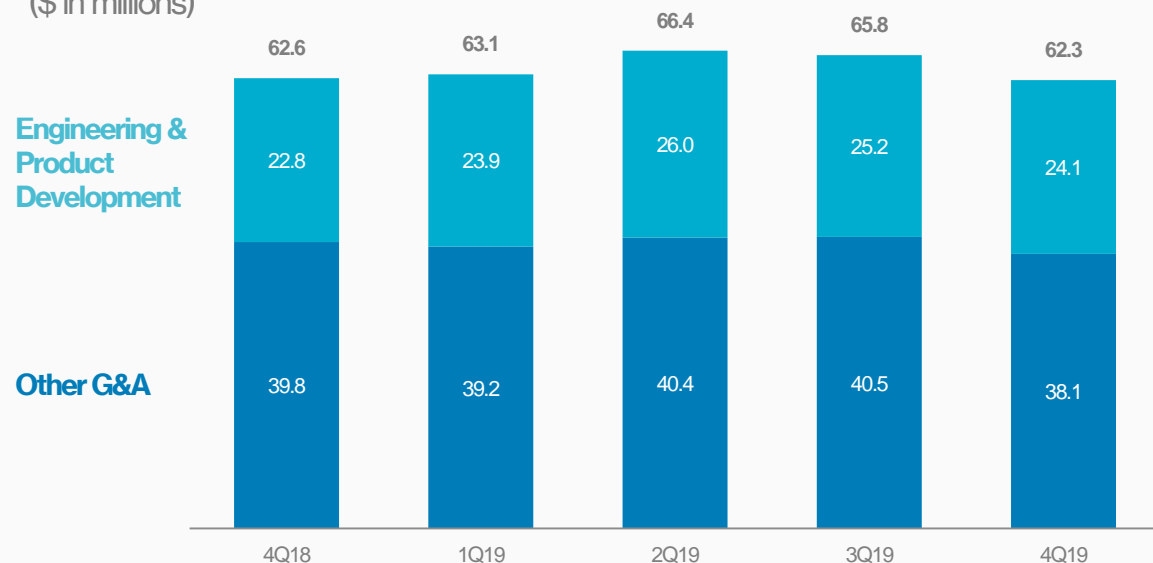
2) Contribution is calculated as net revenue less "Sales and marketing" and "Origination and servicing" expenses on the Company's Statements of Operations, adjusted to exclude cost structure simplification and non-cash stock-based compensation expenses within these captions and income or loss attributable to noncontrolling interests. Contribution Margin is a non-GAAP financial measure calculated by dividing Contribution by total net revenue. See Appendix for a reconciliation of this non-GAAP measure.

Adjusted EBITDA Margin²

Adjusted EBITDA up 37% year-over-year, with 5pts of margin improvement delivered through operating leverage.

Quarterly Expenses impacting Adjusted EBITDA Margin¹

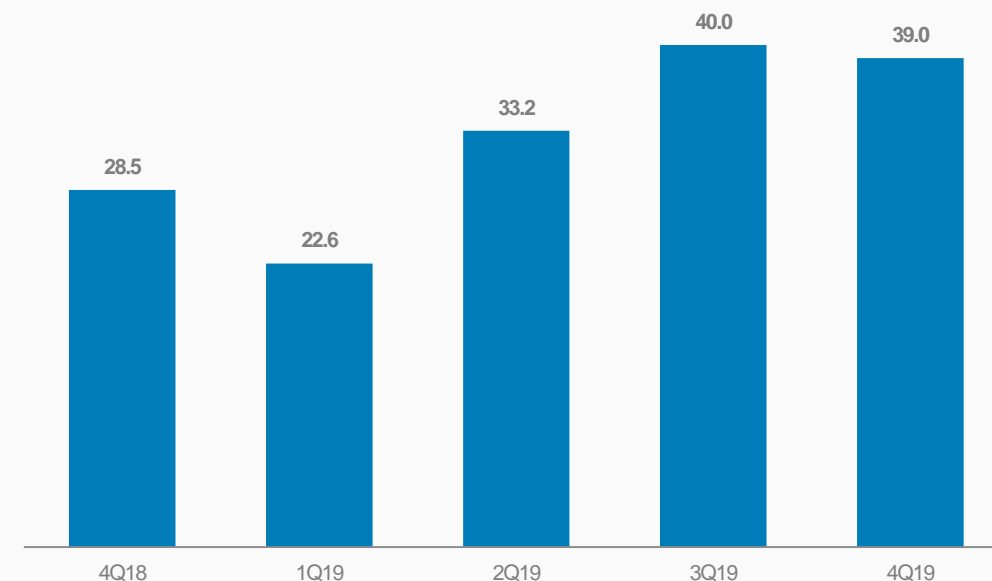
(\$ in millions)



	4Q18	1Q19	2Q19	3Q19	4Q19
Eng. & PD (% of Rev.)	12.5%	13.7%	13.6%	12.3%	12.8%
Other G&A (% of Rev.)	21.9%	22.5%	21.2%	19.8%	20.2%
Total % of Revenue	34.5%	36.2%	34.8%	32.1%	33.0%

Quarterly Adjusted EBITDA^{1,2}

(\$ in millions)



	4Q18	1Q19	2Q19	3Q19	4Q19
Margin % of Revenue	15.7%	13.0%	17.4%	19.5%	20.7%

1) There may be differences between the sum of the quarterly results due to rounding.

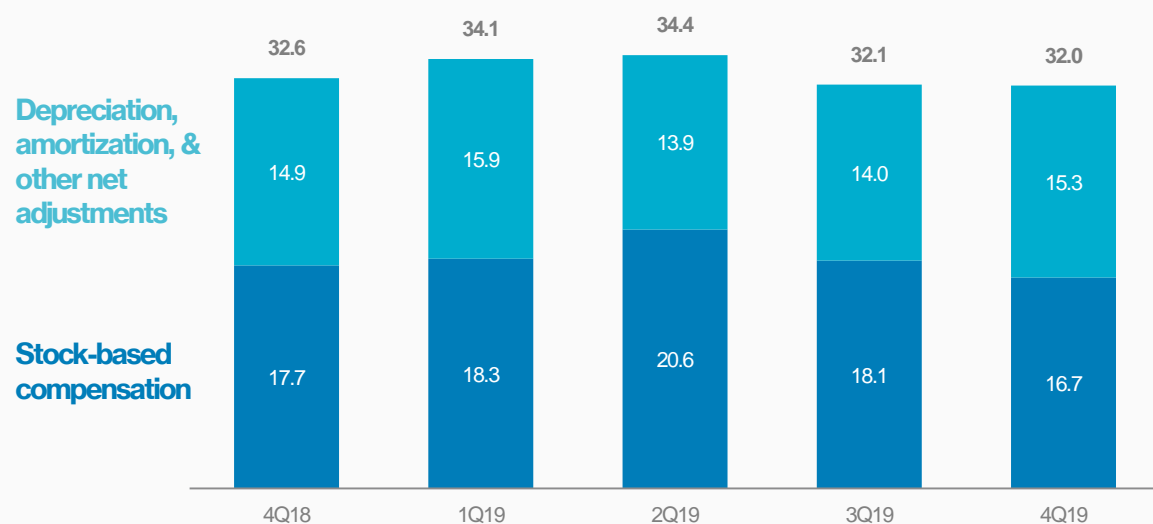
2) Adjusted EBITDA is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude (1) cost structure simplification expense, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, (4) acquisition and related expenses, (5) other items, (6) depreciation, impairment and amortization expense, (7) stock-based compensation expense, and (8) income tax expense (benefit). Adjusted EBITDA Margin is a non-GAAP financial measure calculated by dividing Adjusted EBITDA by total net revenue.

Adjusted Net Income (Loss)²

Delivered Adjusted Net Income of \$7M for the quarter, and \$2.2M for the full year.

Quarterly Expenses impacting Adjusted Net Income (Loss)¹

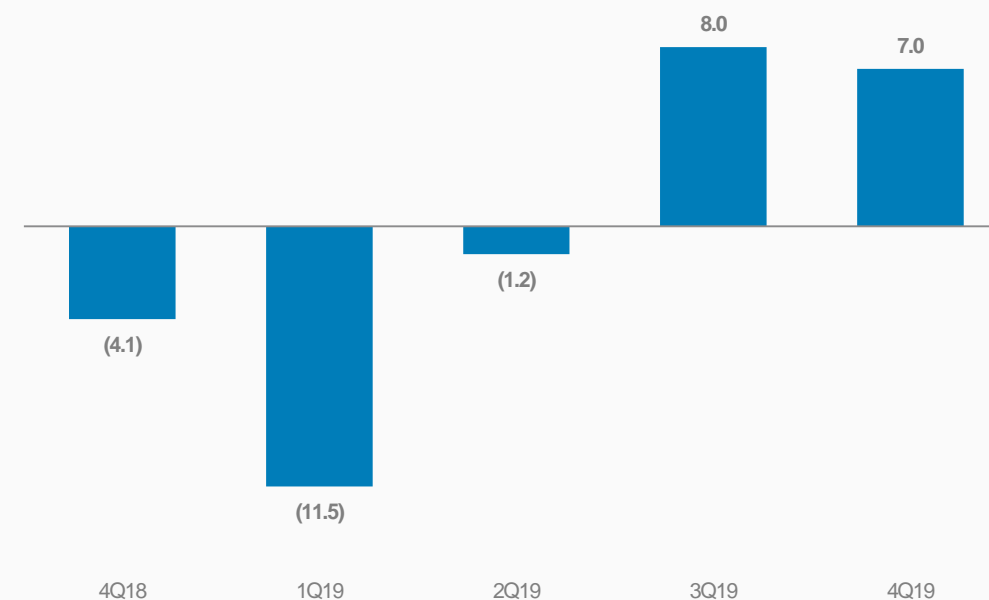
(\$ in millions)



	4Q18	1Q19	2Q19	3Q19	4Q19
D&A + other (% of Rev.)	8.2%	9.1%	7.3%	6.8%	8.0%
SBC (% of Rev.)	9.8%	10.5%	10.8%	8.8%	8.9%
Total % of Revenue	17.9%	19.6%	18.0%	15.7%	17.0%

Quarterly Adjusted Net Income (Loss)^{1,2}

(\$ in millions)



	4Q18	1Q19	2Q19	3Q19	4Q19
Margin % of Revenue	(2.3%)	(6.6%)	(0.6%)	3.9%	3.7%

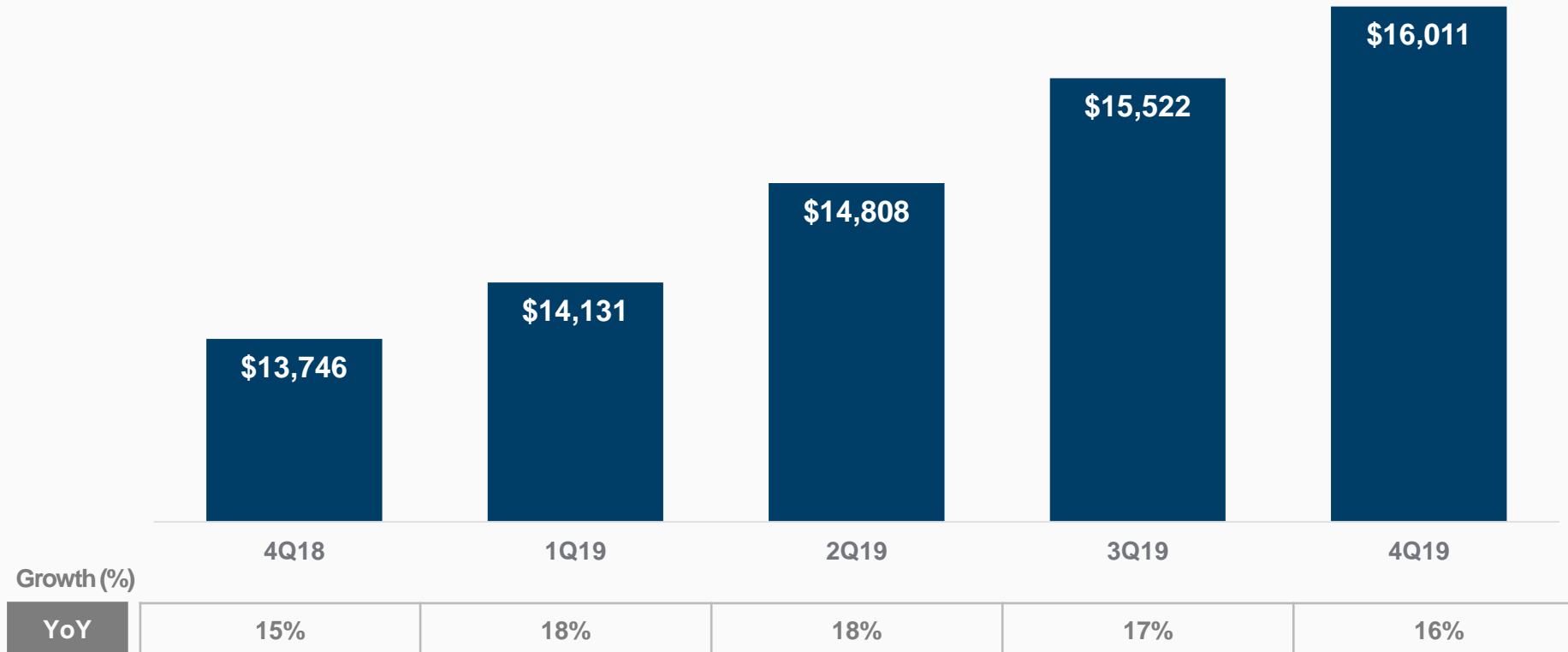
1) There may be differences between the sum of the quarterly results due to rounding.

2) Adjusted Net Income (Loss) is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as (1) expenses related to our cost structure simplification, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, and (4) acquisition and related expenses, and (5) other items, net of tax.

Servicing Portfolio Recurring Revenue

Total portfolio grew 16% YoY to a record \$16B.

Servicing Portfolio Balance¹
(\$ in millions)



1) Servicing Portfolio Balance represents outstanding principal balance of loans that we serviced at the end of the periods indicated, and financed with notes, certificates & secured borrowings, and whole loans sold (including loans invested in by the Company).

Appendix: Financial Reconciliations

GAAP to Non-GAAP Reconciliation: Operating Expenses

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,			Three Months Ended							
	2017	2018	2019	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Total net revenue	\$ 574,540	\$ 694,812	\$ 758,607	\$ 151,667	\$ 176,979	\$ 184,645	\$ 181,521	\$ 174,418	\$ 190,807	\$ 204,896	\$ 188,486
GAAP sales and marketing	\$ 229,865	\$ 268,517	\$ 279,423	\$ 57,517	\$ 69,046	\$ 73,601	\$ 68,353	\$ 66,623	\$ 69,323	\$ 76,255	\$ 67,222
Stock-based compensation expense	7,654	7,362	6,095	1,860	2,023	1,791	1,688	1,571	1,540	1,505	1,479
Cost structure simplification expense ⁽¹⁾	—	131	1,410	—	—	—	131	468	445	454	43
Non-GAAP sales and marketing	\$ 222,211	\$ 261,024	\$ 271,918	\$ 55,657	\$ 67,023	\$ 71,810	\$ 66,534	\$ 64,584	\$ 67,338	\$ 74,296	\$ 65,700
% Total net revenue	38.7%	37.6%	35.8%	36.7%	37.9%	38.9%	36.7%	37.0%	35.3%	36.3%	34.9%
GAAP origination and servicing	\$ 86,891	\$ 99,376	\$ 103,403	\$ 22,645	\$ 25,593	\$ 25,431	\$ 25,707	\$ 28,273	\$ 24,931	\$ 27,996	\$ 22,203
Stock-based compensation expense	4,804	4,322	3,155	1,072	1,102	1,104	1,044	924	846	852	533
Cost structure simplification expense ⁽¹⁾	—	749	5,908	—	—	—	749	3,238	201	2,324	145
Non-GAAP origination and servicing	\$ 82,087	\$ 94,305	\$ 94,340	\$ 21,573	\$ 24,491	\$ 24,327	\$ 23,914	\$ 24,111	\$ 23,884	\$ 24,820	\$ 21,525
% Total net revenue	14.3%	13.6%	12.4%	14.2%	13.8%	13.2%	13.2%	13.8%	12.5%	12.1%	11.4%
GAAP engineering and product development	\$ 142,264	\$ 155,255	\$ 168,380	\$ 36,837	\$ 37,650	\$ 41,216	\$ 39,552	\$ 42,546	\$ 43,299	\$ 41,455	\$ 41,080
Stock-based compensation expense	22,047	20,478	19,860	5,279	5,464	5,332	4,403	5,231	5,475	4,737	4,417
Depreciation and amortization	36,790	45,037	49,207	9,247	10,197	13,221	12,372	13,373	11,838	11,464	12,532
Cost structure simplification expense ⁽¹⁾	—	—	15	—	—	—	—	7	8	10	(10)
Non-GAAP engineering and product development	\$ 83,427	\$ 89,740	\$ 99,298	\$ 22,311	\$ 21,989	\$ 22,663	\$ 22,777	\$ 23,935	\$ 25,978	\$ 25,244	\$ 24,141
% Total net revenue	14.5%	12.9%	13.1%	14.7%	12.4%	12.3%	12.5%	13.7%	13.6%	12.3%	12.8%
GAAP other general and administrative, legal, regulatory and other expense related to legacy issues and goodwill impairment	\$ 268,933	\$ 299,774	\$ 238,292	\$ 65,809	\$ 105,478	\$ 67,184	\$ 61,303	\$ 56,876	\$ 64,324	\$ 59,485	\$ 57,607
Stock-based compensation expense	36,478	42,925	44,529	9,590	11,208	11,544	10,583	10,526	12,690	11,001	10,312
Depreciation	5,130	5,852	6,446	1,419	1,420	1,488	1,525	1,542	1,596	1,569	1,739
Acquisition and related expenses ⁽²⁾	349	—	932	—	—	—	—	—	—	—	932
Amortization of intangibles	4,288	3,875	3,499	1,035	959	940	941	940	866	845	848
Cost structure simplification expense ⁽¹⁾	—	5,902	2,600	—	—	—	5,902	559	1,280	655	106
Goodwill impairment	—	35,633	—	—	35,633	—	—	—	—	—	—
Legal, regulatory and other expense related to legacy issues ⁽³⁾	80,250	53,518	19,609	16,973	18,501	15,474	2,570	4,145	6,791	4,142	4,531
Other items ⁽⁴⁾	—	—	2,453	—	—	—	—	—	704	749	1,000
Non-GAAP other general and administrative	\$ 142,438	\$ 152,069	\$ 158,224	\$ 36,792	\$ 37,757	\$ 37,738	\$ 39,782	\$ 39,164	\$ 40,397	\$ 40,524	\$ 38,139
% Total net revenue	24.8%	21.9%	20.9%	24.3%	21.3%	20.4%	21.9%	22.5%	21.2%	19.8%	20.2%

⁽¹⁾ Includes personnel-related expenses associated with establishing a site in the Salt Lake City area, which are included in “Sales and marketing,” “Origination and servicing,” “Engineering and product development” and “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations. In the fourth quarter of 2018 and first quarter of 2019, also includes external advisory fees, which are included in “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations.

⁽²⁾ In 2019, includes costs related to the acquisition of Radius. In 2017, represents incremental compensation expense required to be paid under the purchase agreement to retain key former shareholder employees of an acquired business.

⁽³⁾ Includes class action and regulatory litigation expense and legal and other expenses related to legacy issues, which are included in “Class action and regulatory litigation expense” and “Other general and administrative” expense, respectively, on the Company’s Condensed Consolidated Statements of Operations. For the second quarter and full year 2019, includes expense related to the termination of a legacy contract, which is included in “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations. For the each of the quarters in 2019, also includes expense related to the dissolution of certain private funds managed by LCAM, which is included in “Net fair value adjustments” on the Company’s Condensed Consolidated Statements of Operations.

⁽⁴⁾ Includes expenses related to certain non-legacy litigation and regulatory matters which are included in “Other general and administrative” expense on the Company’s Consolidated Statements of Operations. For the second quarter of 2019, also includes a gain on the sale of our small business operating segment.

Contribution Reconciliation & Definition

Contribution is a non-GAAP financial measure that we calculate as net revenue less “Sales and marketing” and “Origination and servicing” expenses on the Company’s Statements of Operations, adjusted to exclude cost structure simplification and non-cash stock-based compensation expenses within these captions and income or loss attributable to noncontrolling interests. Contribution Margin is a non-GAAP financial measure calculated by dividing contribution by total net revenue.

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,			Three Months Ended							
	2017	2018	2019	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
GAAP LendingClub net income (loss)	\$ (153,835)	\$ (128,308)	\$ (30,745)	\$ (31,181)	\$ (60,861)	\$ (22,804)	\$ (13,462)	\$ (19,935)	\$ (10,661)	\$ (383)	\$ 234
GAAP general and administrative expense:											
Engineering and product development	142,264	155,255	168,380	36,837	37,650	41,216	39,552	42,546	43,299	41,455	41,080
Other general and administrative	191,683	228,641	238,292	52,309	57,583	57,446	61,303	56,876	64,324	59,485	57,607
Cost structure simplification expense ⁽¹⁾	—	880	7,318	—	—	—	880	3,706	646	2,778	188
Goodwill impairment	—	35,633	—	—	35,633	—	—	—	—	—	—
Class action and regulatory litigation expense	77,250	35,500	—	13,500	12,262	9,738	—	—	—	—	—
Stock-based compensation expense: ⁽²⁾											
Sales and marketing	7,654	7,362	6,095	1,860	2,023	1,791	1,688	1,571	1,540	1,505	1,479
Origination and servicing	4,804	4,322	3,155	1,072	1,102	1,104	1,044	924	846	852	533
Income tax expense (benefit)	632	43	(201)	39	24	(38)	18	—	(438)	97	140
Contribution	\$ 270,452	\$ 339,328	\$ 392,294	\$ 74,436	\$ 85,416	\$ 88,453	\$ 91,023	\$ 85,688	\$ 99,556	\$ 105,789	\$ 101,261
Total net revenue	\$ 574,540	\$ 694,812	\$ 758,607	\$ 151,667	\$ 176,979	\$ 184,645	\$ 181,521	\$ 174,418	\$ 190,807	\$ 204,896	\$ 188,486
Contribution margin	47.1%	48.8%	51.7%	49.1%	48.3%	47.9%	50.1%	49.1%	52.2%	51.6%	53.7%

⁽¹⁾ Excludes the portion of personnel-related expense associated with establishing a site in the Salt Lake City area that are included in the “Sales and marketing” and “Origination and servicing” expense categories.

⁽²⁾ Excludes stock-based compensation expense included in the “Sales and marketing” and “Origination and servicing” expense categories.

Contribution Reconciliation & Definition

Contribution is a non-GAAP financial measure that we calculate as net revenue less “Sales and marketing” and “Origination and servicing” expenses on the Company’s Statements of Operations, adjusted to exclude cost structure simplification and non-cash stock-based compensation expenses within these captions and income or loss attributable to noncontrolling interests. Contribution Margin is a non-GAAP financial measure calculated by dividing contribution by total net revenue.

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,		
	2017	2018	2019
GAAP LendingClub net income (loss)	\$ (153,835)	\$ (128,308)	\$ (30,745)
GAAP general and administrative expense:			
Engineering and product development	142,264	155,255	168,380
Other general and administrative	191,683	228,641	238,292
Cost structure simplification expense ⁽¹⁾	—	880	7,318
Goodwill impairment	—	35,633	—
Class action and regulatory litigation expense	77,250	35,500	—
Stock-based compensation expense: ⁽²⁾			
Sales and marketing	7,654	7,362	6,095
Origination and servicing	4,804	4,322	3,155
Income tax expense (benefit)	632	43	(201)
Contribution	\$ 270,452	\$ 339,328	\$ 392,294
Total net revenue	\$ 574,540	\$ 694,812	\$ 758,607
Contribution margin	47.1%	48.8%	51.7%

⁽¹⁾ Excludes the portion of personnel-related expense associated with establishing a site in the Salt Lake City area that are included in the “Sales and marketing” and “Origination and servicing” expense categories.

⁽²⁾ Excludes stock-based compensation expense included in the “Sales and marketing” and “Origination and servicing” expense categories.

Adjusted Net Income (Loss), Adjusted EBITDA, Adjusted EBITDA Margin and Adjusted EPS Reconciliation

Adjusted Net Income (Loss) is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as (1) expenses related to our cost structure simplification, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, (4) acquisition and related expenses and (5) other items, net of tax. Adjusted EBITDA is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude (1) cost structure simplification expense, (2) goodwill impairment, (3) legal, regulatory and other expense related to legacy issues, (4) acquisition and related expenses, (5) other items, (6) depreciation, impairment and amortization expense, (7) stock-based compensation expense and (8) income tax expense (benefit). Adjusted EBITDA Margin is a non-GAAP financial measure calculated by dividing Adjusted EBITDA by total net revenue. Adjusted EPS is a non-GAAP financial measure calculated by dividing Adjusted Net Income (Loss) by the weighted-average diluted common shares outstanding.

(in thousands, except per share data) (unaudited)	Year Ended Dec. 31,		
	2017	2018	2019
GAAP LendingClub net income (loss)	\$ (153,835)	\$ (128,308)	\$ (30,745)
Cost structure simplification expense ⁽¹⁾	—	6,782	9,933
Goodwill impairment	—	35,633	—
Legal, regulatory and other expense related to legacy issues ⁽²⁾	80,250	53,518	19,609
Acquisition and related expense ⁽³⁾	349	—	932
Other items ⁽⁴⁾	—	—	2,453
Adjusted net income (loss)	\$ (73,236)	\$ (32,375)	\$ 2,182
Depreciation and impairment expense:			
Engineering and product development	36,790	45,037	49,207
Other general and administrative	5,130	5,852	6,446
Amortization of intangible assets	4,288	3,875	3,499
Stock-based compensation expense	70,983	75,087	73,639
Income tax expense (benefit)	632	43	(201)
Adjusted EBITDA	\$ 44,587	\$ 97,519	\$ 134,772
Total net revenue	\$ 574,540	\$ 694,812	\$ 758,607
Adjusted EBITDA Margin	7.8%	14.0%	17.8%
Weighted-average GAAP diluted shares ⁽⁵⁾	81,799,189	84,583,461	87,278,596
Non-GAAP diluted shares ⁽⁵⁾	81,799,189	84,583,461	87,794,035
Adjusted EPS - diluted ⁽⁵⁾	\$ (0.90)	\$ (0.38)	\$ 0.02

⁽¹⁾ Includes personnel-related expenses associated with establishing a site in the Salt Lake City area, which are included in "Sales and marketing," "Origination and servicing," "Engineering and product development" and "Other general and administrative" expense on the Company's Condensed Consolidated Statements of Operations. In the fourth quarter of 2018 and first quarter of 2019, also includes external advisory fees, which are included in "Other general and administrative" expense on the Company's Condensed Consolidated Statements of Operations.

⁽²⁾ Includes class action and regulatory litigation expense and legal and other expenses related to legacy issues, which are included in "Class action and regulatory litigation expense" and "Other general and administrative" expense, respectively, on the Company's Condensed Consolidated Statements of Operations. For the second quarter and year ended 2019, includes expense related to the termination of a legacy contract and legacy legal expenses, which are included in "Other general and administrative" expense on the Company's Condensed Consolidated Statements of Operations. For each of the quarters in 2019, also includes expense related to the dissolution of certain private funds managed by LCAM, which is included in "Net fair value adjustments" on the Company's Condensed Consolidated Statements of Operations.

⁽³⁾ In 2019, includes costs related to the acquisition of Radius. In 2017, represents incremental compensation expense required to be paid under the purchase agreement to retain key former shareholder employees of an acquired business.

⁽⁴⁾ Includes expenses related to certain non-legacy litigation and regulatory matters which are included in "Other general and administrative" expense on the Company's Consolidated Statements of Operations. For the second quarter of 2019, also includes a gain on the sale of our small business operating segment.

⁽⁵⁾ All share information and balances have been retroactively adjusted to reflect a 1-for-5 reverse stock split effective as of July 5, 2019.

Net Cash and Other Financial Assets

Net cash and other financial assets is calculated as cash and certain other assets and liabilities, including loans and securities available for sale, which are partially secured and offset by related credit facilities, and working capital.

(in thousands) (unaudited)	Three Months Ended							
	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
Cash and cash equivalents ⁽¹⁾	\$ 405,078	\$ 434,179	\$ 348,018	\$ 372,974	\$ 402,311	\$ 334,713	\$ 199,950	\$ 243,779
Restricted cash committed for loan purchases ⁽²⁾	25,687	26,820	27,778	31,118	24,632	31,945	84,536	68,001
Securities available for sale	128,424	149,804	165,442	170,469	197,509	220,449	246,559	270,927
Loans held for investment by the Company at fair value ⁽³⁾	317,458	9,621	12,198	2,583	8,757	5,027	4,211	43,693
Loans held for sale by the Company at fair value	248,344	515,307	459,283	840,021	552,166	435,083	710,170	722,355
Payable to securitization note and certificate holders ⁽³⁾	(280,915)	—	—	(256,354)	(233,269)	—	—	(40,610)
Credit facilities and securities sold under repurchase agreements	(74,000)	(349,232)	(305,336)	(458,802)	(263,863)	(324,426)	(509,107)	(587,453)
Other assets and liabilities ⁽²⁾	(91,534)	(108,517)	(29,015)	(31,241)	(8,541)	(12,089)	(31,795)	(6,226)
Net cash and other financial assets ⁽⁴⁾	\$ 678,542	\$ 677,982	\$ 678,368	\$ 670,768	\$ 679,702	\$ 690,702	\$ 704,524	\$ 714,466

⁽¹⁾ Variations in cash and cash equivalents are primarily due to variations in the amount and timing of loan purchases invested in by the Company.

⁽²⁾ In the fourth quarter of 2019, we added a new line item called "Other assets and liabilities" which is a total of "Accrued interest receivable," "Other assets," "Accounts payable," "Accrued interest payable" and "Accrued expenses and other liabilities," included on our Condensed Consolidated Balance Sheets. This line item represents certain assets and liabilities that impact working capital and are affected by timing differences between revenue and expense recognition and related cash activity. In the third quarter of 2019, we added a new line item called "Restricted cash committed for loan purchases," which represents cash and cash equivalents that are transferred to restricted cash for loans that are pending purchase by the Company. We believe this is a more complete representation of the Company's net cash and other financial assets position as of each period presented in the table above. Prior period amounts have been reclassified to conform to the current period presentation.

⁽³⁾ In the fourth quarter of 2019, the Company sponsored a new Structured Program transaction that was consolidated, resulting in an increase to "Loans held for investment by the Company at fair value" and the related "Payable to securitization note and certificate holders."

⁽⁴⁾ Comparable GAAP measure cannot be provided as not practicable.

Reconciliation of GAAP to Non-GAAP Financial Guidance ⁽¹⁾

	Three Months Ended	Year Ended
(in millions) (unaudited)	1Q 2020	2020
GAAP Consolidated net income (loss) ⁽²⁾	\$(5) - \$0	\$17 - \$37
Adjusted net income (loss) ⁽²⁾	\$(5) - \$0	\$17 - \$37
Stock-based compensation expense	19	79
Depreciation, amortization and other net adjustments	11	54
Adjusted EBITDA ⁽²⁾	\$25 - \$30	\$150 - \$170

⁽¹⁾ For the second half of 2020, reconciliation of comparable GAAP Consolidated Net Income (Loss) to Adjusted Net Income (Loss) cannot be provided as not practicable.

⁽²⁾ Guidance excludes certain items that are either non-recurring, do not contribute directly to management's evaluation of its operating results, or non-cash items, such as expenses related to our cost structure simplification, legal, regulatory and other expense related to legacy issues, acquisition and related expenses, and other items (including certain non-legacy litigation and/or regulatory settlement expenses and gains on disposal of certain assets).



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