LendingClub

First Quarter 2020 Results

May 5, 2020

Disclaimer

Some of the statements above, including statements regarding cost savings and other financial or other benefits of the acquisition of Radius, the ability and timing to satisfy the closing conditions for the Radius acquisition (including obtaining regulatory approval), our ability to effectuate and the effectiveness of certain strategy initiatives, borrower and investor demand, anticipated future financial results, the impact of the coronavirus, our ability to navigate the current economic environment, and the impact of a bank charter 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 Securities and Exchange Commission, as well as our subsequent reports on Form 10-Q and 10-K each as filed with the Securities and Exchange Commission. 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 Operating Expenses, non-GAAP Sales and Marketing expense, non-GAAP Origination and Servicing expense, non-GAAP Engineering and Product Development expense, non-GAAP Other General and Administrative expense, non-GAAP Adjusted Net Income (Loss), non-GAAP Adjusted Earnings Per Diluted Share, non-GAAP Contribution, non-GAAP Contribution Margin, non-GAAP Adjusted EBITDA, non-GAAP Adjusted EBITDA Margin, and non-GAAP Net cash and other financial assets, and non-GAAP Adjusted Investor Fee Revenue. 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.

2020 Updates & Approach

LendingClub

Macroeconomic Backdrop

COVID-19 has had a dramatic and sudden impact on the US economy

- Record breaking spikes in unemployment claims with the unemployment rate forecast to peak in Q2
- Macroeconomic uncertainty, dislocation of capital markets, and lower levels of liquidity for investors
- Unprecedented government action will help mitigate economic impact, but unclear to what extent:
  - Programs to inject liquidity into the funding markets
  - Additional unemployment benefits
  - One-time stimulus payments to families
  - Most consumer lenders offering payment deferral programs
  - Small business loan relief
- Given uncertain environment, LendingClub platform investors are evaluating their own capital and liquidity needs and assessing risk in their portfolios, leading to lower investor demand
- As a result, LendingClub originations are currently significantly reduced until the macroeconomic environment stabilizes

Taking decisive action against 5 guiding principles

1 Keep Our Employees Safe

- Rapidly and proactively implemented a work from home program, including crisis pay for personal and family care

2 Preserve Liquidity

- At end of Q1, LC had $550M in estimated Net Liquidity *(see page 6 of the presentation for detail)*. Recent actions will reduce expenses by a quarterly run rate of approximately $70M. Cash flow stress testing indicates we have sufficient liquidity through 2021.

3 Protect Investor Returns

- Until unemployment stabilizes and liquidity returns, significantly tightened credit and underwriting standards and raised rates
- Executed contingency plan to significantly increase collections and servicing capacity and maintain service levels

4 Support Our Members

- New originations weighted toward existing members with positive payment histories
- Launched 2-month payment deferral plan (Skip-a-Pay). As of April 30, approximately 11% of total loans outstanding were enrolled. Additional graduation and forbearance programs coming in May

5 Stay On Track for the Radius Acquisition

- Completing the Radius acquisition remains an important strategic priority and we remain in close contact with the regulators to accomplish this objective

Strong liquidity position (1 of 2)

Significant cash holdings with additional capital in loans held at fair value

	LendingClub Exposure & Liquidity as of 3/31/20					
Assets & Liabilities ($MM)	**Cash & Cash Equivalents[1]**	**AFS – Securities[2]**	**AFS – Retained Interest[2]**	**Loans Held for Sale[3]**	**Loans Held for Investment[4]**	**Total**
Fair Value (on balance sheet)	$294	$53	$203[5]	$614[5]	$6[5]	
Outstanding Principal Balance	n/a	n/a	$235	$695	$10	
Fair Value Carrying Amount	n/a	n/a	*86.5%*	*88.3%*	*59.5%*	
Related Debt Facilities	($110)	$ -	($121)	($390)	$ -	
Type of Debt Facilities (see next pg.)	*Revolver*		*2 Repo Lines/1 Term Loan*	*4 Warehouse Lines*		
Estimated Net Liquidity (at FV)	**$184**	**$53**	**$82**	**$224**	**$6**	**$550**

Asset Detail	Definition
Cash & Cash Equivalents[1]	Institutional money market funds, interest-bearing deposit accounts at investment grade financial institutions, certificates of deposit, and commercial paper
AFS – Securities[2]	Corporate debt securities, commercial paper, other ABS, and certificates of deposit; subset of Securities available for sale on the balance sheet of $256.6M as of 3/31/20
AFS – Retained Interest[2]	Asset-backed securities related to our Structured Program transactions; subset of Securities available for sale on the balance sheet of $256.6M as of 3/31/20
Loans Held for Sale[3]	Subset of Loans held for sale by the Company at fair value on the balance sheet of $741.7M as of 3/31/20; $127.7M of loans held for sale were held in consolidated structured program transactions with the risk of any losses held by third parties; please refer to page 15 of the earnings release for more detail.
Loans Held for Investment[4]	Subset of Loans held for investment by the Company on the balance sheet of $71.0M as of 3/31/20; please refer to page 15 of the earnings release for more detail

5) Fair value of level 3 assets determined using internal loan valuation models using estimates of future credit and prepayment estimates and liquidity premiums as of the balance sheet date

Strong liquidity position (2 of 2)

Diverse funding sources with varying maturity dates

Debt Facilities Detail ($MM)	Asset Held Against	Type	Rate	Used Amount	Unused Amount	Total	Revolving Maturity Date	Final Maturity Date
Revolver	Cash & Cash Equivalents	Committed	LIBOR + PRIME + Spread	$110.0	$10.0	$120.0	12/17/2020	12/17/2020
Term Loan 1	Retained Interest	Term Loan	3ML + Spread	$9.0	n/a	$9.0	n/a	11/12/2020
Repurchase Agreement 1	Retained Interest	Repo	Coupon + Spread	$42.8	n/a	$42.8	n/a	12/1/2026
Repurchase Agreement 2	Retained Interest	Repo	3ML + Spread	$69.3	n/a	$69.3	n/a	45-Day Evergreen
Warehouse Line 1	Loans Held for Sale	Committed	CP + Spread	$144.5	$105.5	$250.0	10/10/2020	10/10/2021
Warehouse Line 2	Loans Held for Sale	Committed	CP + Spread	$234.0	$16.0	$250.0	2/24/2022	2/24/2023
Warehouse Line 3	Loans Held for Sale	Term Loan	3ML + Spread	$11.5	n/a	$11.5	6/29/2021	6/29/2022
Warehouse Line 4	Loans Held for Sale	Committed	3ML + Spread	$0.0	$250.0	$250.0	6/15/2020	6/15/2021
Total Debt Facilities				**$621**	**$381**	**$1,002**		

- Previously used LC capital and available credit facilities to purchase loans for future structured program transactions; as of this filing all such use of capital has been paused
- *Revolver:* All liquidity scenarios assume full repayment
- *Repurchase Agreement 2:* Post Q120, the repurchase agreement was converted to a 45-day evergreen structure with initial maturity date of June 15
- *Warehouse Line 4:* Currently not being used because ABS transactions have been paused
- Warehouse triggers include amortization or reduction in advance rate; however, warehouses are non-recourse to LC

Reduced quarterly expense base by $70M[1] to reflect shift in operating environment

$70M[1]

Variable Expense Savings ($50M)

- Eliminated most marketing expenses
- Reduced or paused vendor and contractor spend
- Reduced discretionary spend
- Rescoped real estate plans

Restructuring Savings ($20M)

- Reduced staff by approximately 460 employees (preserving areas that position us for a recovery when the economy stabilizes)
- Base salary reductions for senior leadership through the remainder of the year
- CEO salary and board of director base retainer reduced by 30%

1) Reflects a comparison to 4Q19 operating expenses

Cash generation from servicing fees and loan portfolio can cover reduced operating expense base

- Maintaining a prudent liquidity position over the last several years enabled LendingClub to enter the crisis from a position of strength, with $550M of estimated Net Liquidity as of 3/31/20

- With the additional resizing of the cost base, the cash flows from servicing fees *(see page 22 of this presentation)* and the loan portfolio alone are sufficient to cover the cash flow expenses from operations – even under a $0 origination scenario

- Under multiple scenarios considering various maturities, triggers and recourse we believe that we have adequate liquidity to weather the storm and complete the acquisition of Radius bank

Our shift to higher quality credit over time has improved the average borrower profile

Prime Portfolio	2019	April 20, 2020
Avg. FICO	708	723
Avg. Income	$93,221	$109,792
Avg. Payment-to-Income	6.1%	5.4%
Joint Application %	17%	21%

Increased focus on servicing to support our members and protect investor returns

1 Operational Readiness

Use robust forecasting tools to deliver appropriate agent staffing to handle calls, and build self-service capabilities to enable quick and easy service for borrowers

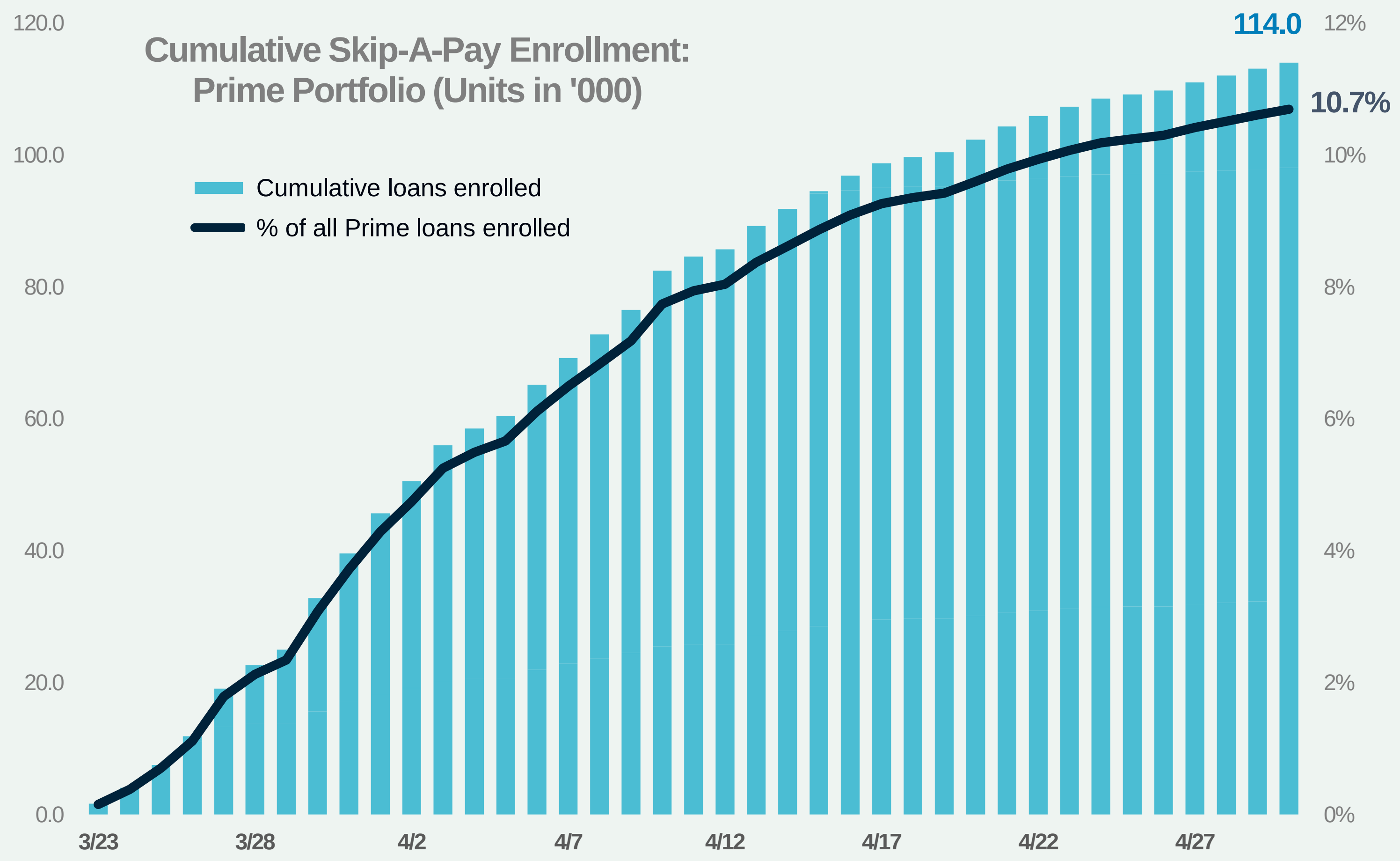
2 Flexible Payment Options

Offer a suite of payment plan options that fit borrowers' financial needs (both in the short- and long-term)

3 Proactive Engagement

Proactively engage with borrowers through outbound communications to help them stay on track and provide helpful tools and resources

Payment deferrals an important tool to support members and maximize investor returns



- Approximately 11% of outstanding personal loans in the Prime portfolio is enrolled as of the end of April (13% of total balances)
- Enrollment has been flattening over the last few weeks of April
- 93% of those enrolled overall in Skip-a-Pay were current upon enrollment
- 78% of those enrolled have never been delinquent with LC; 76% have no other bureau tradeline delinquencies in the past 24 months
- LendingClub historical data shows hardship plans are an effective tool to reduce losses

Near-Term Outlook

- Withdrew financial guidance until economy stabilizes
- We expect our near-term financial results to reflect the following trends:
  - Loan volumes expected to be down approximately 90% reflecting current economic environment
  - Cash flow from servicing book and loans held for sale offset operating expenses
  - No use of balance sheet through structured product offerings
  - Reduced operating costs reflecting April expense actions
  - Active monitoring of credit and liquidity markets and impacts on loan portfolio valuation
  - Active liquidity and debt facility management

What we are watching for:

1. **Stability** in the unemployment rate and initial unemployment claims
2. **Successful graduation rates** following deferrals and hardship plans
3. **Tightening of credit spreads and liquidity returning** to the capital markets

1Q 2020 Results & Financial Metrics

LendingClub

1Q 2020 Results

Results primarily reflect COVID-19-related adjustments to the fair value of loans and securities

	1Q20 Results	Commentary
Net Revenue	$120.2M	Driven by -$64M revaluation impact of loans held on the balance sheet and +$500M lower volumes; partially offset by $21M benefit from lower prepayment reserve and servicing asset valuation
GAAP Consolidated Net Loss	-$48.1M	Driven by revenue impact, partially offset by marketing spend reduction in mid-March in response to COVID-19
Adjusted EBITDA[1]	-$7.8M	
Adjusted EBITDA Margin[1]	-6.5%	
Adjusted Net Loss[1]	-$39.2M	

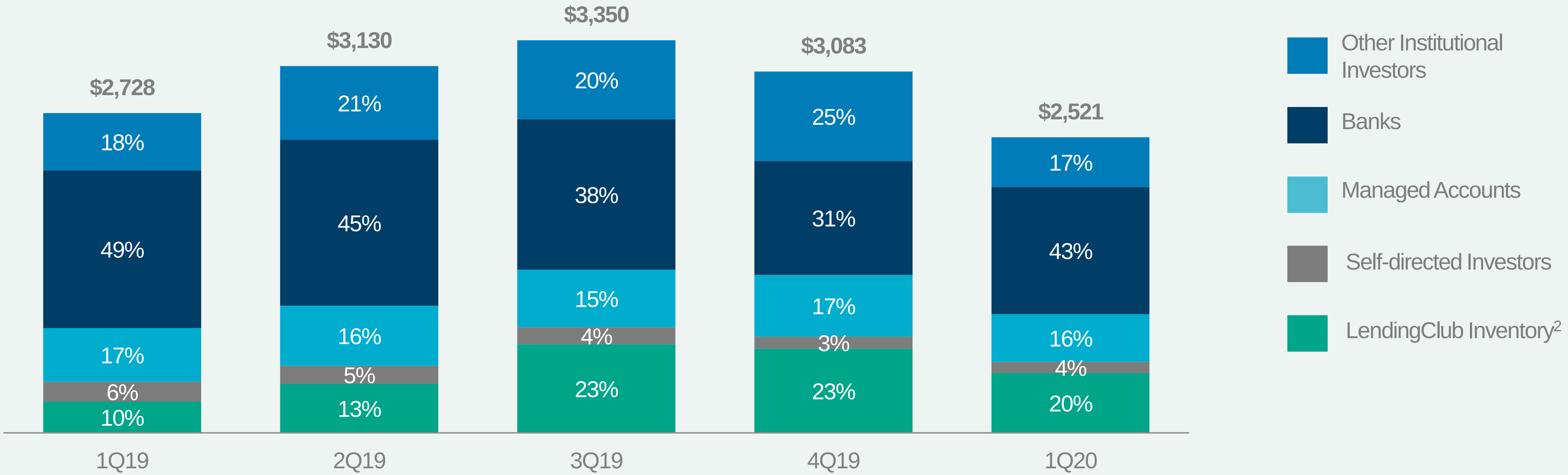
1) Represents a non-GAAP financial measure. Refer to the Appendix at the end of this presentation for additional information.

LendingClub

LendingClub Platform Investors

Platform Originations by Funding Source[1]

($ in millions; as a % of total platform originations)



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.

Loan Originations & Revenue

Net Investor Revenue impacted by fair value adjustments for the quarter

Quarterly Loan Originations[1]

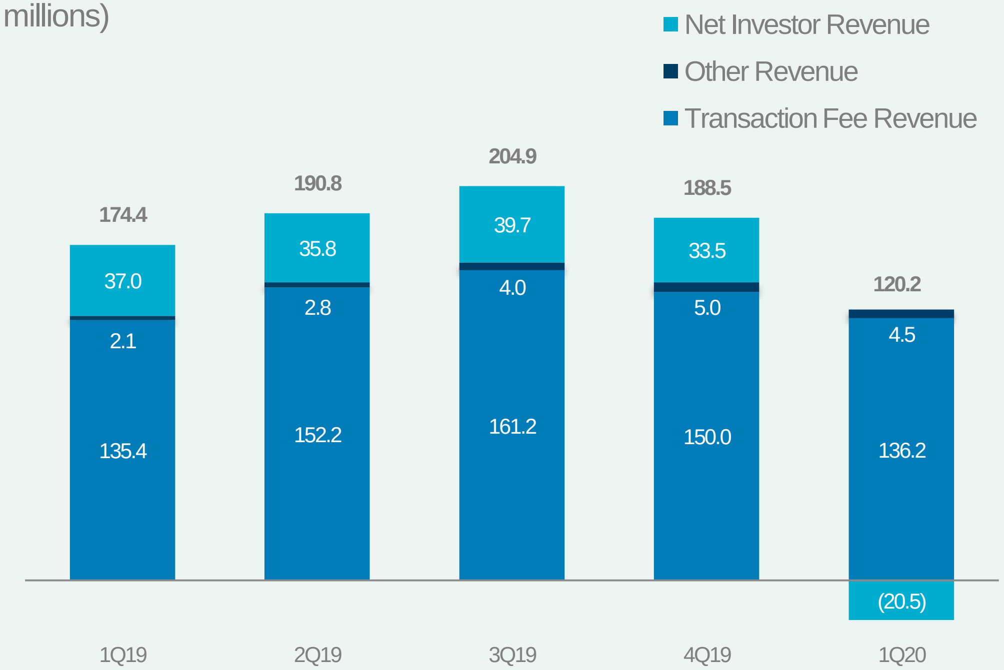
($ in millions)

Growth (%)

YoY	18%	11%	16%	7%	(8%)

Quarterly Total Net Revenue[1]

($ in millions)



Growth (%)

YoY	15%	8%	11%	4%	(31%)
Yield	6.39%	6.10%	6.12%	6.11%	4.77%

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.

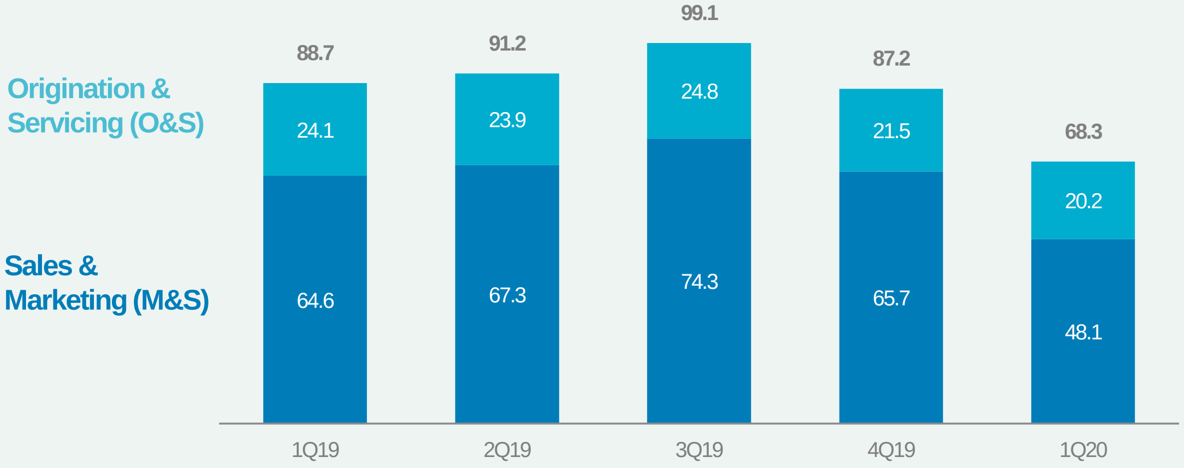
LendingClub

Contribution[2]

Contribution margin impacted revenue by fair value adjustments for the quarter, partially offset by lower M&S spend

Quarterly expenses impacting Contribution Margin[1]

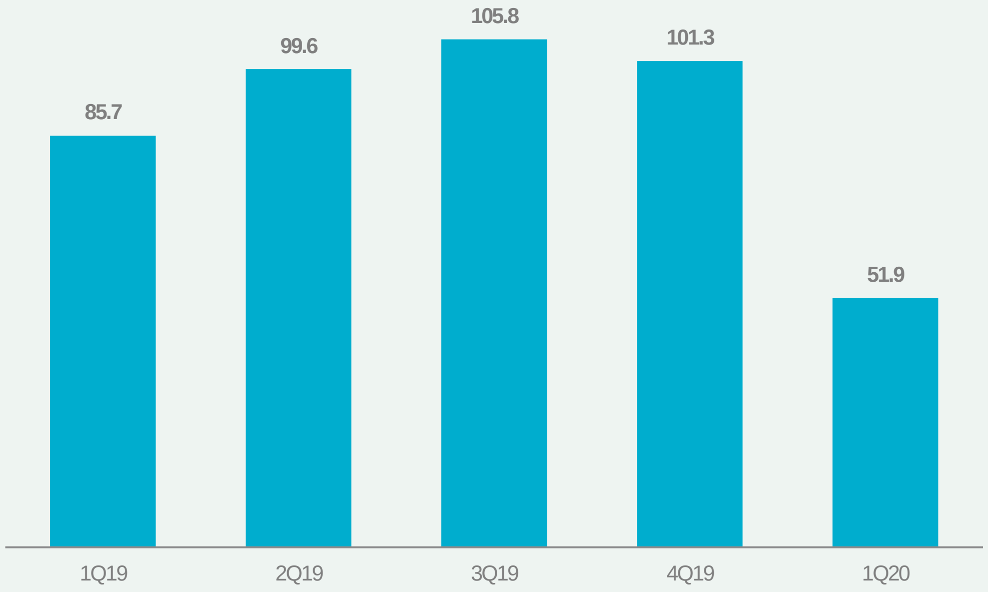
($ in millions)



	1Q19	2Q19	3Q19	4Q19	1Q20
O&S % of Originations	0.88%	0.76%	0.74%	0.70%	0.80%
M&S % of Originations	2.37%	2.15%	2.22%	2.13%	1.91%
Total % of Originations	3.25%	2.91%	2.96%	2.83%	2.71%
Total % of Revenues	50.9%	47.8%	48.4%	46.3%	56.8%

Quarterly Contribution Margin[1,2]

($ in millions)



	1Q19	2Q19	3Q19	4Q19	1Q20
Margin % of Revenue	49.1%	52.2%	51.6%	53.7%	43.2%

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.

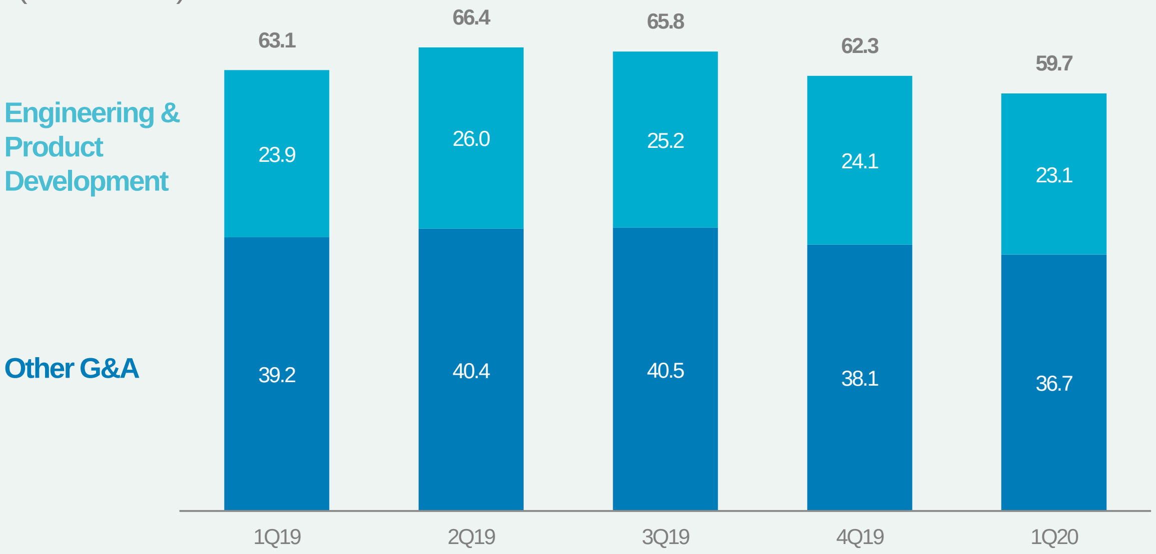
LendingClub

Adjusted EBITDA Margin[2]

Adjusted EBITDA impacted by revenue fair value adjustments for the quarter

Quarterly Expenses impacting Adjusted EBITDA Margin[1]

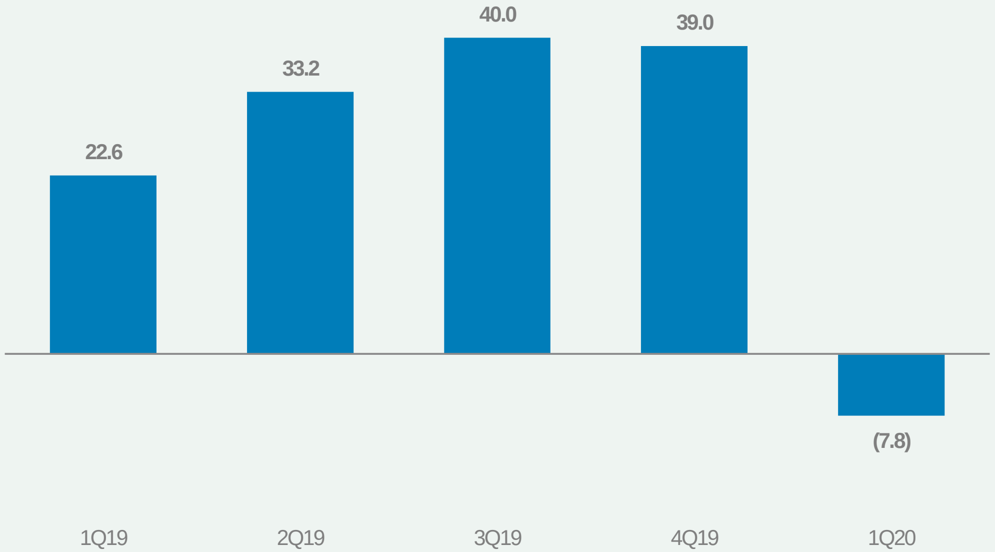
($ in millions)



Eng. & PD (% of Rev.)	13.7%	13.6%	12.3%	12.8%	19.2%
Other G&A (% of Rev.)	22.5%	21.2%	19.8%	20.2%	30.5%
Total % of Revenue	36.2%	34.8%	32.1%	33.0%	49.7%

Quarterly Adjusted EBITDA[1, 2]

($ in millions)



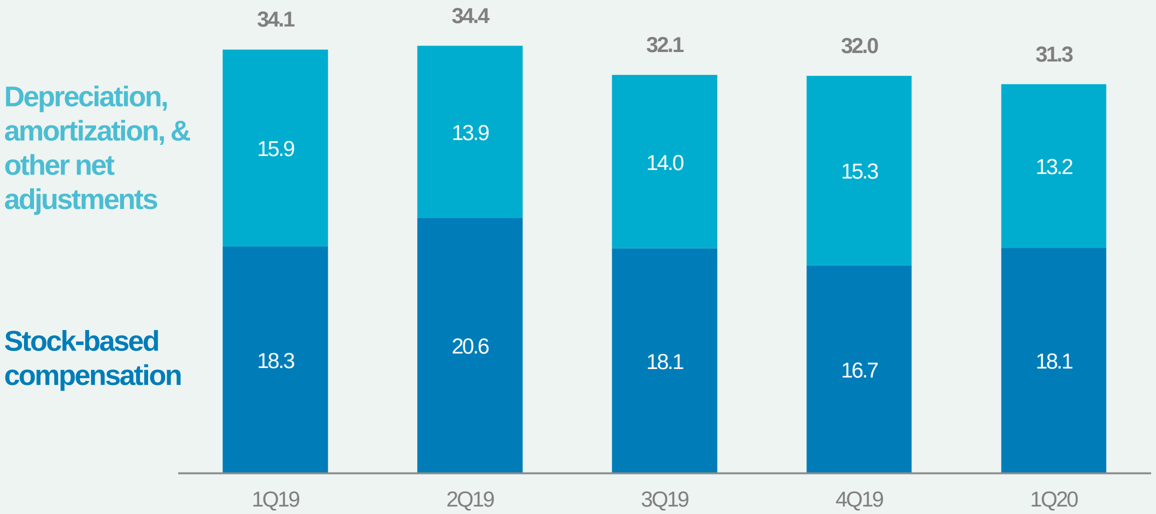
Margin % of Revenue	13.0%	17.4%	19.5%	20.7%	(6.5%)

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.

LendingClub

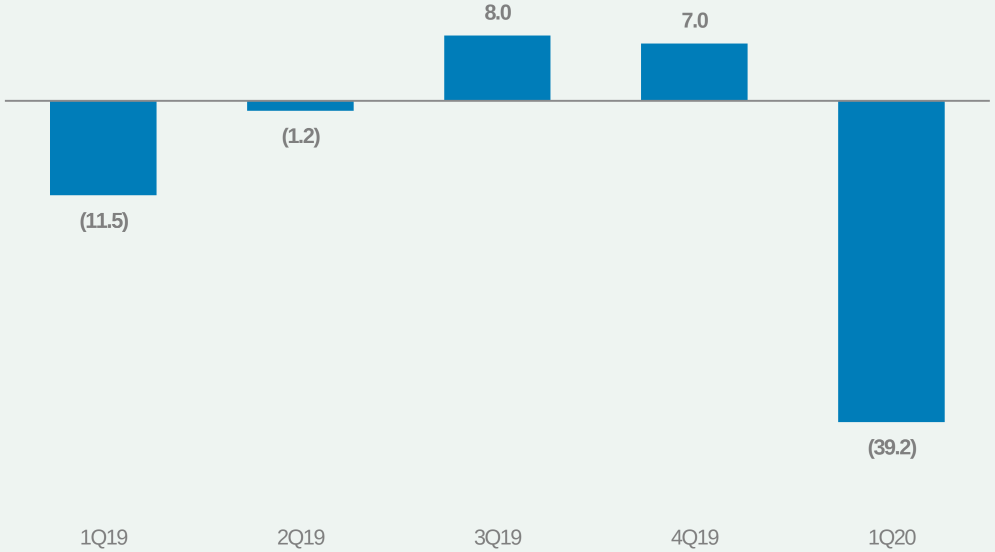
Adjusted Net Income (Loss)[2]

Quarterly Expenses impacting Adjusted Net Income (Loss)[1]
($ in millions)



D&A + other (% of Rev.)	9.1%	7.3%	6.8%	8.0%	11.0%
SBC (% of Rev.)	10.5%	10.8%	8.8%	8.9%	15.1%
Total % of Revenue	19.6%	18.0%	15.7%	17.0%	26.1%

Quarterly Adjusted Net Income (Loss)[1, 2]
($ in millions)



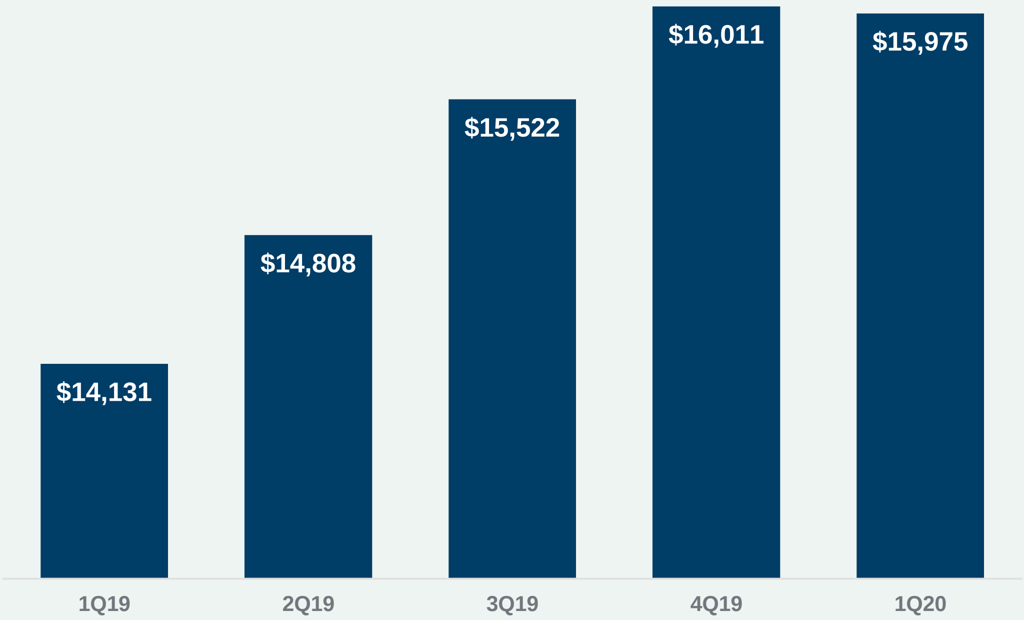
Margin % of Revenue	(6.6%)	(0.6%)	3.9%	3.7%	(32.6%)

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.

$16B servicing portfolio drove +$50M in cash from investor fees in 1Q20

Servicing Portfolio Balance[1]

($ in millions)

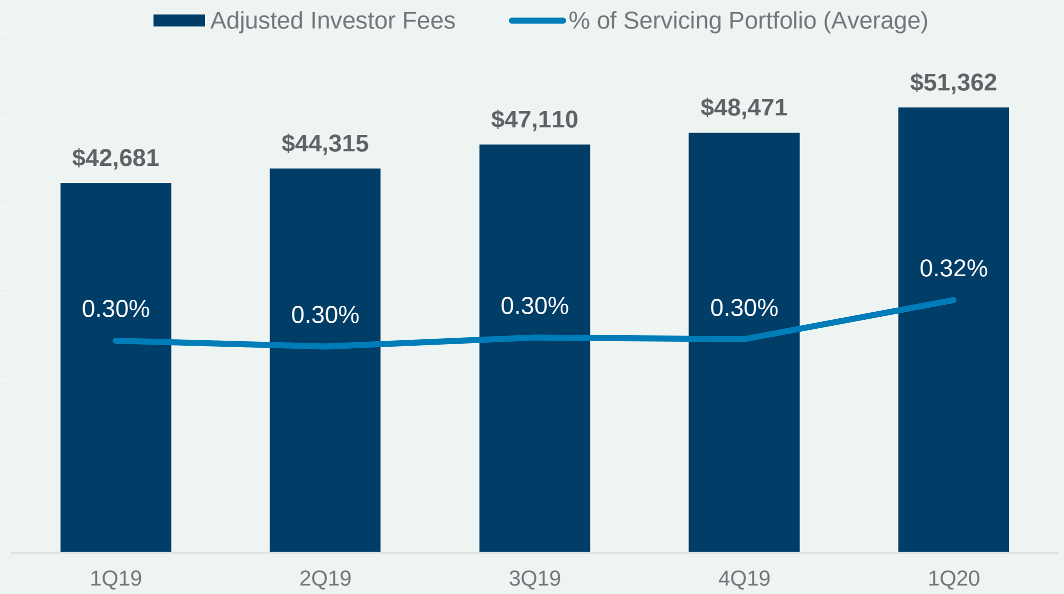


Growth (%)

	1Q19	2Q19	3Q19	4Q19	1Q20
YoY	18%	18%	17%	16%	13%

Adjusted Investor Fee Revenue[2]

($ in thousands)



	1Q19	2Q19	3Q19	4Q19	1Q20
YoY	29%	28%	23%	22%	20%

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).
2) Adjusted Investor Fee Revenue is a non-GAAP financial measure that excludes the impact of changes in fair value of our servicing asset/liability over the life of the loan.

LendingClub

Appendix:
Financial Reconciliations

LendingClub

GAAP to Non-GAAP Reconciliation: Operating Expenses

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except percentages) (unaudited)	2017	2018	2019	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Total net revenue	**$ 574,540**	**$ 694,812**	**$ 758,607**	**$ 176,979**	**$ 184,645**	**$ 181,521**	**$ 174,418**	**$ 190,807**	**$ 204,896**	**$ 188,486**	**$ 120,206**
GAAP sales and marketing	$ 229,865	$ 268,517	$ 279,423	$ 69,046	$ 73,601	$ 68,353	$ 66,623	$ 69,323	$ 76,255	$ 67,222	$ 49,784
Stock-based compensation expense	7,654	7,362	6,095	2,023	1,791	1,688	1,571	1,540	1,505	1,479	1,663
Cost structure simplification expense [(1)]	—	131	1,410	—	—	131	468	445	454	43	31
Non-GAAP sales and marketing	**$ 222,211**	**$ 261,024**	**$ 271,918**	**$ 67,023**	**$ 71,810**	**$ 66,534**	**$ 64,584**	**$ 67,338**	**$ 74,296**	**$ 65,700**	**$ 48,090**
% Total net revenue	*38.7%*	*37.6%*	*35.8%*	*37.9%*	*38.9%*	*36.7%*	*37.0%*	*35.3%*	*36.3%*	*34.9%*	*40.0%*
GAAP origination and servicing	$ 86,891	$ 99,376	$ 103,403	$ 25,593	$ 25,431	$ 25,707	$ 28,273	$ 24,931	$ 27,996	$ 22,203	$ 20,994
Stock-based compensation expense	4,804	4,322	3,155	1,102	1,104	1,044	924	846	852	533	636
Cost structure simplification expense [(1)]	—	749	5,908	—	—	749	3,238	201	2,324	145	144
Non-GAAP origination and servicing	**$ 82,087**	**$ 94,305**	**$ 94,340**	**$ 24,491**	**$ 24,327**	**$ 23,914**	**$ 24,111**	**$ 23,884**	**$ 24,820**	**$ 21,525**	**$ 20,214**
% Total net revenue	*14.3%*	*13.6%*	*12.4%*	*13.8%*	*13.2%*	*13.2%*	*13.8%*	*12.5%*	*12.1%*	*11.4%*	*16.8%*
GAAP engineering and product development	$ 142,264	$ 155,255	$ 168,380	$ 37,650	$ 41,216	$ 39,552	$ 42,546	$ 43,299	$ 41,455	$ 41,080	$ 38,710
Stock-based compensation expense	22,047	20,478	19,860	5,464	5,332	4,403	5,231	5,475	4,737	4,417	4,615
Depreciation and amortization	36,790	45,037	49,207	10,197	13,221	12,372	13,373	11,838	11,464	12,532	10,423
Cost structure simplification expense [(1)]	—	—	15	—	—	—	7	8	10	(10)	—
Other items [(4)]	—	—	—	—	—	—	—	—	—	—	615
Non-GAAP engineering and product development	**$ 83,427**	**$ 89,740**	**$ 99,298**	**$ 21,989**	**$ 22,663**	**$ 22,777**	**$ 23,935**	**$ 25,978**	**$ 25,244**	**$ 24,141**	**$ 23,057**
% Total net revenue	*14.5%*	*12.9%*	*13.1%*	*12.4%*	*12.3%*	*12.5%*	*13.7%*	*13.6%*	*12.3%*	*12.8%*	*19.7%*
GAAP other general and administrative, legal, regulatory and other expense related to legacy issues and goodwill impairment	$ 268,933	$ 299,774	$ 238,292	$ 105,478	$ 67,184	$ 61,303	$ 56,876	$ 64,324	$ 59,485	$ 57,607	$ 58,486
Stock-based compensation expense	36,478	42,925	44,529	11,208	11,544	10,583	10,526	12,690	11,001	10,312	11,215
Depreciation	5,130	5,852	6,446	1,420	1,488	1,525	1,542	1,596	1,569	1,739	1,603
Acquisition and related expenses [(2)]	349	—	932	—	—	—	—	—	—	932	3,611
Amortization of intangibles	4,288	3,875	3,499	959	940	941	940	866	845	848	846
Cost structure simplification expense [(1)]	—	5,902	2,600	—	—	5,902	559	1,280	655	106	53
Goodwill impairment	—	35,633	—	35,633	—	—	—	—	—	—	—
Legal, regulatory and other expense related to legacy issues [(3)]	80,250	53,518	19,609	18,501	15,474	2,570	4,145	6,791	4,142	4,531	4,476
Other items [(4)]	—	—	2,453	—	—	—	—	704	749	1,000	6
Non-GAAP other general and administrative	**$ 142,438**	**$ 152,069**	**$ 158,224**	**$ 37,757**	**$ 37,738**	**$ 39,782**	**$ 39,164**	**$ 40,397**	**$ 40,524**	**$ 38,139**	**$ 36,676**
% Total net revenue	*24.8%*	*21.9%*	*20.9%*	*21.3%*	*20.4%*	*21.9%*	*22.5%*	*21.2%*	*19.8%*	*20.2%*	*30.5%*

(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 and 2020, 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) In the first quarter of 2020, includes one-time expenses resulting from the COVID-19 pandemic. In 2019, includes expenses related to certain non-legacy litigation and regulatory matters. 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.

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except percentages) (unaudited)	2017	2018	2019	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
GAAP LendingClub net income (loss)	$ (153,835)	$ (128,308)	$ (30,745)	$ (60,861)	$ (22,804)	$ (13,462)	$ (19,935)	$ (10,661)	$ (383)	$ 234	$ (48,087)
GAAP general and administrative expense:											
Engineering and product development	142,264	155,255	168,380	37,650	41,216	39,552	42,546	43,299	41,455	41,080	38,710
Other general and administrative	191,683	228,641	238,292	57,583	57,446	61,303	56,876	64,324	59,485	57,607	58,486
Cost structure simplification expense [1]	—	880	7,318	—	—	880	3,706	646	2,778	188	175
Goodwill impairment	—	35,633	—	35,633	—	—	—	—	—	—	—
Class action and regulatory litigation expense	77,250	35,500	—	12,262	9,738	—	—	—	—	—	—
Stock-based compensation expense: [2]											
Sales and marketing	7,654	7,362	6,095	2,023	1,791	1,688	1,571	1,540	1,505	1,479	1,663
Origination and servicing	4,804	4,322	3,155	1,102	1,104	1,044	924	846	852	533	636
Income tax expense (benefit)	632	43	(201)	24	(38)	18	—	(438)	97	140	319
Contribution	**$ 270,452**	**$ 339,328**	**$ 392,294**	**$ 85,416**	**$ 88,453**	**$ 91,023**	**$ 85,688**	**$ 99,556**	**$ 105,789**	**$ 101,261**	**$ 51,902**
Total net revenue	$ 574,540	$ 694,812	$ 758,607	$ 176,979	$ 184,645	$ 181,521	$ 174,418	$ 190,807	$ 204,896	$ 188,486	$ 120,206
Contribution margin	**47.1%**	**48.8%**	**51.7%**	**48.3%**	**47.9%**	**50.1%**	**49.1%**	**52.2%**	**51.6%**	**53.7%**	**43.2%**

[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 as a Percent of Originations

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except percentages or as noted) (unaudited) [(1)]	2017	2018	2019	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Loan originations ($ mm)	**$ 8,987**	**$ 10,882**	**$ 12,290**	**$ 2,818**	**$ 2,886**	**$ 2,871**	**$ 2,728**	**$ 3,130**	**$ 3,350**	**$ 3,083**	**$ 2,521**
Total net revenue	**$ 574,540**	**$ 694,812**	**$ 758,607**	**$ 176,979**	**$ 184,645**	**$ 181,521**	**$ 174,418**	**$ 190,807**	**$ 204,896**	**$ 188,486**	**$ 120,206**
% of loan originations	*6.39%*	*6.38%*	*6.17%*	*6.28%*	*6.40%*	*6.32%*	*6.39%*	*6.10%*	*6.12%*	*6.11%*	*4.77%*
Non-GAAP sales and marketing	$ 222,211	$ 261,024	$ 271,918	$ 67,023	$ 71,810	$ 66,534	$ 64,584	$ 67,338	$ 74,296	$ 65,700	$ 48,090
Non-GAAP origination and servicing	$ 82,087	$ 94,305	$ 94,340	$ 24,491	$ 24,327	$ 23,914	$ 24,111	$ 23,884	$ 24,820	$ 21,525	$ 20,214
Total non-GAAP sales and marketing & origination and servicing [(1)]	**$ 304,298**	**$ 355,329**	**$ 366,258**	**$ 91,514**	**$ 96,137**	**$ 90,448**	**$ 88,695**	**$ 91,222**	**$ 99,116**	**$ 87,225**	**$ 68,304**
% of loan originations	*3.39%*	*3.27%*	*2.98%*	*3.25%*	*3.33%*	*3.15%*	*3.25%*	*2.91%*	*2.96%*	*2.83%*	*2.71%*
(Income) Loss attributable to noncontrolling interests	$ 210	$ (155)	$ (55)	$ (49)	$ (55)	$ (50)	$ (35)	$ (29)	$ 9	$ —	$ —
Contribution	**$ 270,452**	**$ 339,328**	**$ 392,294**	**$ 85,416**	**$ 88,453**	**$ 91,023**	**$ 85,688**	**$ 99,556**	**$ 105,789**	**$ 101,261**	**$ 51,902**
% of loan originations	*3.01%*	*3.12%*	*3.19%*	*3.03%*	*3.06%*	*3.17%*	*3.14%*	*3.18%*	*3.16%*	*3.28%*	*2.06%*

[(1)] There may be differences between the sum of the quarterly results and the total annual results due to rounding.

Adjusted Net Income (Loss), Adjusted EBITDA, and Adjusted EBITDA Margin 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.

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except per share data) (unaudited)	2017	2018	2019	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
GAAP LendingClub net income (loss)	$ (153,835)	$ (128,308)	$ (30,745)	$ (60,861)	$ (22,804)	$ (13,462)	$ (19,935)	$ (10,661)	$ (383)	$ 234	$ (48,087)
Cost structure simplification expense [(1)]	—	6,782	9,933	—	—	6,782	4,272	1,934	3,443	284	228
Goodwill impairment	—	35,633	—	35,633	—	—	—	—	—	—	—
Legal, regulatory and other expense related to legacy issues [(2)]	80,250	53,518	19,609	18,501	15,474	2,570	4,145	6,791	4,142	4,531	4,476
Acquisition and related expense [(3)]	349	—	932	—	—	—	—	—	—	932	3,611
Other items [(4)]	—	—	2,453	—	—	—	—	704	749	1,000	621
Adjusted net income (loss)	**$ (73,236)**	**$ (32,375)**	**$ 2,182**	**$ (6,727)**	**$ (7,330)**	**$ (4,110)**	**$ (11,518)**	**$ (1,232)**	**$ 7,951**	**$ 6,981**	**$ (39,151)**
Depreciation and impairment expense:											
Engineering and product development	36,790	45,037	49,207	10,197	13,221	12,372	13,373	11,838	11,464	12,532	10,423
Other general and administrative	5,130	5,852	6,446	1,420	1,488	1,525	1,542	1,596	1,569	1,739	1,603
Amortization of intangible assets	4,288	3,875	3,499	959	940	941	940	866	845	848	846
Stock-based compensation expense	70,983	75,087	73,639	19,797	19,771	17,718	18,252	20,551	18,095	16,741	18,129
Income tax expense (benefit)	632	43	(201)	24	(38)	18	—	(438)	97	140	319
Adjusted EBITDA	**$ 44,587**	**$ 97,519**	**$ 134,772**	**$ 25,670**	**$ 28,052**	**$ 28,464**	**$ 22,589**	**$ 33,181**	**$ 40,021**	**$ 38,981**	**$ (7,831)**
Total net revenue	$ 574,540	$ 694,812	$ 758,607	$ 176,979	$ 184,645	$ 181,521	$ 174,418	$ 190,807	$ 204,896	$ 188,486	$ 120,206
Adjusted EBITDA Margin	**7.8%**	**14.0%**	**17.8%**	**14.5%**	**15.2%**	**15.7%**	**13.0%**	**17.4%**	**19.5%**	**20.7%**	**(6.5)%**

(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) In the first quarter of 2020, includes one-time expenses resulting from the COVID-19 pandemic which are included in “Engineering and product development” and “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations. In 2019, includes expenses related to certain non-legacy litigation and regulatory matters. For the second quarter of 2019, also includes a gain on the sale of our small business operating segment. Both of these are included in “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations.

Adjusted EPS Reconciliation

Adjusted EPS is a non-GAAP financial measure calculated by dividing Adjusted Net Income (Loss) attributable to both common and preferred stockholders by the weighted-average diluted common and preferred shares outstanding.

	Year Ended Dec. 31,			Three Months Ended							
(in thousands, except per share data) (unaudited)	2017	2018	2019	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common Stock	Common and Preferred Stock [1]
Adjusted net income (loss) attributable to stockholders	$ (73,236)	$ (32,375)	$ 2,182	$ (6,727)	$ (7,330)	$ (4,110)	$ (11,518)	$ (1,232)	$ 7,951	$ 6,981	$ (39,151)
Weighted average GAAP diluted shares [2][3]	81,799,189	84,583,461	87,278,596	84,238,897	84,871,828	85,539,436	86,108,871	86,719,049	87,588,495	88,912,677	89,085,270
Non-GAAP diluted shares [2][3]	81,799,189	84,583,461	87,794,035	84,238,897	84,871,828	85,539,436	86,108,871	86,719,049	87,588,495	88,912,677	89,085,270
Adjusted EPS - diluted [3]	$ (0.90)	$ (0.38)	$ 0.02	$ (0.08)	$ (0.09)	$ (0.05)	$ (0.13)	$ (0.01)	$ 0.09	$ 0.08	$ (0.44)

[1] Presented on an as-converted basis, as the preferred stock is considered common shares because it participates in earnings similar to common stock and does not receive any significant preferences over the common stock.
[2] In the first quarter of 2020, includes the total weighted-average shares outstanding of both common and preferred stock on an as-converted basis.
[3] Share information and balances have been retroactively adjusted, as applicable, 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.

	Three Months Ended							
(in thousands) (unaudited)	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20
Cash and cash equivalents [1]	$ 434,179	$ 348,018	$ 372,974	$ 402,311	$ 334,713	$ 199,950	$ 243,779	$ 294,345
Restricted cash committed for loan purchases [2]	26,820	27,778	31,118	24,632	31,945	84,536	68,001	4,572
Securities available for sale	149,804	165,442	170,469	197,509	220,449	246,559	270,927	256,554
Loans held for investment by the Company at fair value [3]	9,621	12,198	2,583	8,757	5,027	4,211	43,693	71,003
Loans held for sale by the Company at fair value	515,307	459,283	840,021	552,166	435,083	710,170	722,355	741,704
Payable to Structured Program note and certificate holders [3]	—	—	(256,354)	(233,269)	—	—	(40,610)	(206,092)
Credit facilities and securities sold under repurchase agreements	(349,232)	(305,336)	(458,802)	(263,863)	(324,426)	(509,107)	(587,453)	(621,020)
Other assets and liabilities [2]	(108,517)	(29,015)	(31,241)	(8,541)	(12,089)	(31,795)	(6,226)	61,107
Net cash and other financial assets [4]	**$ 677,982**	**$ 678,368**	**$ 670,768**	**$ 679,702**	**$ 690,702**	**$ 704,524**	**$ 714,466**	**$ 602,173**

(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) Beginning 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 Structured Program note and certificate holders."

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

LendingClub