LendingClub

Second Quarter 2019 Results

August 6, 2019

Disclaimer

Some of the statements in this presentation 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; 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 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. 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.

Additional information about LendingClub is available in the prospectus for LendingClub’s notes, which can be obtained on LendingClub’s website at https://www.lendingclub.com/info/prospectus.action.

2Q19 Highlights

Record results.

- Record loan originations of $3.1B, up 11% YoY
- Record net revenue of $190.8M, up 8% YoY
- Record Adjusted EBITDA of $33.2M, up 29% YoY
- Record loans under management with loan servicing portfolio of $14.8B, up 18% YoY

Innovation, simplification program and partnerships are transforming LendingClub.

- Data driven innovation is growing applications and improving conversion, accelerating application to approval times (72% in 24 hours in 2Q, up 26pts)
- 35% of loans purchased by investors in 2Q through structured program channels developed over the last 2 years
- Leveraging our world class demand generation and conversion capabilities, strong credit assessment credentials, and very high customer satisfaction rates
- Launch of next generation Certificate program and Select Plus Platform

Simplification program implementation ahead of plan.

- 309 FTE in new Lehi, UT facility at quarter end; growing to fill most of 550 FTE capacity by year end
- 450+ Business Process Outsourcing FTE employees, lowering unit costs, improving our capabilities, and swapping fixed cost for variable cost
- San Francisco footprint reduced by 125,000 sq ft by end of 2Q19
- Further initiatives underway to leverage LendingClub's scale

Strong momentum towards full year goals.

- On track to be Adjusted Net Income profitable in 3Q 2019
- Raising full year Adjusted EBITDA and Adjusted Net Income guidance

2Q19 – Strong momentum towards full year goals.

	2Q19 Guidance Range	2Q19 Results	YoY
Net Revenue	$185M – $195M	$190.8M	+8%
GAAP Consolidated Net Loss	($11M) – ($6M)	$(10.6M)	+$50.2M
Adjusted EBITDA	$25M – $30M	$33.2M	+29%
Adjusted EBITDA Margin	12.8% – 16.2%	17.4%	+2.9pts
Adjusted Net Loss[1]	($11M) – ($6M)	$(1.2M)	+$5.5M

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 $6.8 million of legal, regulatory and other expense related to legacy issues, $1.9 million of expenses related to our cost structure simplification and $0.7 million of other items. Refer to the Appendix at the end of this presentation for additional information.

Third Quarter and Full Year Guidance

($ in millions)	Q3 2019	FY 2019	Prior FY 2019	Notes
Total Net Revenue	$200 – $210	$765 – $795	$765 – $795	
GAAP Consolidated Net Income (Loss)[1]	$0 – $5	$(38) – $(23)	$(37) – $(17)	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, 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)[1]	$0 – $5	$(20) – $(5)	$(29) – $(9)	
Adjusted EBITDA[1]	$35 – $40	$120 – $135	$115 – $135	

1) 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. Full year guidance now reflects such items that have been recognized during the first half of 2019. See Appendix for a reconciliation of these non-GAAP measures.

LendingClub's Business Model

LendingClub

An Online Marketplace

Borrowers

3M+
Mainstream Consumers

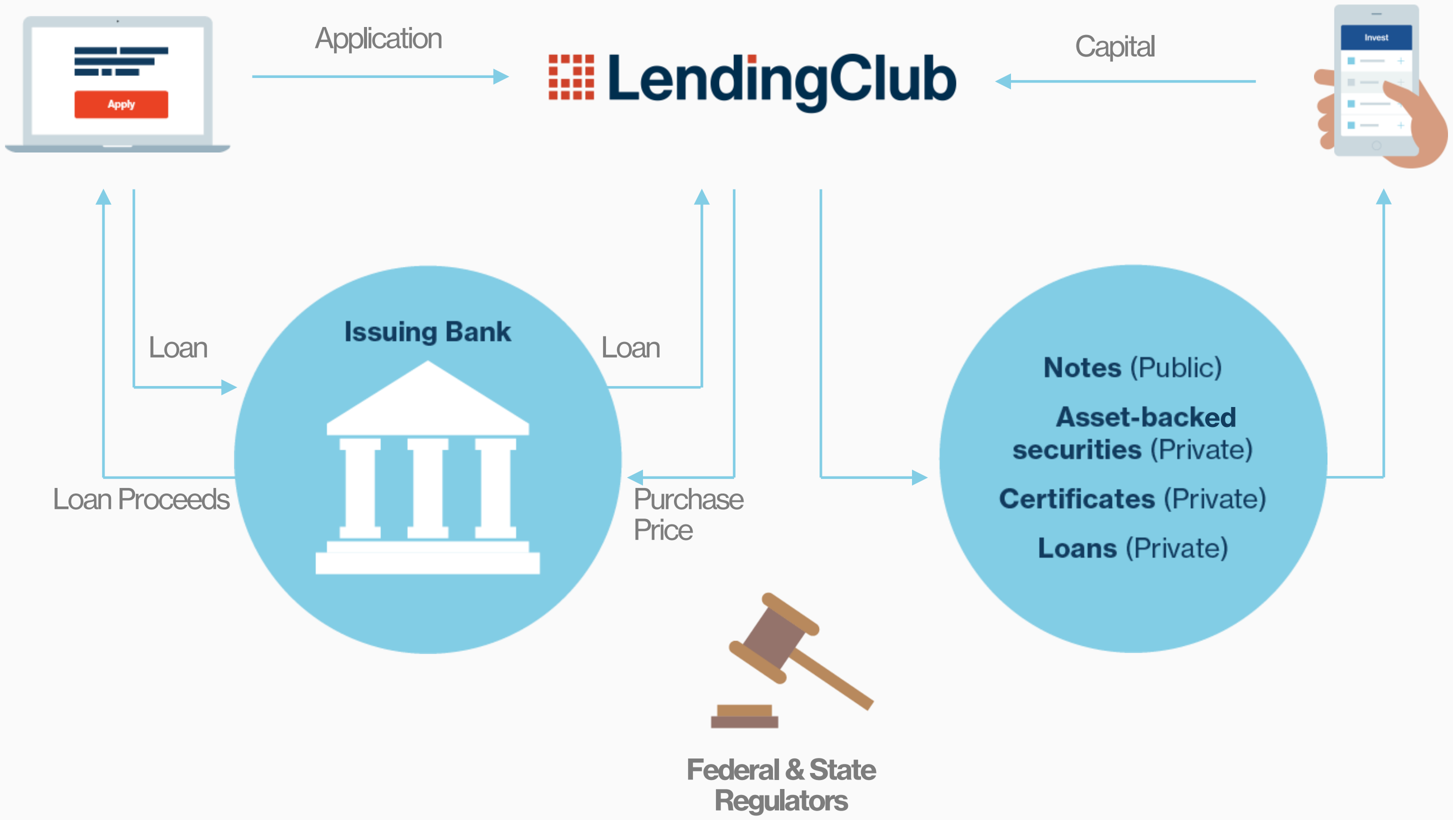
600-850
FICO Range

$68K
Median Income

12.7%
Average APR

up to $40k
Loan Size

$16k
Average Loan Size



Investors

200k+
Self-directed individuals

80+
Managed Accounts

60+
Banks

90+
Institutions

1.6-7.5%
Range of Returns

16 months
Average Duration

Our Competitive Advantage

LendingClub provides tools that help Americans save money on their path to financial health through lower borrowing costs and a seamless user experience. We also seek to help investors efficiently generate competitive risk-adjusted returns through diversification.

The company is the market leader in personal loans – a $130 billion+ industry and the fastest growing segment of consumer credit in the United States – and has an estimated potential immediate addressable market opportunity of more than $445 billion.

The company's marketplace gives it unique strengths that enable it to expand its market opportunity, competitive advantage, and growth potential:

- Our marketplace model generates savings for borrowers by **finding and matching the lowest available cost of capital with the right borrower** and attracts investors with a low cost of capital by efficiently generating competitive returns and duration diversification
- Our broad spectrum of investors enables us to **serve more borrowers** and to enhance our **marketing efficiency**
- Scale, data, and innovation enable us to **generate and convert demand efficiently** while **managing price and credit risk effectively** (3M+ customers)

The company is enhancing its operating leverage and capacity to generate cash with efficiency initiatives.

See more information at: ir.lendingclub.com

Financial Metrics

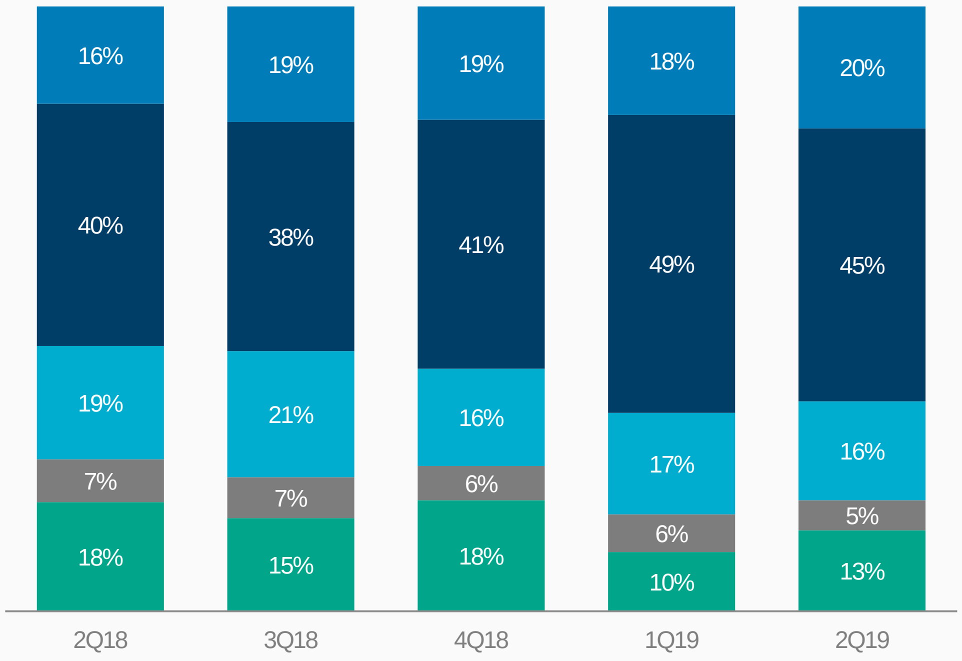
LendingClub

LendingClub Platform Investors

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

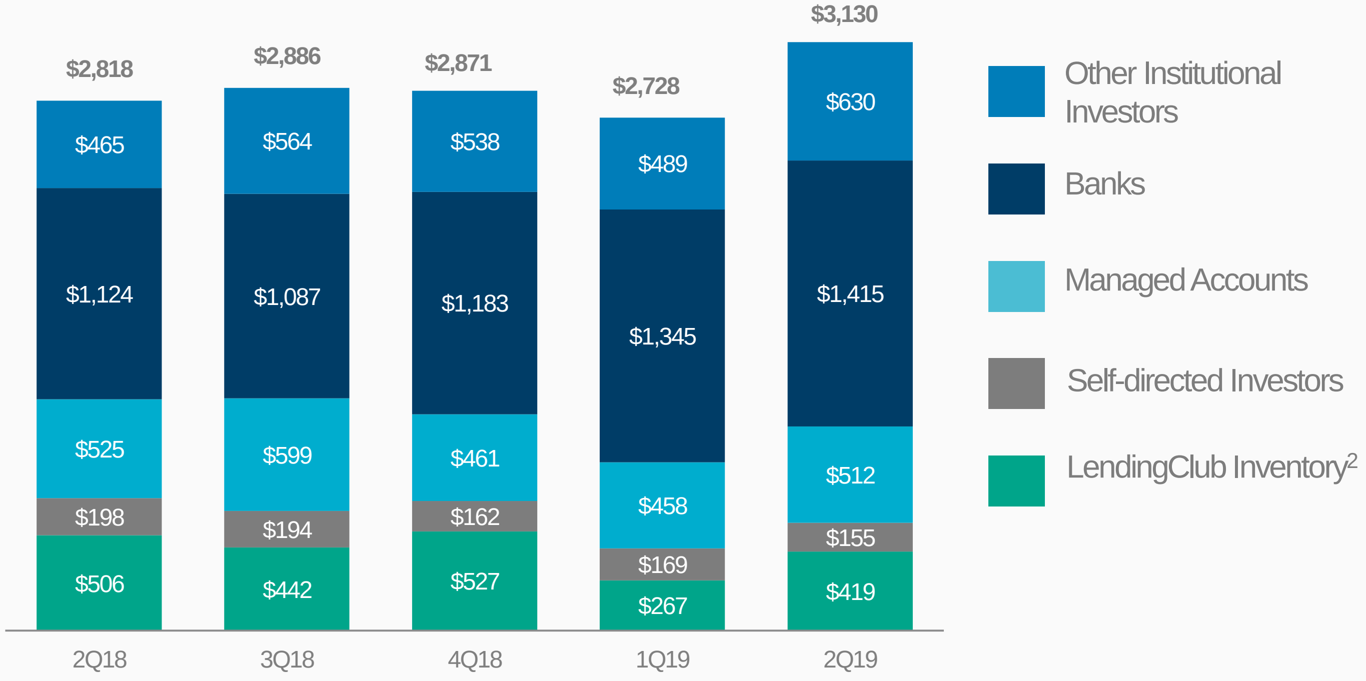
Originations Mix by Funding Source

(as a % of total platform originations)



Platform Originations by Funding Source[1]

($ in millions)

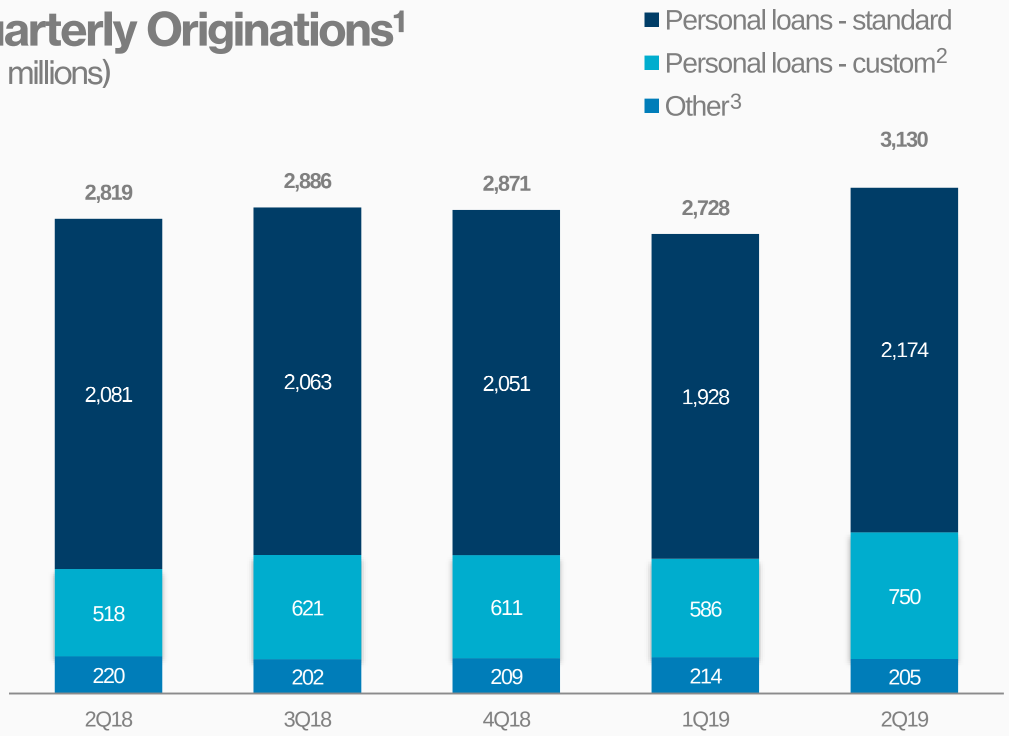


1) There may be differences between the sum of the quarterly results due to rounding.
2) Represents the percentage of loan originations in the period that were purchased or pending purchase by the Company during the period, excluding loans held by the Company through consolidated securitization trusts, and not yet sold as of the period end. 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 11% and net revenue by 8% year-over-year.

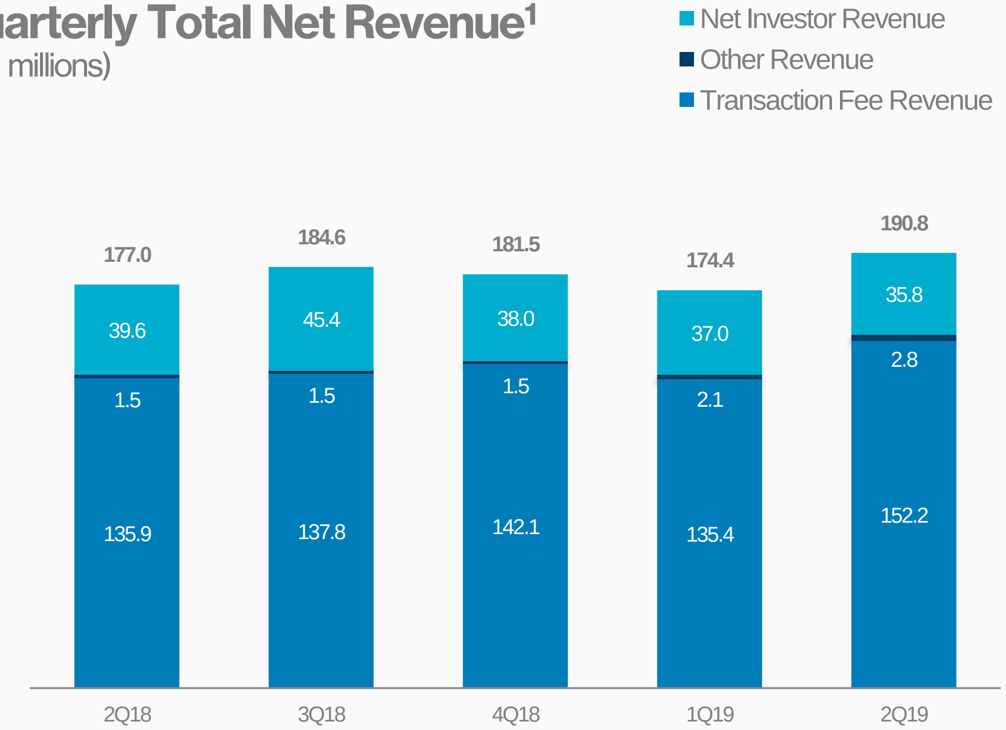
Quarterly Originations[1]
($ in millions)



Growth (%)

YoY	31%	18%	18%	18%	11%

Quarterly Total Net Revenue[1]
($ in millions)



Growth (%)

YoY	27%	20%	16%	15%	8%
Yield	6.28%	6.40%	6.32%	6.39%	6.10%

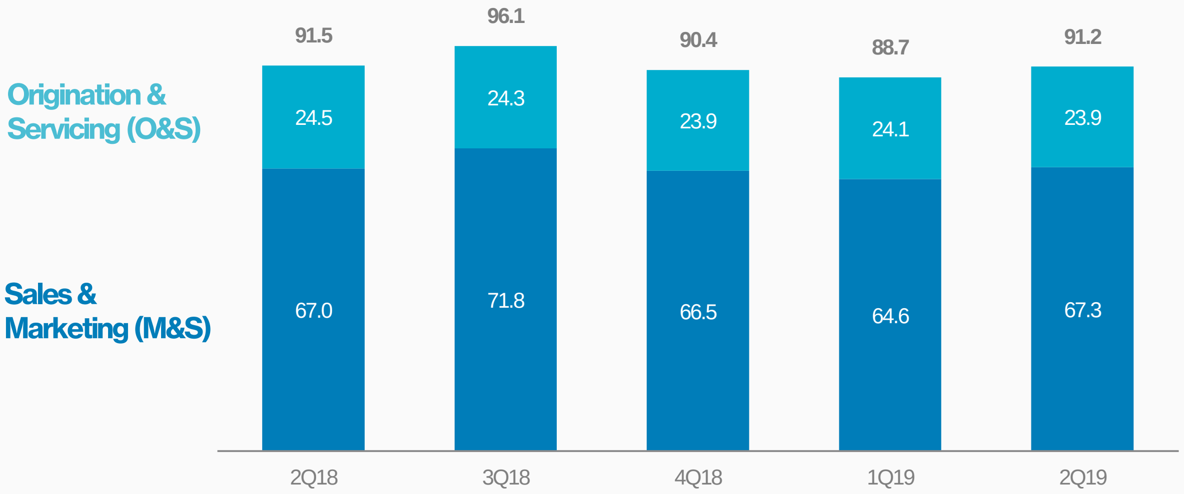
1) There may be differences between the sum of the quarterly results due to rounding.
2) Personal loans - custom includes loans made to near-prime and super-prime borrowers, as well as testing program originations.
3) In the second quarter of 2019, the Company sold certain assets relating to its small business operating segment and announced that it will connect applicants looking for a small business loan with strategic partners and earn certain 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 will no longer include small business loans.

Contribution[2]

Achieved record quarterly Contribution of $99.6M, or 52.2% of net revenue – driven by efficiencies in marketing and operations.

Quarterly expenses impacting Contribution Margin[1]

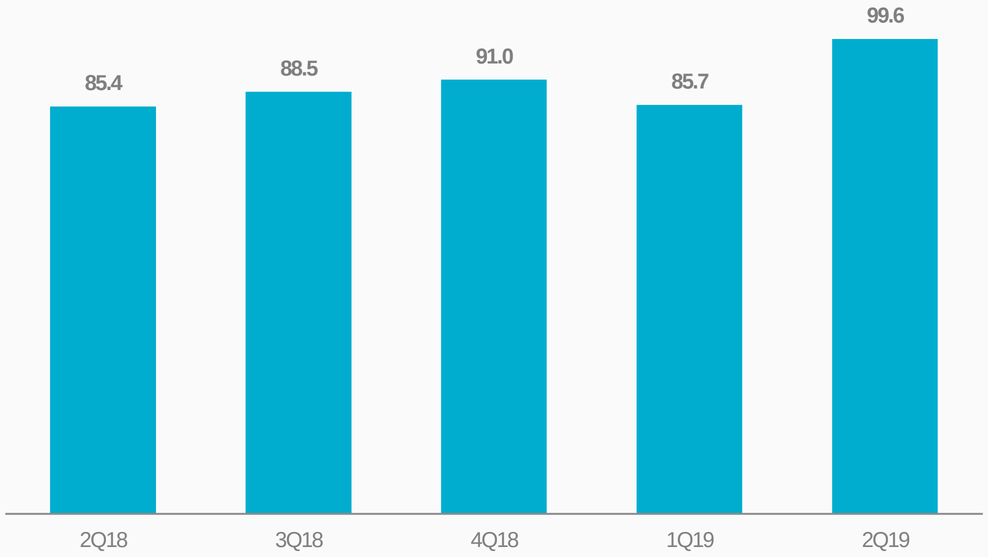
($ in millions)



	2Q18	3Q18	4Q18	1Q19	2Q19
O&S % of Originations	0.87%	0.84%	0.83%	0.88%	0.76%
M&S % of Originations	2.38%	2.49%	2.32%	2.37%	2.15%
Total % of Originations	3.25%	3.33%	3.15%	3.25%	2.91%
Total % of Revenues	51.7%	52.1%	49.8%	50.9%	47.8%

Quarterly Contribution Margin[1,2]

($ in millions)



	2Q18	3Q18	4Q18	1Q19	2Q19
Margin % of Revenue	48.3%	47.9%	50.1%	49.1%	52.2%

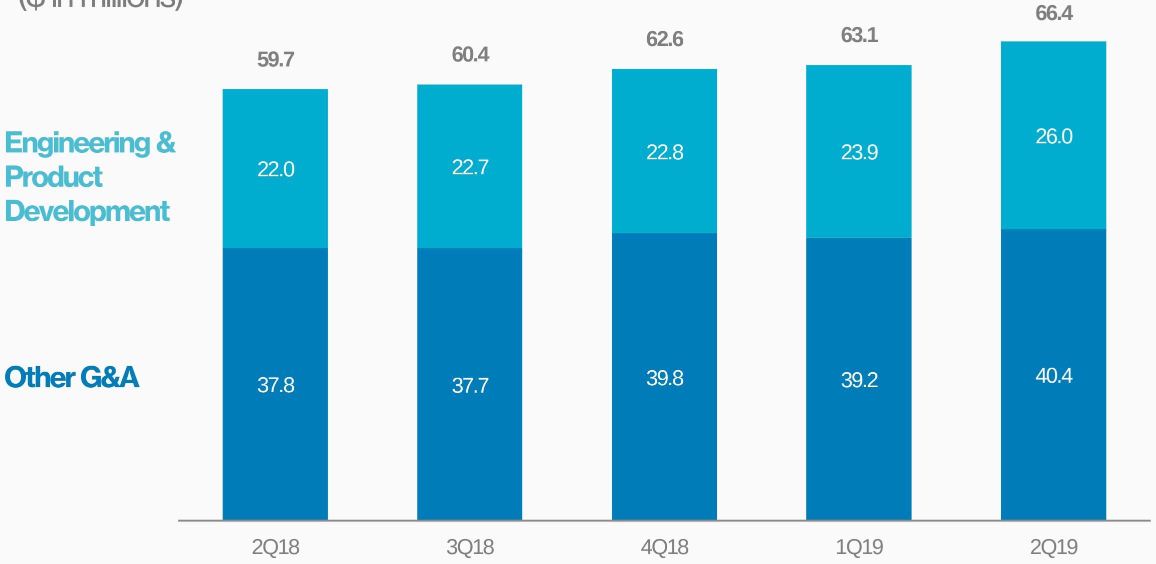
1) There may be differences between the sum of the quarterly results due to rounding.
2) Contribution is calculated as net revenue less "Sales and marketing" and "Origination and servicing" expenses on the Company's Statements of Operations, adjusted to exclude cost structure simplification and non-cash 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.

Adjusted EBITDA Margin[2]

Adjusted EBITDA up 29% year-over-year. Delivered 2.9pts of margin improvement year-over-year through operating leverage.

Quarterly Expenses impacting Adjusted EBITDA Margin[1]

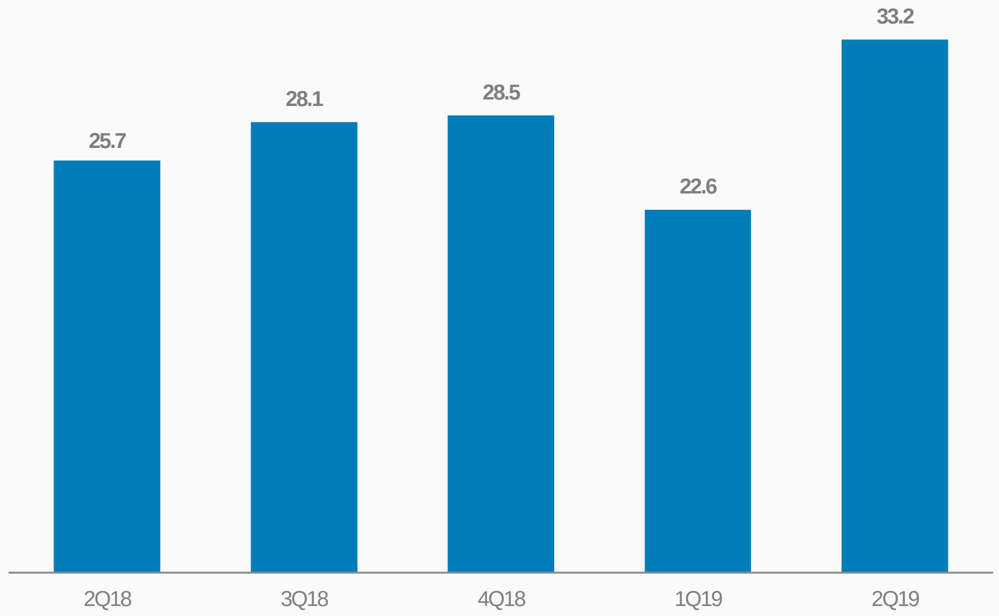
($ in millions)



Eng. & PD (% of Rev.)	12.4%	12.3%	12.5%	13.7%	13.6%
Other G&A (% of Rev.)	21.3%	20.4%	21.9%	22.5%	21.2%
Total % of Revenue	33.8%	32.7%	34.5%	36.2%	34.8%

Quarterly Adjusted EBITDA Margin[1, 2]

($ in millions)



Margin % of Revenue	14.5%	15.2%	15.7%	13.0%	17.4%

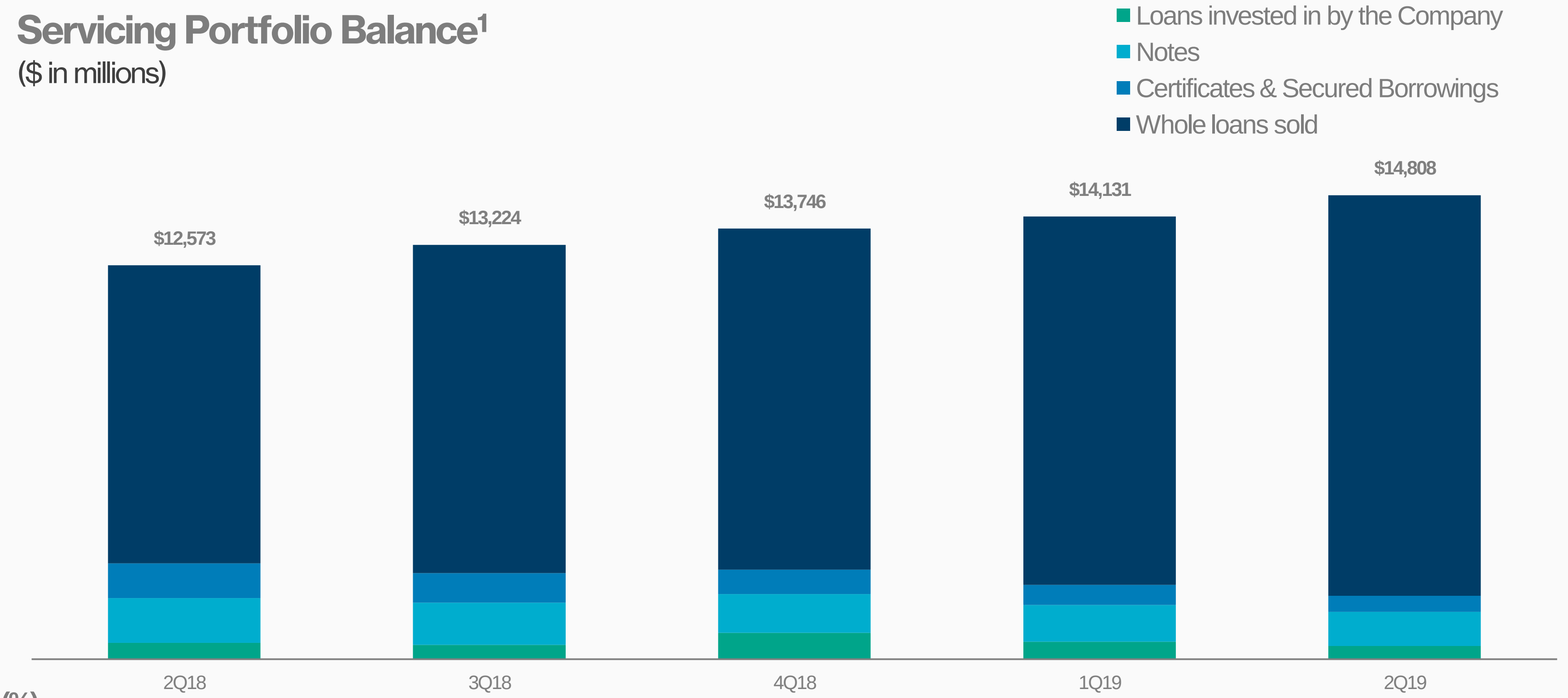
1) There may be differences between the sum of the quarterly results due to rounding.
2) Adjusted EBITDA is a non-GAAP financial measure defined as net income (loss) attributable to LendingClub adjusted to exclude (1) cost structure simplification expense, (2) goodwill impairment, (3) legal, regulatory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

Servicing Portfolio Recurring Revenue

Total portfolio grew 18% YoY to a record $14.8B.

Servicing Portfolio Balance[1]

($ in millions)



Growth (%)

	2Q18	3Q18	4Q18	1Q19	2Q19
YoY	13%	15%	15%	18%	18%

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

LendingClub

GAAP to Non-GAAP Reconciliation: Operating Expenses

	Year Ended Dec. 31,		Three Months Ended								Six Months Ended	
(in thousands, except percentages) (unaudited)	2017	2018	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2Q18	2Q19
Total net revenue	**$ 574,540**	**$ 694,812**	**$ 154,030**	**$ 156,455**	**$ 151,667**	**$ 176,979**	**$ 184,645**	**$ 181,521**	**$ 174,418**	**$ 190,807**	**$ 328,646**	**$ 365,225**
GAAP sales and marketing	$ 229,865	$ 268,517	$ 59,570	$ 60,130	$ 57,517	$ 69,046	$ 73,601	$ 68,353	$ 66,623	$ 69,323	$ 126,563	$ 135,946
Stock-based compensation expense	7,654	7,362	1,591	1,797	1,860	2,023	1,791	1,688	1,571	1,540	3,883	3,111
Cost structure simplification expense (1)	—	131	—	—	—	—	—	131	468	445	—	913
Non-GAAP sales and marketing	**$ 222,211**	**$ 261,024**	**$ 57,979**	**$ 58,333**	**$ 55,657**	**$ 67,023**	**$ 71,810**	**$ 66,534**	**$ 64,584**	**$ 67,338**	**$ 122,680**	**$ 131,922**
% Total net revenue	*38.7%*	*37.6%*	*37.6%*	*37.3%*	*36.7%*	*37.9%*	*38.9%*	*36.7%*	*37.0%*	*35.3%*	*37.3%*	*36.1%*
GAAP origination and servicing	$ 86,891	$ 99,376	$ 21,321	$ 23,847	$ 22,645	$ 25,593	$ 25,431	$ 25,707	$ 28,273	$ 24,931	$ 48,238	$ 53,204
Stock-based compensation expense	4,804	4,322	1,049	985	1,072	1,102	1,104	1,044	924	846	2,174	1,770
Cost structure simplification expense (1)	—	749	—	—	—	—	—	749	3,238	201	—	3,439
Non-GAAP origination and servicing	**$ 82,087**	**$ 94,305**	**$ 20,272**	**$ 22,862**	**$ 21,573**	**$ 24,491**	**$ 24,327**	**$ 23,914**	**$ 24,111**	**$ 23,884**	**$ 46,064**	**$ 47,995**
% Total net revenue	*14.3%*	*13.6%*	*13.2%*	*14.6%*	*14.2%*	*13.8%*	*13.2%*	*13.2%*	*13.8%*	*12.5%*	*14.0%*	*13.1%*
GAAP engineering and product development	$ 142,264	$ 155,255	$ 32,860	$ 37,926	$ 36,837	$ 37,650	$ 41,216	$ 39,552	$ 42,546	$ 43,299	$ 74,487	$ 85,845
Stock-based compensation expense	22,047	20,478	4,640	5,046	5,279	5,464	5,332	4,403	5,231	5,475	10,743	10,706
Depreciation and amortization	36,790	45,037	9,026	11,487	9,247	10,197	13,221	12,372	13,373	11,838	19,444	25,211
Cost structure simplification expense (1)	—	—	—	—	—	—	—	—	7	8	—	15
Non-GAAP engineering and product development	**$ 83,427**	**$ 89,740**	**$ 19,194**	**$ 21,393**	**$ 22,311**	**$ 21,989**	**$ 22,663**	**$ 22,777**	**$ 23,935**	**$ 25,978**	**$ 44,300**	**$ 49,913**
% Total net revenue	*14.5%*	*12.9%*	*12.5%*	*13.7%*	*14.7%*	*12.4%*	*12.3%*	*12.5%*	*13.7%*	*13.6%*	*13.5%*	*13.7%*
GAAP other general and administrative, legal, regulatory and other expense related to legacy issues and goodwill impairment	$ 268,933	$ 299,774	$ 46,925	$ 125,939	$ 65,809	$ 105,478	$ 67,184	$ 61,303	$ 56,876	$ 64,324	$ 171,287	$ 121,200
Stock-based compensation expense	36,478	42,925	8,826	8,463	9,590	11,208	11,544	10,583	10,526	12,690	20,798	23,216
Depreciation	5,130	5,852	1,246	1,281	1,419	1,420	1,488	1,525	1,542	1,596	2,839	3,138
Acquisition and related expenses	349	—	—	—	—	—	—	—	—	—	—	—
Amortization of intangibles	4,288	3,875	1,034	1,035	1,035	959	940	941	940	866	1,994	1,806
Cost structure simplification expense (1)	—	5,902	—	—	—	—	—	5,902	559	1,280	—	1,839
Goodwill impairment	—	35,633	—	—	—	35,633	—	—	—	—	35,633	—
Legal, regulatory and other expense related to legacy issues (2)	80,250	53,518	—	80,250	16,973	18,501	15,474	2,570	4,145	6,791	35,474	10,936
Other items (3)	—	—	—	—	—	—	—	—	—	704	—	704
Non-GAAP other general and administrative	**$ 142,438**	**$ 152,069**	**$ 35,819**	**$ 34,910**	**$ 36,792**	**$ 37,757**	**$ 37,738**	**$ 39,782**	**$ 39,164**	**$ 40,397**	**$ 74,549**	**$ 79,561**
% Total net revenue	*24.8%*	*21.9%*	*23.3%*	*22.3%*	*24.3%*	*21.3%*	*20.4%*	*21.9%*	*22.5%*	*21.2%*	*22.7%*	*21.8%*

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

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								Six Months Ended	
(in thousands, except percentages) (unaudited)	2017	2018	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2Q18	2Q19
GAAP LendingClub net income (loss)	$ (153,835)	$ (128,308)	$ (6,530)	$ (92,007)	$ (31,181)	$ (60,861)	$ (22,804)	$ (13,462)	$ (19,935)	$ (10,661)	$ (92,042)	$ (30,596)
GAAP general and administrative expense:												
Engineering and product development	142,264	155,255	32,860	37,926	36,837	37,650	41,216	39,552	42,546	43,299	74,487	85,845
Other general and administrative	191,683	228,641	46,925	48,689	52,309	57,583	57,446	61,303	56,876	64,324	109,892	121,200
Cost structure simplification expense (1)	—	880	—	—	—	—	—	880	3,706	646	—	4,352
Goodwill impairment	—	35,633	—	—	—	35,633	—	—	—	—	35,633	—
Class action and regulatory litigation expense	77,250	35,500	—	77,250	13,500	12,262	9,738	—	—	—	25,762	—
Stock-based compensation expense: (2)												
Sales and marketing	7,654	7,362	1,591	1,797	1,860	2,023	1,791	1,688	1,571	1,540	3,883	3,111
Origination and servicing	4,804	4,322	1,049	985	1,072	1,102	1,104	1,044	924	846	2,174	1,770
Income tax expense (benefit)	632	43	13	711	39	24	(38)	18	—	(438)	63	(438)
Contribution	**$ 270,452**	**$ 339,328**	**$ 75,908**	**$ 75,351**	**$ 74,436**	**$ 85,416**	**$ 88,453**	**$ 91,023**	**$ 85,688**	**$ 99,556**	**$ 159,852**	**$ 185,244**
Total net revenue	$ 574,540	$ 694,812	$ 154,030	$ 156,455	$ 151,667	$ 176,979	$ 184,645	$ 181,521	$ 174,418	$ 190,807	$ 328,646	$ 365,225
Contribution margin	**47.1%**	**48.8%**	**49.3%**	**48.2%**	**49.1%**	**48.3%**	**47.9%**	**50.1%**	**49.1%**	**52.2%**	**48.6%**	**50.7%**

(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 as a Percent of Originations

(in thousands, except percentages or as noted) (unaudited) [1]	Year Ended Dec. 31, 2017	Year Ended Dec. 31, 2018	Three Months Ended 3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	Six Months Ended 2Q18	Six Months Ended 2Q19
Loan originations ($ mm)	**$ 8,987**	**$ 10,882**	**$ 2,443**	**$ 2,438**	**$ 2,306**	**$ 2,818**	**$ 2,886**	**$ 2,871**	**$ 2,728**	**$ 3,130**	**$ 5,124**	**$ 5,857**
Total net revenue	**$ 574,540**	**$ 694,812**	**$ 154,030**	**$ 156,455**	**$ 151,667**	**$ 176,979**	**$ 184,645**	**$ 181,521**	**$ 174,418**	**$ 190,807**	**$ 328,646**	**$ 365,225**
% of loan originations	*6.39%*	*6.38%*	*6.31%*	*6.42%*	*6.58%*	*6.28%*	*6.40%*	*6.32%*	*6.39%*	*6.10%*	*6.41%*	*6.24%*
Non-GAAP sales and marketing	$ 222,211	$ 261,024	$ 57,979	$ 58,333	$ 55,657	$ 67,023	$ 71,810	$ 66,534	$ 64,584	$ 67,338	$ 122,680	$ 131,922
Non-GAAP origination and servicing	$ 82,087	$ 94,305	$ 20,272	$ 22,862	$ 21,573	$ 24,491	$ 24,327	$ 23,914	$ 24,111	$ 23,884	$ 46,064	$ 47,995
Total non-GAAP sales and marketing & origination and servicing [1]	**$ 304,298**	**$ 355,329**	**$ 78,251**	**$ 81,195**	**$ 77,230**	**$ 91,514**	**$ 96,137**	**$ 90,448**	**$ 88,695**	**$ 91,222**	**$ 168,744**	**$ 179,917**
% of loan originations	*3.39%*	*3.27%*	*3.20%*	*3.33%*	*3.35%*	*3.25%*	*3.33%*	*3.15%*	*3.25%*	*2.91%*	*3.29%*	*3.07%*
(Income) Loss attributable to noncontrolling interests	$ 210	$ (155)	$ 129	$ 91	$ (1)	$ (49)	$ (55)	$ (50)	$ (35)	$ (29)	$ (50)	$ (64)
Contribution	**$ 270,452**	**$ 339,328**	**$ 75,908**	**$ 75,351**	**$ 74,436**	**$ 85,416**	**$ 88,453**	**$ 91,023**	**$ 85,688**	**$ 99,556**	**$ 159,852**	**$ 185,244**
% of loan originations	*3.01%*	*3.12%*	*3.11%*	*3.09%*	*3.23%*	*3.03%*	*3.06%*	*3.17%*	*3.14%*	*3.18%*	*3.12%*	*3.16%*

[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, 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, and (4) 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) other items, (5) depreciation, impairment and amortization expense, (6) stock-based compensation expense, (7) income tax expense (benefit), and (8) acquisition related expenses. 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.

	Year Ended Dec. 31,		Three Months Ended								Six Months Ended	
(in thousands, except per share data) (unaudited)	2017	2018	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	2Q18	2Q19
GAAP LendingClub net loss	$ (153,835)	$ (128,308)	$ (6,530)	$ (92,007)	$ (31,181)	$ (60,861)	$ (22,804)	$ (13,462)	$ (19,935)	$ (10,661)	$ (92,042)	$ (30,596)
Cost structure simplification expense [1]	—	6,782	—	—	—	—	—	6,782	4,272	1,934	—	6,206
Goodwill impairment	—	35,633	—	—	—	35,633	—	—	—	—	35,633	—
Legal, regulatory and other expense related to legacy issues [2]	80,250	53,518	—	80,250	16,973	18,501	15,474	2,570	4,145	6,791	35,474	10,936
Other items [3]	—	—	—	—	—	—	—	—	—	704	—	704
Adjusted net loss	**$ (73,585)**	**$ (32,375)**	**$ (6,530)**	**$ (11,757)**	**$ (14,208)**	**$ (6,727)**	**$ (7,330)**	**$ (4,110)**	**$ (11,518)**	**$ (1,232)**	**$ (20,935)**	**$ (12,750)**
Depreciation and impairment expense:												
Engineering and product development	36,790	45,037	9,026	11,487	9,247	10,197	13,221	12,372	13,373	11,838	19,444	25,211
Other general and administrative	5,130	5,852	1,246	1,281	1,419	1,420	1,488	1,525	1,542	1,596	2,839	3,138
Amortization of intangible assets	4,288	3,875	1,034	1,035	1,035	959	940	941	940	866	1,994	1,806
Stock-based compensation expense	70,983	75,087	16,106	16,291	17,801	19,797	19,771	17,718	18,252	20,551	37,598	38,803
Income tax expense (benefit)	632	43	13	711	39	24	(38)	18	—	(438)	63	(438)
Acquisition and related expense	349	—	—	—	—	—	—	—	—	—	—	—
Adjusted EBITDA	**$ 44,587**	**$ 97,519**	**$ 20,895**	**$ 19,048**	**$ 15,333**	**$ 25,670**	**$ 28,052**	**$ 28,464**	**$ 22,589**	**$ 33,181**	**$ 41,003**	**$ 55,770**
Total net revenue	$ 574,540	$ 694,812	$ 154,030	$ 156,455	$ 151,667	$ 176,979	$ 184,645	$ 181,521	$ 174,418	$ 190,807	$ 328,646	$ 365,225
Adjusted EBITDA Margin	**7.8%**	**14.0%**	**13.6%**	**12.2%**	**10.1%**	**14.5%**	**15.2%**	**15.7%**	**13.0%**	**17.4%**	**12.5%**	**15.3%**
Weighted-average GAAP diluted shares [4] [5]	81,799,189	84,583,461	82,555,799	83,201,042	83,659,860	84,238,897	84,871,828	85,539,436	86,108,871	86,719,049	83,950,978	86,429,892
Weighted-average other dilutive equity awards	—	—	—	—	—	—	—	—	—	—	—	—
Non-GAAP diluted shares [4] [5]	81,799,189	84,583,461	82,555,799	83,201,042	83,659,860	84,238,897	84,871,828	85,539,436	86,108,871	86,719,049	83,950,978	86,429,892
Adjusted EPS - diluted [4]	**$ (0.90)**	**$ (0.38)**	**$ (0.08)**	**$ (0.14)**	**$ (0.17)**	**$ (0.08)**	**$ (0.09)**	**$ (0.05)**	**$ (0.13)**	**$ (0.01)**	**$ (0.25)**	**$ (0.15)**

(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 first half of 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 the first quarter, second quarter and first half of 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) Includes expenses related to certain non-legacy litigation and regulatory matters, partially offset by a gain on the sale of our small business operating segment, which are included in “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations.
(4) All share information and balances have been retroactively adjusted to reflect a 1-for-5 reverse stock split effective as of July 5, 2019.
(5) Equivalent to the basic and diluted shares reflected in the quarterly EPS calculations.

Net Cash and Other Financial Assets

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

	Three Months Ended (1)						
(in thousands) (unaudited)	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Cash and loans held for investment by the Company							
Cash and cash equivalents	$ 401,719	$ 405,078	$ 434,179	$ 348,018	$ 372,974	$ 402,311	$ 334,713
Loans held for investment by the Company at fair value	361,230	317,458	9,621	12,198	2,583	8,757	5,027
Total	$ 762,949	$ 722,536	$ 443,800	$ 360,216	$ 375,557	$ 411,068	$ 339,740
Other financial assets partially secured by credit facilities							
Securities available for sale	$ 117,573	$ 128,424	$ 149,804	$ 165,442	$ 170,469	$ 197,509	$ 220,449
Loans held for sale by the Company at fair value	235,825	248,344	515,307	459,283	840,021	552,166	435,083
Payable to securitization note and residual certificate holders	(312,123)	(280,915)	—	—	(256,354)	(233,269)	—
Credit facilities and securities sold under repurchase agreements	(32,100)	(74,000)	(349,232)	(305,336)	(458,802)	(263,863)	(324,426)
Total	$ 9,175	$ 21,853	$ 315,879	$ 319,389	$ 295,334	$ 252,543	$ 331,106
Net cash and other financial assets (2)	**$ 772,124**	**$ 744,389**	**$ 759,679**	**$ 679,605**	**$ 670,891**	**$ 663,611**	**$ 670,846**

(1) As of the end of each respective period.

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

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

	Year Ended	Three Months Ended
(in millions) (unaudited)	2019	3Q 2019
GAAP Consolidated net income (loss) (2)	\$(38) - \$(23)	\$0 - \$5
Cost structure simplification expense (3)	6	—
Legal, regulatory and other expense related to legacy issues (4)	11	—
Other items (5)	1	—
Adjusted net income (loss) (2)	**\$(20) - \$(5)**	**\$0 - \$5**
Stock-based compensation expense	81	21
Depreciation, amortization and other net adjustments	59	14
Adjusted EBITDA (2)	**\$120 - \$135**	**\$35 - \$40**

(1) For the second half of 2019, 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, and other items (including certain non-legacy litigation and/or regulatory settlement expenses and gains on disposal of assets). Full year guidance now reflects such items that have been recognized during the first half of 2019.

(3) 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 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.

(4) 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 first half of 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 the first quarter, second quarter and first half of 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.

(5) Includes expenses related to certain non-legacy litigation and regulatory matters, partially offset by a gain on the sale of our small business operating segment, which are included in “Other general and administrative” expense on the Company’s Condensed Consolidated Statements of Operations.

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