

The Power of the Consumer in Today's Environment

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All loans made by LendingClub Bank, National Association, Member FDIC.

We Are LendingClub Bank



Ari Schlusberg

**VP, Financial Institutions Group
Partnerships and Sales**

- + New York
- + Over a decade in banking
- + Focused on bank and credit union relations



Bharani Ganesan

Sr. Director, Investor Analytics

- + San Francisco
- + Over a decade in banking
- + Focused on turning data into insights



LendingClub Bank is the investor provider of choice to access consumer credit

2007

Year founded

\$50M+

invested in robust, industry-leading servicing capabilities

Leading

digital marketplace in the U.S.

5M+

million members

\$90B+

in personal loans since founding

Topflight leadership

team with extensive experience in technology, finance, e-commerce, venture capital, and government, with notable positions at Union Bank, Wells Fargo, Capital One, JP Morgan, Visa, Morgan Stanley, Citibank, Amex, and Fannie Mae

If you're like many credit unions, the current environment has been tough...

- Slower loan growth... leaving fewer opportunities to generate income and expand your portfolio
- Slower member growth... posing competitive challenges
- Net interest margin compression... pressuring your bottom line
- High funding costs... prompting a search for yield in new and diverse areas

Ongoing themes: slowing member and loan growth

Loan Growth

- June 2023, 12mo growth: 12.6%
- Sept 2024, 12mo growth: 2.6%

Source: Callahan's Peer-to-Peer Analytics

Member Growth

- June 2023, 12mo growth: 3.8%
- Sept 2024, 12mo growth: 2.4%

Source: Callahan's Peer-to-Peer Analytics

To improve your financial position, you can...

+ **Buy assets that are highly liquid:** Offers quick access to cash and are often considered safe, but tend to offer lower yields

+ **Optimize your loan portfolio:** Focus on high-yield loans and enhance credit quality; tightening credit standards may reduce volume, limiting growth and impacting member satisfaction

+ **Strengthen member engagement:** Offer tailored financial products and rewards programs to deepen relationships and attract new deposits; may require significant investments

+ **Increase short term offerings:** Attract stable, low-cost deposits to enhance liquidity and support growth, but could increase funding costs, especially if rates drop and CDs reprice at lower rates

+ **Buy shorter duration, high-yield, low risk assets:** Improves liquidity and reduces interest rate risk, helping to maintain asset quality and avoiding excessive risk taking

A large but mostly overlooked tool is unsecured consumer credit

\$1.35T

Credit card debt
Up 5.4% YOY¹

\$1.75T

Student loans
Down ~1.0% YOY²

\$1.56T

Autos
Up 1.7% YOY³

\$246B

Unsecured consumer loans
Up 6% YOY, largely due to increasing need to refinance sky high credit card rates⁴

¹ Revolving Consumer Credit Owned and Securitized, seasonally adjusted, G.19 Release, Federal Reserve Bank of St. Louis, Oct 2024

² Student Loans Owned and Securitized, not seasonally adjusted, G.19 Release, Federal Reserve Bank of St. Louis, Oct 2024

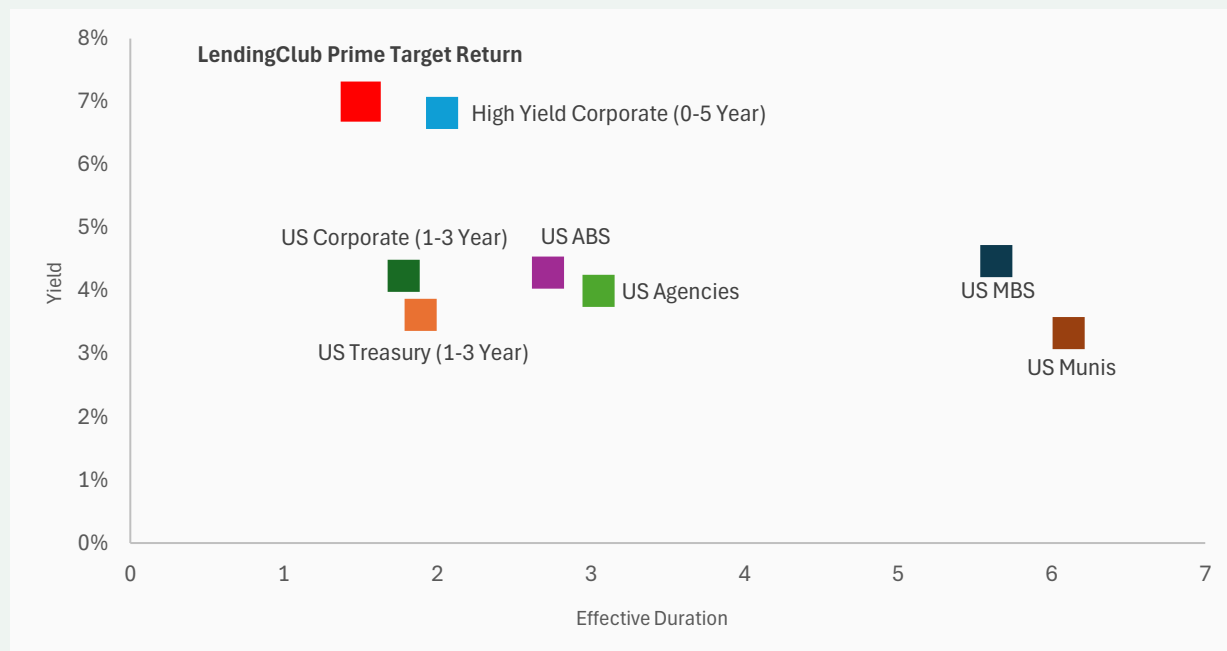
³ Motor Vehicle Loans Owned and Securitized, not seasonally adjusted, G.19 Release, Federal Reserve Bank of St. Louis, Oct 2024

⁴ Transunion, August 2024



What makes consumer credit different

- Borrowers come to LendingClub to refinance credit card debt at better rates with a positive online experience
- LendingClub personal loans have 24-, 36-, 48-, 60- or 72-month terms
- They offer higher yield at shorter duration (1.5 years)



For LendingClub Prime Target Return: LendingClub's target returns vary based on mix; the plotted point represents a midpoint of Prime platform target returns (issuance mix weighted) and may not reflect the mix of loans held on LendingClub's balance sheet. Target return estimates are based on unlevered purchases at par with standard servicing fees of 1% and recovery fees of 18%. All projections consider approved credit and coupon actions (and performance of the approved loans from prior vintages) through August 2024. Target return is the return that LendingClub takes reasonable steps to achieve. Target return is not a promise of future results and may not accurately reflect actual returns. Target returns shown are generated utilizing an internal rate of return (IRR) methodology and reflect a number of assumptions. Actual returns experienced by any individual portfolio may be impacted by, among other things, the size and diversity of the portfolio, the exposure to any single loan or particular borrower, as well as the potential impact of future changes to macroeconomic conditions. Individual results may vary, and targets are subject to change. A variety of factors, such as borrower acquisition channel and term mix, have the potential to impact the realized results of all projections represented in the table.

For other indices: Source is Bloomberg. Yield-to-worst and option adjusted duration are displayed. One cannot invest directly in an index. "US Treasury (1-3 Year)" = Bloomberg US Treasury 1-3 Year Index, "Investment Grade Corporate (1-3 Year)" = Bloomberg US Corporate 1-3 Year Index, "High Yield Corporate (0-5 Year)" = Bloomberg US High Yield 0-5 Year (Ex 144A) Index, "US ABS" = Bloomberg US ABS Composite Fixed and Floating-Rate Index, "Agencies" = Bloomberg US Aggregate: Agencies Index, "US MBS" = Bloomberg US MBS Index, "Munis" = Bloomberg Municipal Bond Index.

Personal loans are popular among Americans looking to address record high credit card debt and rates

+ Credit card debt is up

Credit card debt has skyrocketed to \$1.3 trillion and the average interest rate has shot up to 21.7% — the highest level ever recorded¹

+ Personal loans provide relief

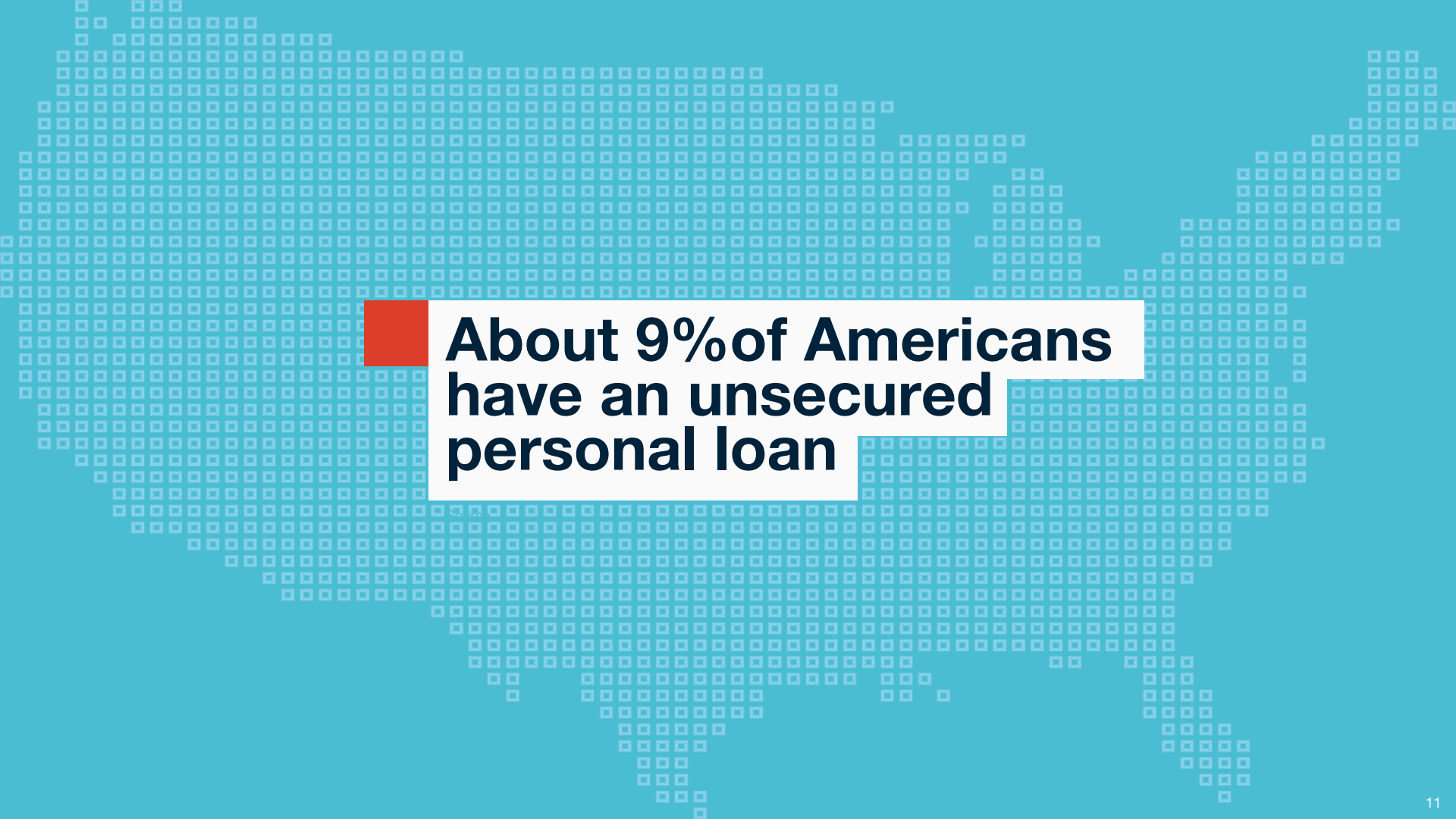
Easy to access online, personal loans (specifically for debt consolidation) offer borrowers significant cost savings, financial flexibility and a more rapid path out of debt and toward a more sustainable financial future

+ Quality of borrowers is high

Prime and super-prime borrowers (FICO 660+) represent about 94% of all unsecured originations²

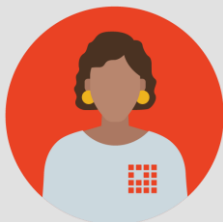
¹ Revolving Consumer Credit Owned and Securitized, seasonally adjusted, G.19 Release, Federal Reserve Bank of St. Louis, October 2024. Commercial Bank Interest Rate on Credit Card Plans, G.19 Release, Federal Reserve Bank of St. Louis, February 2024

² dv01, 2024 Q1-Q2 originations.



**About 9% of Americans
have an unsecured
personal loan**

Core Customer: High-Income with Established Credit History



Average Age **48**

Average Income **\$100K+**

Credit History **~15 Years**

Average FICO **700+**

**High-Quality
Members
Delivering
High-Quality
Loans**



\$17-\$19K

Average loan size*



24-72 months

Typical terms



10-18%

Target average coupons*



Debt Consolidation

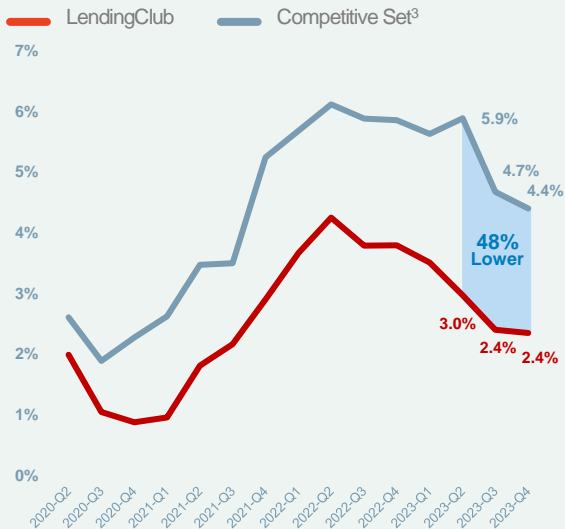
Typical use case

*As of June 2024. Loan size reflects original balance at issuance. Averages shown are calculated as issuance weighted average. Actual FICO scores will vary depending on risk grade mix. Information presented is not intended to be illustrative of the loans available for purchase and may not be representative of the loans held for investment by LendingClub. Coupons and target returns will vary depending on investor-selected risk grade mix. Target returns estimates are based on unlevered purchases at par with standard servicing fees of 1% and recovery fee charges of 18%. All projections consider approved credit and coupon actions (and performance of the approved loans from prior vintages) through June 2024. Target return is the return that LendingClub takes reasonable steps to achieve. Target return is not a promise of future results and may not accurately reflect actual returns. Target returns shown are generated utilizing an internal rate of return (IRR) methodology and reflect a number of assumptions. Actual returns experienced by any individual portfolio may be impacted by, among other things, the size and diversity of the portfolio, the exposure to any single loan or particular borrower, as well as the potential impact of future changes to macroeconomic conditions. Individual results may vary, and targets are subject to change. A variety of factors, such as borrower acquisition channel and term mix, have the potential to impact the realized results of all projections represented in the table.

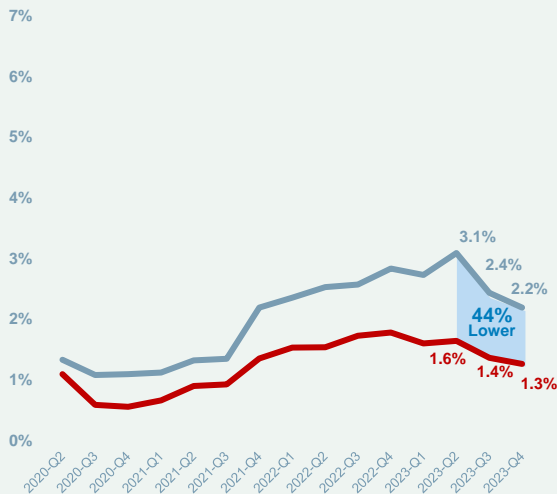
Ongoing Credit Outperformance vs. Competitive Set

LendingClub vs. Competitive Set: 30-day+ Delinquencies & Hardships at Month on Book 9 by Quarterly Vintage^{1,2}

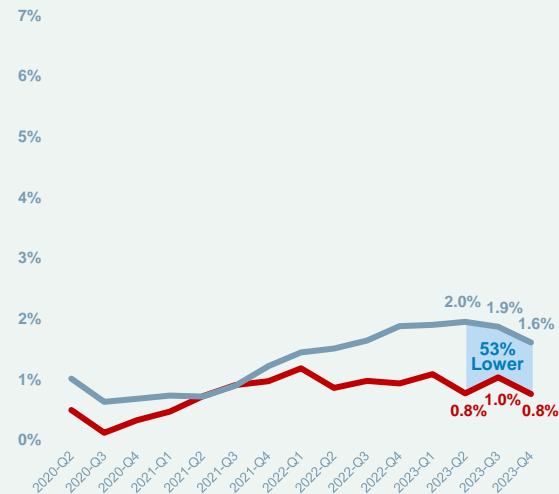
FICO 660-719



FICO 720-779



FICO 780-850



1) This data is provided by dv01 to be used for informational purposes only. dv01 is not liable for use of this data. The data is the property and confidential information of dv01. Distribution outside of this presentation is prohibited.
 2) Delinquencies include 30-day+ delinquencies for each respective quarterly vintage at month on book 9, including loans that are actively in hardship plans.
 3) Competitive set includes marketplace lenders and direct competitors.



Meet Mary

A personal loan story

Age 50, Lives in Piedmont, California

FICO™ of 740

Junior partner in a mid-sized law firm in Walnut Creek

Owns her home with husband John

Financially cautious

Likes to feel in control and have a plan towards paying down debt. She researches products and strategies and wants to get on the right financial journey.

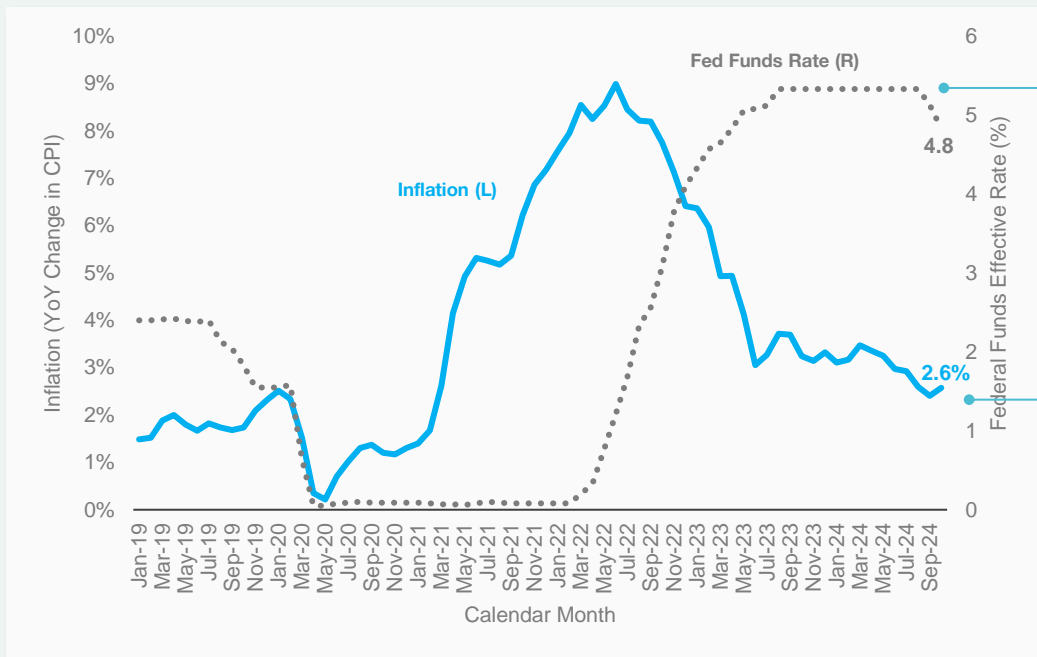
In her quest to save more and reduce spending, she wants to pay off her credit card digitally in one fell swoop with a low-interest, fixed rate personal loan.

"I want to pay this down as quickly as possible and pay as little interest as I can. Once I pay off my loans in 2 years there will be a nice, affordable celebration."

**But how are these
consumers doing?**

... Better than you might think

The Fed's battle against decades-high inflation has been effective, bringing price growth towards the 2% target and easing the pressure on consumers



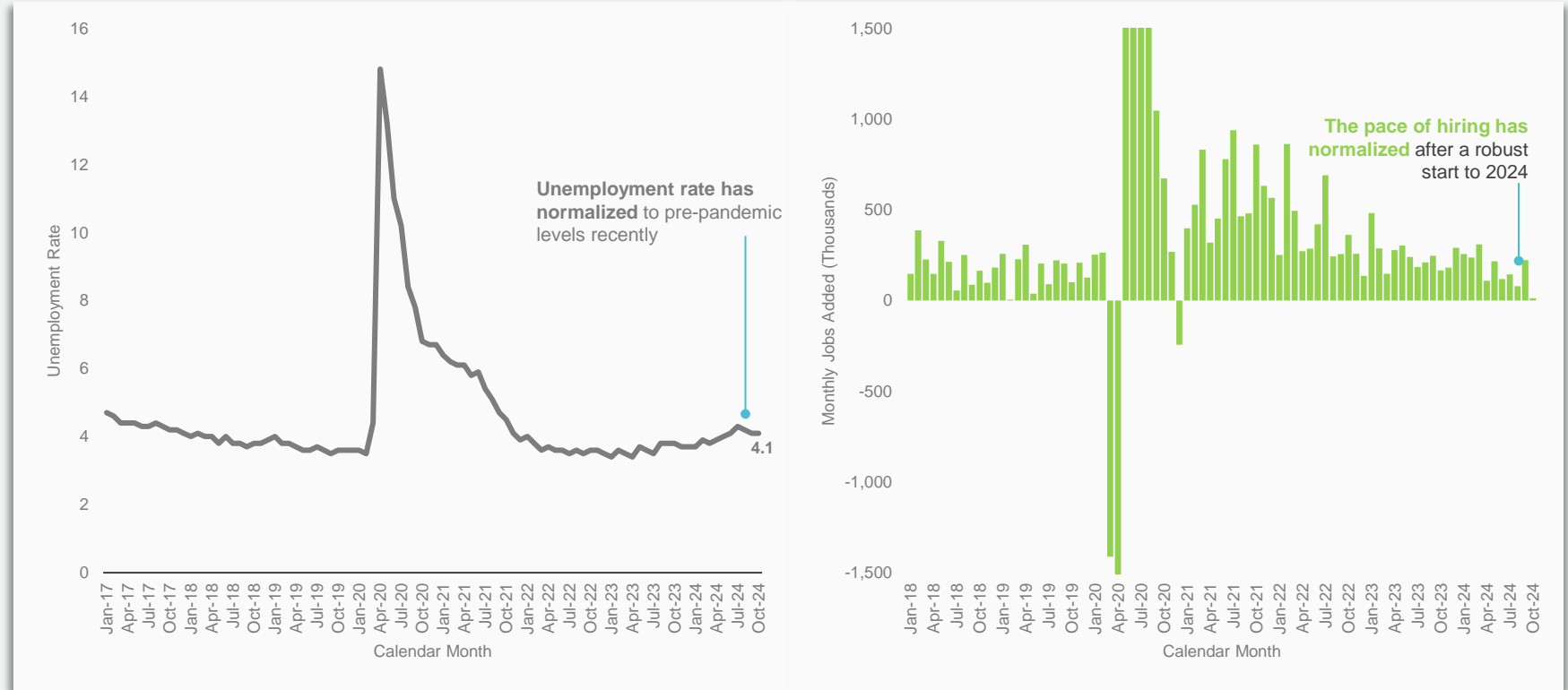
The **Federal Reserve Bank's aggressive monetary policy has been effective** in reducing highest inflation seen in decades

Inflation has trended lower over the last few months paving the way for the Fed to start reducing rates

Source:

U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], year-over-year change. Board of Governors of the Federal Reserve System (US), Federal Funds Effective Rate [FEDFUNDS], retrieved from FRED

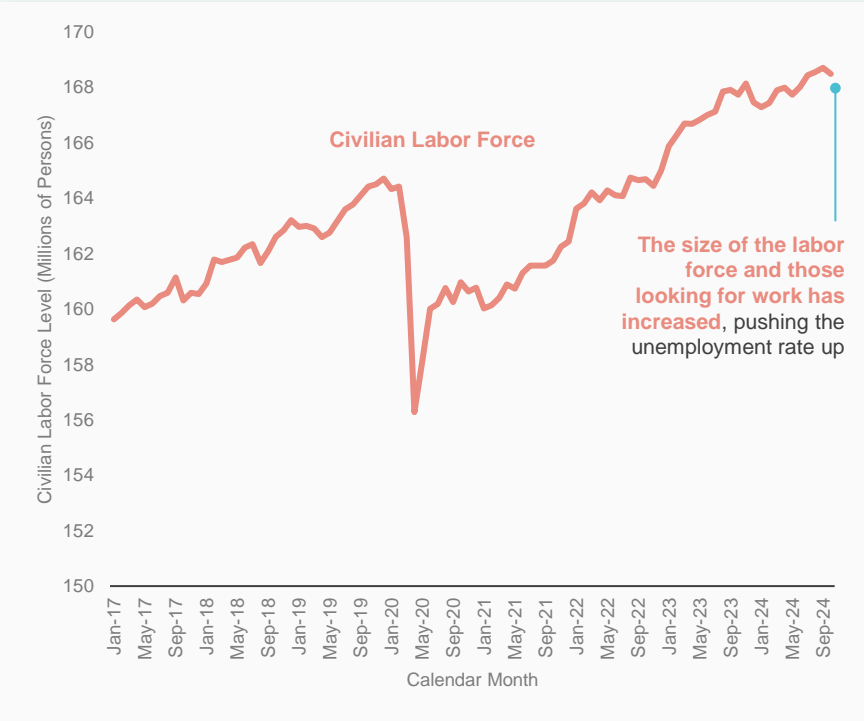
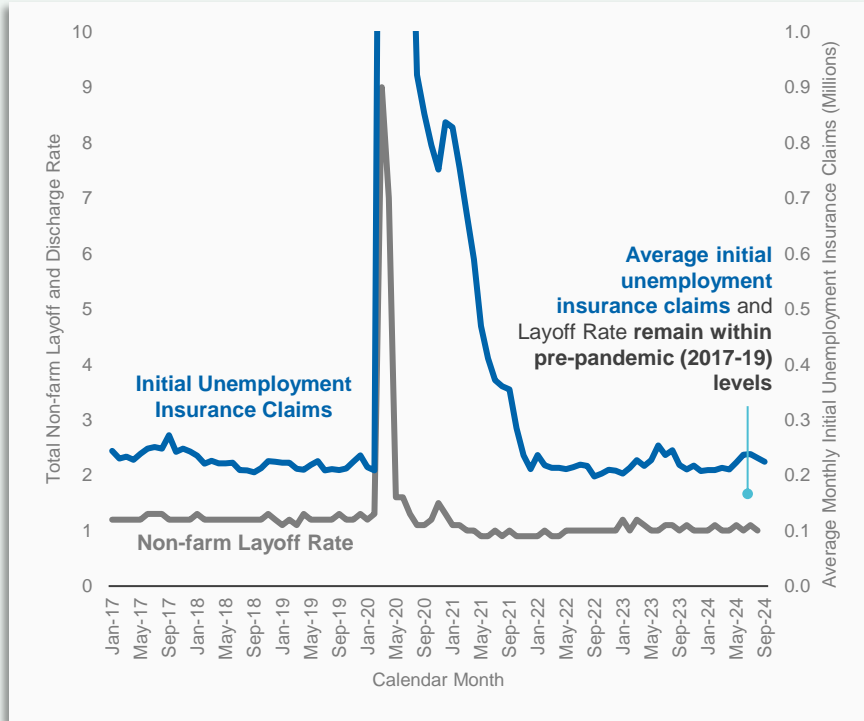
Unemployment rate—typically a strong predictor of consumer health—has stabilized at historical levels



Source: U.S. Bureau of Labor Statistics, Unemployment Rate [UNRATE], <https://fred.stlouisfed.org/series/UNRATE>

Source: U.S. Bureau of Labor Statistics, All Employees, Total Nonfarm [PAYEMS], <https://fred.stlouisfed.org/series/PAYEMS>

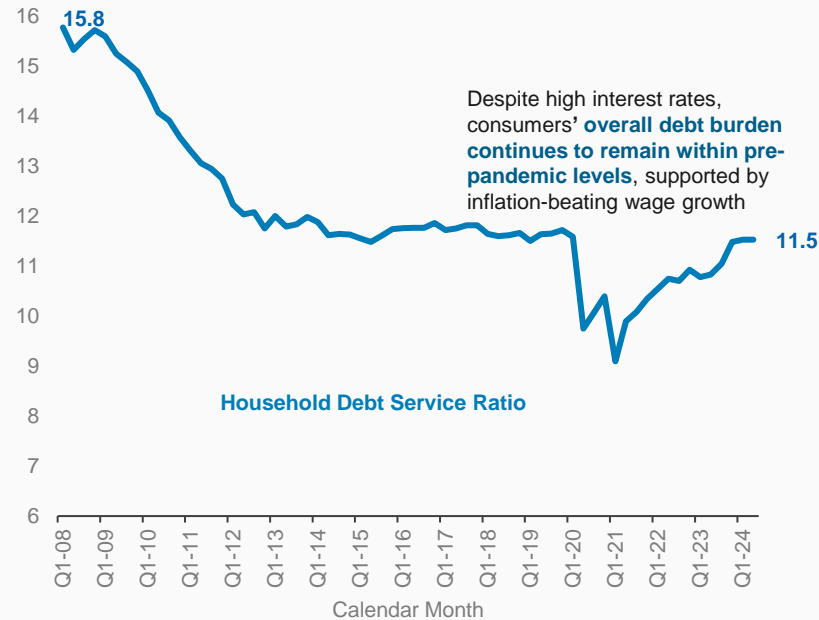
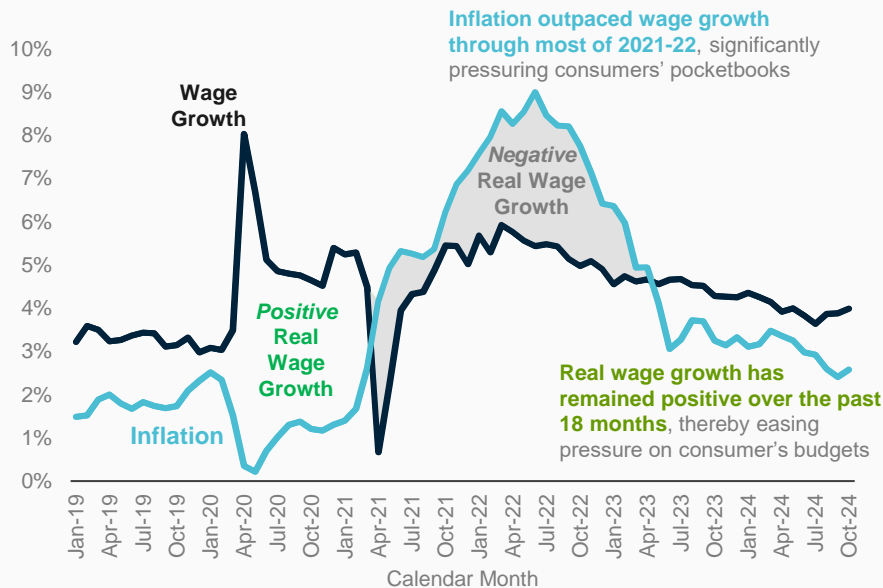
Underlying the unemployment headline: Layoffs and unemployment claims remain low while the labor force has grown



Source:
 U.S. Bureau of Labor Statistics, Layoffs and Discharges: Total Nonfarm [JTSLDR], <https://fred.stlouisfed.org/series/JTSLDR>
 U.S. Employment and Training Administration, Initial Claims [ICSA], <https://fred.stlouisfed.org/series/ICSA>

Source:
 U.S. Bureau of Labor Statistics, Civilian Labor Force Level [CLF160V], <https://fred.stlouisfed.org/series/CLF160V>

Nominal wage growth has outpaced inflation over the past year enhancing consumers' ability to service debt



Source:
 U.S. Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers: All Items in U.S. City Average [CPIAUCSL], year-over-year change
 U.S. Bureau of Labor Statistics, Average Hourly Earnings of All Employees, Total Private [CES0500000003], year-over-year change

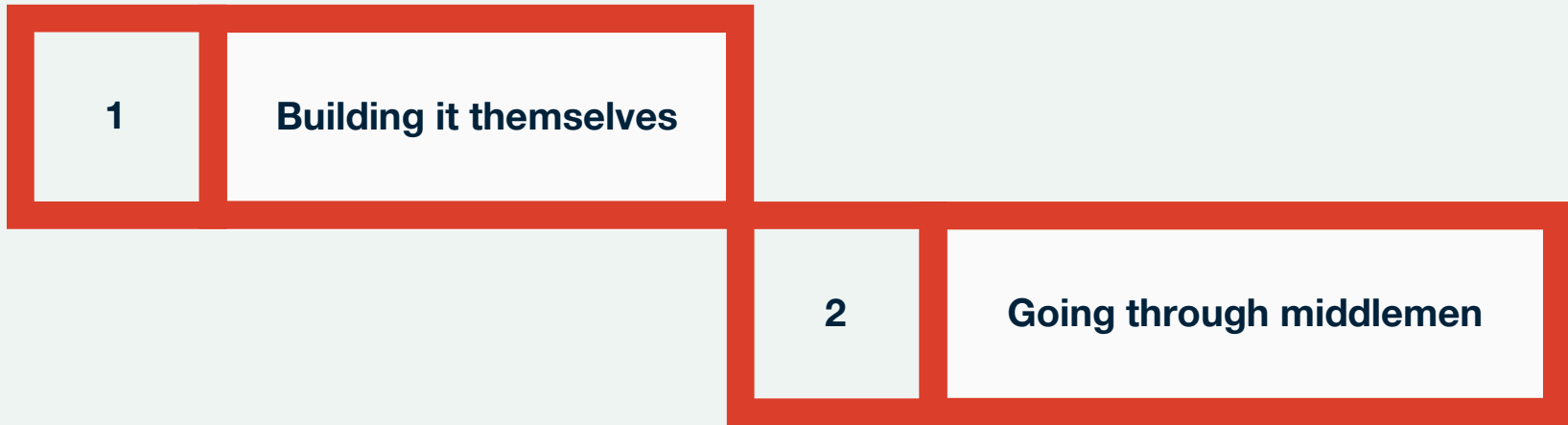
Source:
 Board of Governors of the Federal Reserve System (US), Household Debt Service Payments as a Percent of Disposable Personal Income [TDSP], <https://fred.stlouisfed.org/series/TDSP>

So, what sets personal loans apart in this environment?

- + High yield
- + Low risk
- + Short term (typically 3-5 years)

An investment that provides quality **loan growth** and **new members**

A credit union attempting to pursue unsecured consumer credit typically chooses between



1

**Build: Expensive,
time consuming**

Follow a structured, step-by-step build that requires strategic, operational, and technological components.

Expensive and unwieldy, the costs and time it takes to build your solution eats into your efficiency ratio.

You'll need:

+ **Market research**

+ **Strategic plan**

+ **Tech infrastructure**

+ **Marketing infrastructure**

+ **Human resources**

+ **Compliance and risk management**

+ **Underwriting**

+ **Servicing**

2

**Middlemen: Lower
yield, higher risk**

The middlemen

+ **ABS** → reduces net yield

+ **Loosely regulated non-bank fintechs** → potentially increases risk

Other drawbacks

+ **Increased costs:** warehouse and other transaction costs

+ **Increased counterparty risk:** adding a third party can heighten risk, particularly if counterparty is not established

+ **Different standards:** varying levels of compliance standards, some lower than a typical bank or credit union

**With LendingClub
Bank you can access
consumer credit directly**

How it works



Borrowers

get the best rate possible based on their credit quality and market dynamics

LendingClub

screens borrowers, facilitates the transaction, issues, and services the loans

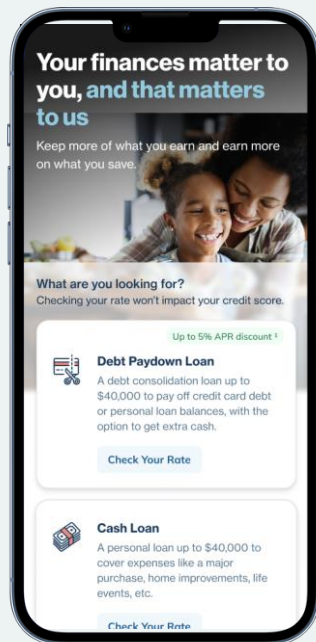
Credit union

earn interest income on a previously unavailable asset class

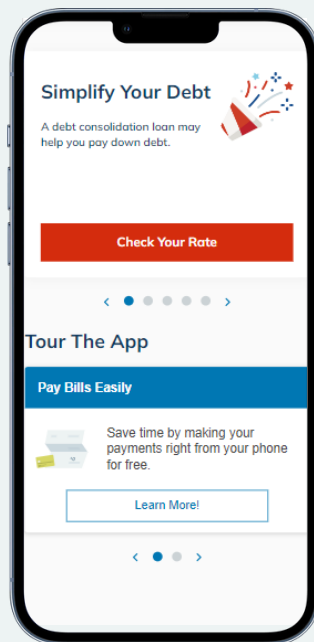
In LendingClub's application process, borrowers can become a member of your credit union

A variety of touchpoints drive borrowers through our origination funnel

Home Page



Calls to Action



Customized Offers

CONGRATS, NAME! YOU'RE PRE-APPROVED

Based on your on-time payments track record and credit history, you're pre-approved for a new loan offer

Here's what your loan could look like*

Loan Amount	\$12,000	<input checked="" type="checkbox"/> Pre-Approved
		<input checked="" type="checkbox"/> Interest Rate Discount Applied

Interest Rate	13.62% – 12.24%
APR	15.14% – 14.18%
Payment	\$339.87 – \$348.46/mo
Term	36 Months

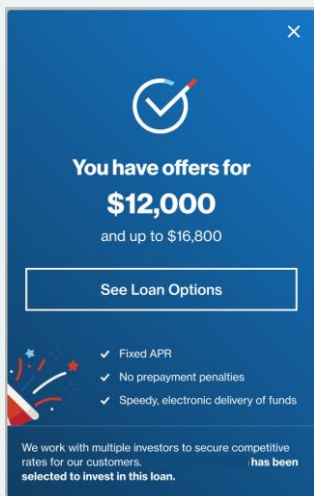
View Your Offers

Your pre-approved offers expire on **Dec. 15** (in 29 days)

Terms & Conditions

We enable **seamless memberization** with credit unions to streamline the borrower experience

LendingClub Loan Offer

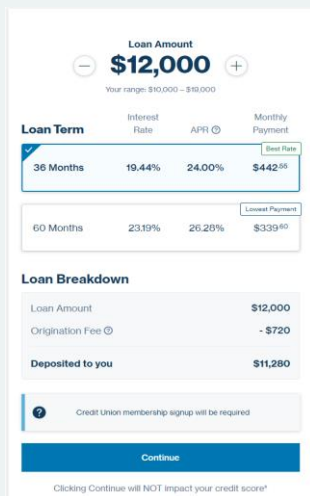


You have offers for
\$12,000
and up to \$16,800

[See Loan Options](#)

- ✓ Fixed APR
- ✓ No prepayment penalties
- ✓ Speedy, electronic delivery of funds

We work with multiple investors to secure competitive rates for our customers. **has been selected to invest in this loan.**



Loan Amount
\$12,000
Your range: \$10,000 - \$16,000

Loan Term	Interest Rate	APR	Monthly Payment
36 Months	19.44%	24.00%	\$442 ^{Best Rate}
60 Months	23.19%	26.26%	\$339 ^{Lowest Payment}

Loan Breakdown

Loan Amount	\$12,000
Origination Fee	-\$720
Deposited to you	\$11,280

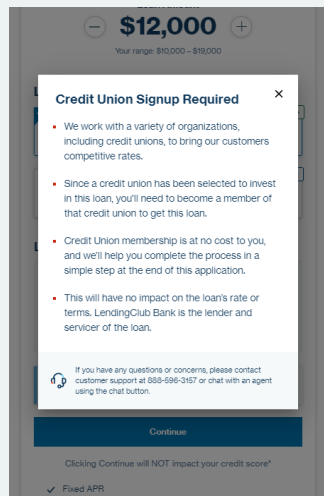
Credit union membership signup will be required

[Continue](#)

Clicking Continue will NOT impact your credit score*



Credit Union Signup



Credit Union Signup Required

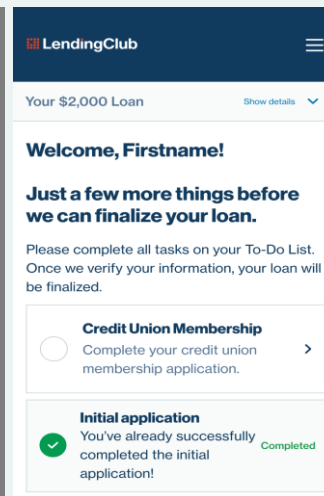
- We work with a variety of organizations, including credit unions, to bring our customers competitive rates.
- Since a credit union has been selected to invest in this loan, you'll need to become a member of that credit union to get this loan.
- Credit Union membership is at no cost to you, and we'll help you complete the process in a simple step at the end of this application.
- This will have no impact on the loan's rate or terms. LendingClub Bank is the lender and servicer of the loan.

If you have any questions or concerns, please contact customer support at 888-596-3457 or chat with an agent using the chat button.

[Continue](#)

Clicking Continue will NOT impact your credit score*

✓ Fixed APR



LendingClub

Your \$2,000 Loan [Show details](#)

Welcome, Firstname!

Just a few more things before we can finalize your loan.

Please complete all tasks on your To-Do List. Once we verify your information, your loan will be finalized.

- Credit Union Membership**
Complete your credit union membership application. [>](#)
- Initial application**
You've already successfully completed the initial application! Completed

Other ways to scale quickly with LendingClub

We have two loan purchase programs that offer the fastest path

Whole Loans	Securities
<ul style="list-style-type: none">• LendingClub whole loans or loan participations• Purchase by grade and term at scale; forward flow arrangement• \$19B+ in sales since 2020	<ul style="list-style-type: none">• Structured note and/or certificate exposure to LendingClub loans• Multiple-tranche, rated or unrated securities• \$3B+ in loans sold since Q2 2023

Relationship Overview

What to expect from the leading marketplace bank



Onboarding

- Guided onboarding process
- Support for internal committee and board approvals

Reporting

- Automated daily and monthly files

Ongoing Communication

- Prompt responses to your day-to-day communications
- Quarterly credit and servicing updates
- Bi-weekly operational check-ins

Order Submission

- Submit orders on quarterly basis

Audit Support & Ongoing Diligence

- Transparency and support for your audits
- Annual Investor Open House

As a bank, LendingClub understands how to manage internal and external stakeholders:

Internal

- Regulatory compliance
- Risk management
- Credit risk
- Treasury operations
- Customer servicing
- Loan operations

External

- Regulators
- Investors
- Rating agencies
- Depositors
- Borrowers

Why work with LendingClub Bank?

→ Technology forward

We combine a deep well of data, state-of-the-art technology, and high-quality banking infrastructure.

→ Regulated

Regulated by the OCC and held to the same standards as your institution. Well-established risk management and compliance infrastructure.

→ Invested in your success

The company is the largest holder of its own loans, with over \$3.4B on its balance sheet.¹

→ Well-established

With the longest track record in the business, we're a data-rich industry leader that consistently outperforms in credit and servicing.

→ Flexible and scalable

Our partners range from community banks, credit unions to multinational institutions, with technology that customizes portfolios by risk tolerance and target yield.

→ Memberization

LendingClub partners with credit unions to send offers to borrowers that match with their member eligibility requirements and risk appetite.



Questions?

Ready to get started?

Contact us at institutions@lendingclub.com
to learn more