



A Transformative Combination
LendingClub Acquisition of Radius Bancorp
February 18, 2020

Disclaimer

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

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

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

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

Strategically important and financially attractive.

The acquisition of Radius Bancorp (Radius), will:

1. **Enhance our value proposition** for members by offering a broader set of banking products and services.
2. **Fast-track our earnings trajectory and enhance our profitability** through lower cost of funds, reduction of issuing bank costs, and superior economics for loans held on our balance sheet.
3. **Reduce risk** by mitigating existing reliance on third parties, providing regulatory clarity, and enhancing revenue resiliency.
4. **Deliver attractive economics** with payback in two years on a cash-on-cash basis.

LendingClub will become the first digitally native bank able to generate both loans and deposits at scale that enables consumers to both pay less when borrowing and earn more when saving.

Why Radius?

A uniquely attractive partner to LendingClub



- Founded in 1987, headquartered in Boston, MA
- Operates national lending and deposit strategies with no legacy branch network
- \$1.4B in diversified assets and \$1.2B in deposits
- Award-winning and innovative online depository platform
- Leading fintech deposit partnership business model
- Aligned culture and values
- Talented management team
- Faster route to scale at reduced risk

Combining the leading digital asset generation platform and a leading online deposit gathering platform will create a **category defining experience** for members and **dramatically enhance the resilience and earnings trajectory** of LendingClub.



Key Transaction Details.

Purchase
Price

\$185M*

Anticipated
Closing

12-15 months

Consideration

**75% Cash
25% Stock**

Management

Retain Radius Team

Funding for Cash
Consideration

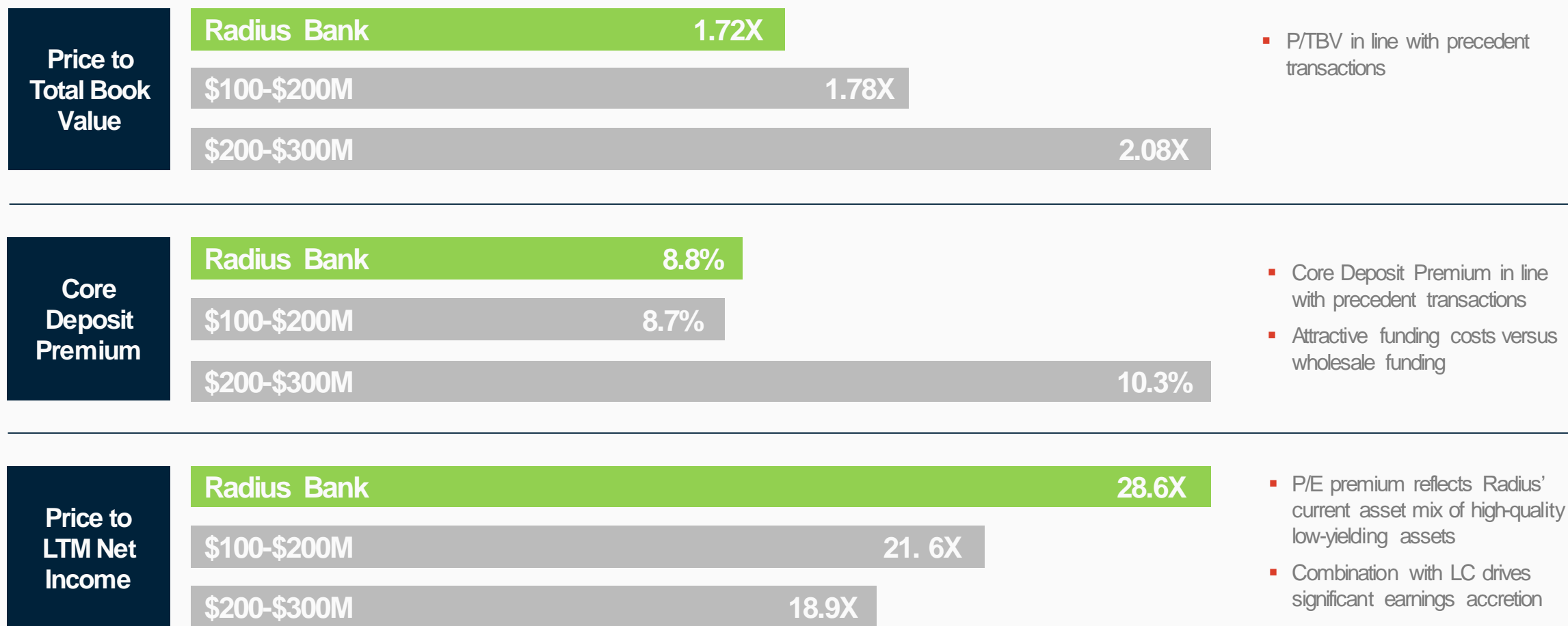
**Existing Cash
on Hand**

Closing
Conditions

**Customary Regulatory
Approval**

Valuation in line with precedent transactions.

Comparison to bank M&A transactions between \$100M to \$300M in value over the last three years.



Why Now?

Foundational building blocks complete. Sustainable profitability achieved.

Foundational building blocks complete.

- Optimized demand generation and throughput, driving origination growth.
- Doubled available capital on the platform and expanded our distribution capabilities.
- Dramatically reduced unit costs through simplification program.
- Begun to leverage high member satisfaction to drive lifetime value.

Sustainable profitability achieved.

Since 2017:

- **37%** growth in originations
- **32%** growth in revenues
- **45%** growth in contribution margin \$
- **202%** growth in adjusted EBITDA
- Adjusted net income profitable in FY 2019
- GAAP net income profitable in Q4 2019

Significant synergies accelerate LendingClub's earnings power.

Greater participation in end to end banking value chain



1 Issuing Bank Economics
(+ ~\$25M annually)



- Transaction Fee
- Gain on Sale
- Servicing Fees



2 Lower Cost of Funding
(+ ~\$15M annually)

3 Loans Held for Investment (HFI)
(+ ~\$40M for each \$1B loans HFI)

Expected benefits from additional products and services and a more efficient capital structure are not included in these calculations.

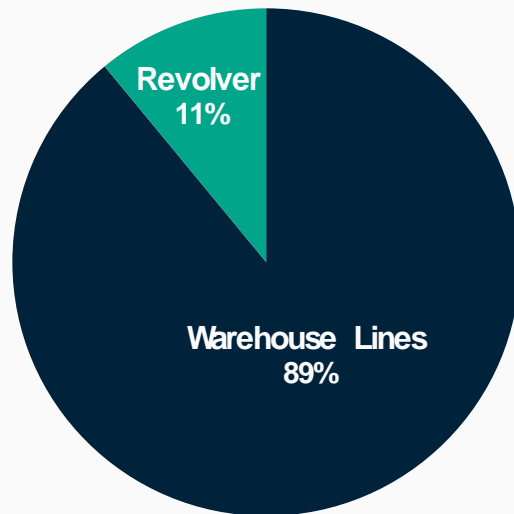
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Lower cost of funding accelerates LendingClub's earnings power. Diversified funding with less reliance on wholesale market

LC Current
Funding Mix

4.0%

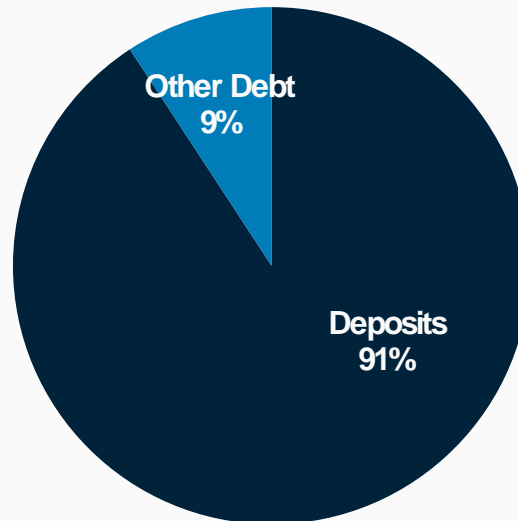
Weighted Average Cost
of Funds



LC + Bank Illustrative
Future Funding Mix

1.8%

Weighted Average Cost
of Funds

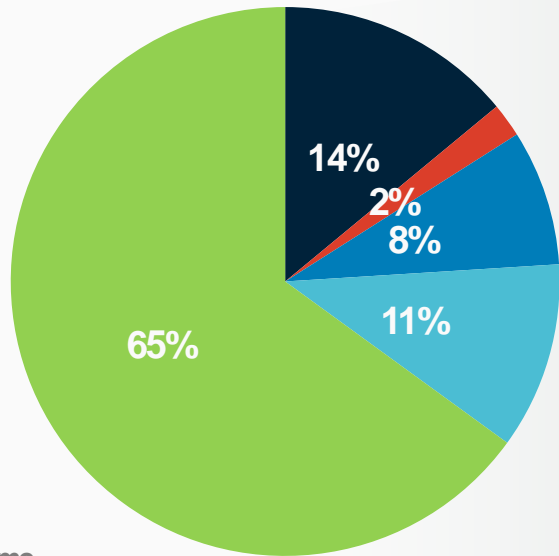


Opportunity to
reduce funding
costs by **~220bps**
(**~\$15M per year**).

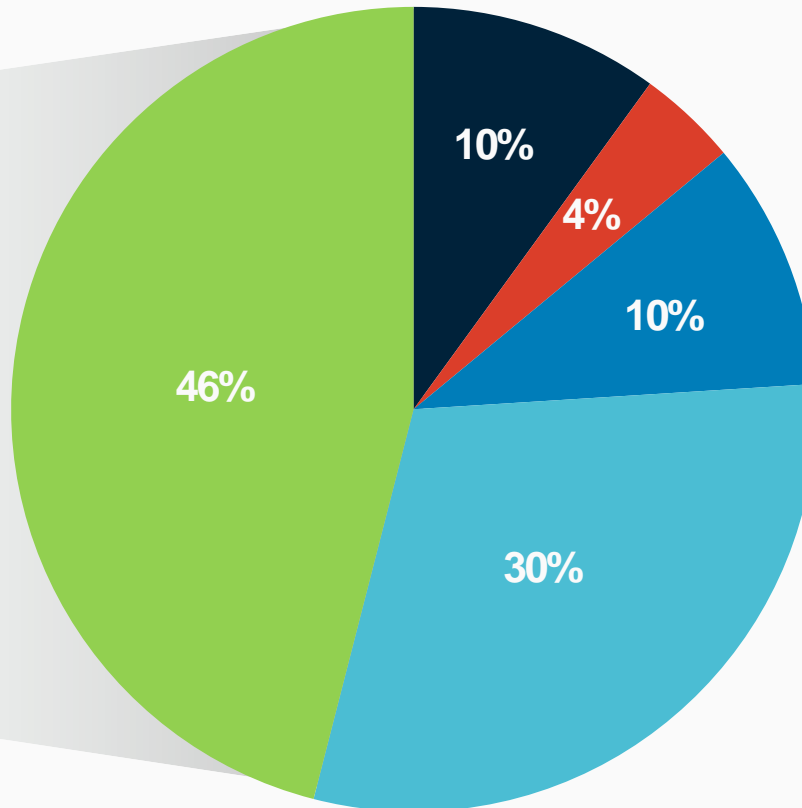
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New, recurring net interest income from retaining high quality prime loans diversifies and grows revenue sources, adding resilience.

LC Current Revenue Mix



LC + Bank Illustrative Future Revenue Mix



~\$40M of annual Net Interest Income for each \$1B loans held for investment.

- Investor Fees
- Other
- Gain on Sale
- Net Interest Income
- Transaction Fees

- Excludes FV adjustments
- Revenue benefit: ~10% of origination volume held for investment

Significant synergies enhance earnings power.

Anticipated cost and balance sheet synergies

	Annual pre-tax amount	Timing
1 Recapture issuing bank economics	\$25M +/-	Immediate
2 Reduce cost of funds	\$15M +/-	First year after closing
3 Hold higher grade loans for investment (each \$1B) ¹	\$40M +/-	Grows with bank's balance sheet
Illustrative economic benefit	~\$80M +/-	Grows over time

Note: GAAP net income will vary from economic benefit depending on the pace of balance sheet growth and timing of provisions for loan losses.

¹ Each \$1B of loans held for investment are expected to generate approximately \$90M of pre-tax income over the life of the portfolio.

Rapid cash payback and significant earnings accretion drive substantial value creation.

Cash
Generation

Cash on cash payback
period 2 years

Adjusted EPS
(excluding CECL)

100% accretive by year 2
compared to LC standalone

GAAP EPS
(including CECL)

~50%+ accretive in year 3
compared to LC standalone

Tangible
Book Value

Reduced by \$90m (\$1.35
per share)

Cash payback
in **two years.**

Summary.

The acquisition of Radius Bancorp (Radius), will:

- 1. Enhance our value proposition** for members by offering a broader set of banking products and services.
- 2. Fast-track our earnings trajectory and enhance our profitability** through lower cost of funds, reduction of issuing bank costs, and superior economics for loans held on our balance sheet.
- 3. Reduce risk** by mitigating existing reliance on third parties, providing regulatory clarity, and enhancing revenue resiliency.
- 4. Deliver attractive economics** with payback in two years on a cash-on-cash basis.

Appendix

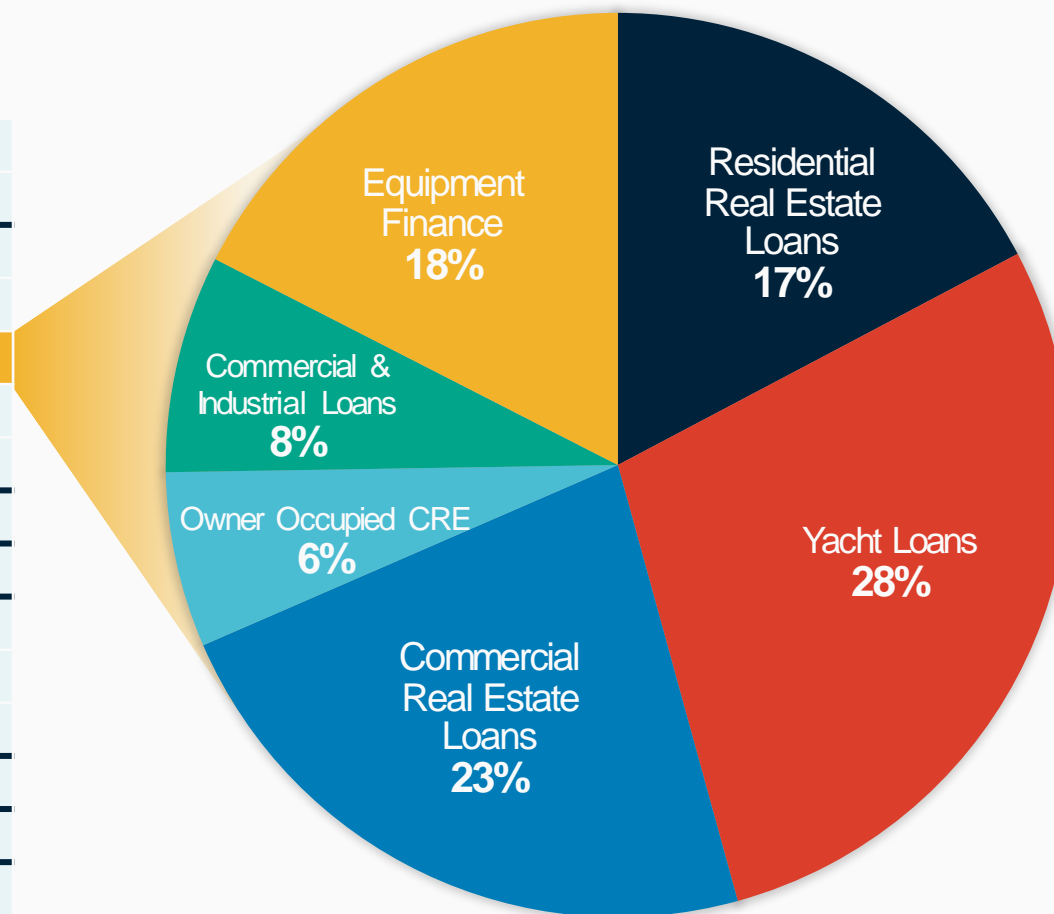
Radius Bancorp.

Radius Consolidated Balance Sheet and Current Loan Asset Mix Period Ending 12/31/2019

Radius Bancorp

Consolidated Balance Sheet (in millions)

Cash and due from banks	\$34,882
Investment Securities	\$238,555
Total Consumer Loans	\$492,628
Total Commercial Loans and Leases	\$584,707
Total Loans and Leases	\$1,077,335
Reserve for Loan Losses	(\$8,284)
Net Loans and Leases	\$1,069,051
Other Assets	\$50,402
Total Assets	\$1,392,890
Total Core Deposits	\$883,741
Certificates of Deposit	\$304,988
Total Deposits	\$1,188,729
Other Liabilities	\$94,803
Total Capital	\$109,358
Total Liabilities and Capital	\$1,392,890



Total:
\$1.1B

Contribution Reconciliation & Definition

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

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

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

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

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

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

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

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

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

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

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

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



LendingClub