

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-K**

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
or  
 **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2021**

**Commission File Number: 001-36771**

**LendingClub Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**51-0605731**  
(I.R.S. Employer  
Identification No.)

**595 Market Street, Suite 200,  
San Francisco, CA 94105**  
(Address of principal executive offices and zip code)

**(415) 632-5600**  
(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class:</u>	<u>Trading Symbol</u>	<u>Name of each exchange on which registered:</u>
Common Stock, par value \$0.01 per share	LC	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant as of June 30, 2021, the last business day of the registrant's most recently completed second fiscal quarter, was \$1,622,720,682 based on the closing price reported for such date on the New York Stock Exchange. Shares of the registrant's common stock held by each executive officer, director and holder of 10% or more of the outstanding common stock have been excluded in that such persons may be deemed to be affiliates. This calculation does not reflect a determination that certain persons are affiliates of the registrant for any other purpose.

As of January 31, 2022, there were 101,043,924 shares of the registrant's common stock outstanding.

#### **Documents Incorporated by Reference**

Portions of the registrant's Definitive Proxy Statement for the Registrant's 2022 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein. Such Definitive Proxy Statement will be filed with the Securities and Exchange Commission within 120 days after the end of the registrant's fiscal year ended December 31, 2021.

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# LENDINGCLUB CORPORATION

## Annual Report On Form 10-K For Fiscal Year Ended December 31, 2021

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### Glossary

The following is a list of common acronyms and terms LendingClub Corporation regularly uses in its financial reporting:

Acquisition	Acquisition of Radius Bancorp, Inc.
AFS	Available for Sale
ACL	Allowance for Credit Losses (includes both the allowance for loan and lease losses and the reserve for unfunded lending commitments)
ALLL	Allowance for Loan and Lease Losses
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2021
ASU	Accounting Standards Update
AUM	Assets Under Management (outstanding balances of Loan Originations serviced by the Company including loans sold to investors as well as loans held for investment and held for sale by the Company)
Balance Sheet	Consolidated Balance Sheets
LC Bank or LendingClub Bank	LendingClub Bank, National Association
CECL	Current Expected Credit Losses (Accounting Standards Update 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments)
CET1	Common Equity Tier 1
CET1 Capital Ratio	Common Equity Tier 1 capital divided by total risk-weighted assets as defined under the U.S. Basel III capital framework
DCF	Discounted Cash Flow
EPS	Net Income (Loss) Per Share
Exchange Act	Securities Exchange Act of 1934, as amended
FRB or Federal Reserve	Board of Governors of the Federal Reserve System and, as applicable, Federal Reserve Bank(s)
GAAP	Accounting Principles Generally Accepted in the United States of America
HFI	Loans which are retained by the Company and held for investment
HFS	Held for sale loans expected to be sold to investors, including Marketplace Loans
Income Statement	Consolidated Statements of Operations
LendingClub, LC, the Company, we, us, or our	LendingClub Corporation and its Subsidiaries
Loan Originations	Unsecured personal loans and auto refinance loans originated by the Company or facilitated by third-party issuing banks.
Marketplace Loans	Loan Originations designated as HFS and subsequently sold to investors
N/M	Not meaningful
Parent Company	LendingClub Corporation (the Parent Company of LendingClub Bank, National Association and other subsidiaries)
PPP Loans	Loans originated pursuant to the U.S. Small Business Administration's Paycheck Protection Program
Radius	Radius Bancorp, Inc.
ROA	Return on Average Total Assets
ROE	Return on Average Equity
SEC	United States Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Structured Program transactions	Asset-backed securitization transactions and Certificate Program transactions (CLUB and Levered certificates), where certain accredited investors and qualified institutional buyers have the opportunity to invest in securities backed by a pool of unsecured personal whole loans.

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Tier 1 Capital Ratio	Tier 1 capital, which includes Common Equity Tier 1 capital plus non-cumulative perpetual preferred equity that qualifies as additional tier 1 capital, divided by total risk-weighted assets as defined under the U.S. Basel III capital framework.
Tier 1 Leverage Ratio	Tier 1 capital, which includes Common Equity Tier 1 capital plus non-cumulative perpetual preferred equity that qualifies as additional tier 1 capital, divided by quarterly adjusted average assets as defined under the U.S. Basel III capital framework.
Total Capital Ratio	Total capital, which includes Common Equity Tier 1 capital, Tier 1 capital and allowance for credit losses and qualifying subordinated debt that qualifies as Tier 2 capital, divided by total risk-weighted assets as defined under the U.S. Basel III capital framework.
Unsecured personal loans	Unsecured personal loans originated on the Company's platforms, including an online direct to consumer platform and a platform connected with a network of education and patient finance providers.
VIE	Variable Interest Entity

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## LENDINGCLUB CORPORATION

Except as the context requires otherwise, as used herein, “LendingClub,” “Company,” “we,” “us,” and “our,” refer to LendingClub Corporation, a Delaware corporation, and, where appropriate, its consolidated subsidiaries and consolidated variable interest entities (VIEs), including LendingClub Bank, National Association (LC Bank), and various entities established to facilitate loan sale transactions under LendingClub’s Structured Program.

### Forward-looking Statements

This Annual Report on Form 10-K for the year ended December 31, 2021 (Annual Report) contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (Exchange Act). Forward-looking statements in this Annual Report include, without limitation, statements regarding borrowers, credit scoring, our strategy, future operations, expected losses, future financial position, future revenue, projected costs, prospects, plans, objectives of management, expected market growth and the impact on our business. You can identify these forward-looking statements by words such as “anticipate,” “appear,” “believe,” “continue,” “could,” “estimate,” “expect,” “forecast,” “future,” “intend,” “may,” “opportunity,” “plan,” “predict,” “project,” “should,” “strategy,” “target,” “will,” “would,” or similar expressions.

These forward-looking statements include, among other things, statements about:

- our ability to integrate LC Bank and the timing and ability to realize the expected financial and strategic benefits of the acquisition of Radius Bancorp, Inc.;
- our ability to attract new members, to expand our product offerings and services, to improve revenue and generate recurring earnings, to capture expense benefits, to increase resiliency, and to enhance regulatory clarity;
- our ability, and that of third-party partners or providers, to address stricter or heightened regulatory or supervisory requirements and expectations;
- our compliance, and that of third-party partners or providers, with applicable local, state and federal laws, regulations and regulatory developments or court decisions affecting our business;
- the impact of COVID-19 and our ability to effectuate, and the effectiveness of, certain operational and strategic initiatives in light of COVID-19;
- our ability to successfully navigate the current economic climate;
- our ability to sustain the business under adverse circumstances;
- the effects of natural disasters, public health crises, acts of war or terrorism and other external events on our customers and business;
- the impact of changes in laws or the regulatory or supervisory environment, including as a result of legislation, regulation, policies or changes in government officials or other personnel;
- the impact of changes in monetary, fiscal, or trade laws or policies, including as a result of actions by governmental agencies, central banks, or supranational authorities;
- the impact of new accounting standards or policies, including the Current Expected Credit Losses (CECL) standard;
- the results of examinations of us by regulatory authorities and the possibility that any such regulatory authority may, among other things, limit our business activities, increase our allowance for loan losses, increase our capital levels, or affect our ability to borrow funds or maintain or increase deposits;
- our ability, and that of third-party partners or providers, to maintain an enterprise risk management framework that is effective in mitigating risk;
- our ability to effectively manage capital or liquidity to support our evolving business or operational needs, while remaining compliant with regulatory or supervisory requirements and appropriate risk-management standards;
- our ability to attract and retain loan borrowers;

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- our ability to develop and maintain a strong core deposit base or other low cost funding sources necessary to fund our activities;
- the impact of changes in consumer spending, borrowing and saving habits;
- the impact of the continuation of or changes in the short-term and long-term interest rate environment;
- the ability of borrowers to repay loans and the plans of borrowers;
- our ability to maintain investor confidence in the operation of our platform;
- our ability to retain existing sources and secure new or additional sources of investor commitments for our platform;
- the performance of our loan products and expected rates of return for investors;
- platform volume, pricing and balance;
- the effectiveness of our platform’s credit scoring models;
- our ability to innovate and the adoption and success of new products and services;
- the adequacy of our corporate governance, risk-management framework and compliance programs;
- the impact of, and our ability to resolve, pending litigation and governmental inquiries and investigations;
- the use of our own capital to purchase loans and the impact of holding loans on and our ability to sell loans off our balance sheet;
- our financial condition and performance, including the impact that management’s estimates have on our financial performance and the relationship between interim period and full year results;
- our ability, and that of third-party partners and providers, to maintain service and quality expectations;
- capital expenditures;
- our compliance with contractual obligations or restrictions;
- the potential impact of macro-economic developments, including recessions or other adverse circumstances;
- our ability to develop and maintain effective internal controls;
- our ability to recruit and retain quality employees to support current operations and future growth;
- changes in the effectiveness and reliability of our information technology and computer systems, including the impact of any security or privacy breach;
- the impact of expense initiatives and our ability to control our cost structure;
- our ability to manage and repay our indebtedness; and
- other risk factors listed from time to time in reports we file with the United States Securities and Exchange Commission (SEC).

We caution you that the foregoing list may not contain all of the forward-looking statements in this Annual Report. 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. We have included important factors in the “Risk Factors” section of this Annual Report, as well as in our consolidated financial statements, related notes, and other information appearing elsewhere in this Annual Report and our other filings with the SEC that could, among other things, cause actual results or events to differ materially from forward-looking statements contained in this Annual Report. Forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments we may make.

You should read this Annual Report carefully and completely and with the understanding that actual future results may be materially different from what we expect. We do not assume any obligation to update or revise any forward-looking statements, whether as a result of new information, actual results, future events or otherwise, other than as required by law.

PART I

**Item 1. Business**

**Introduction**

LendingClub is America’s leading digital marketplace bank. As a digitally native, vertically integrated, customer-focused company, and one of a small number of fintech companies with a national bank charter, we are uniquely positioned to create a next generation of financial products and services to improve our members’ financial health. We do this by bringing together the best of both worlds – fintech and banking – leveraging data and technology to increase consumer access to credit, lower their borrowing costs, and improve the return on their savings while delivering a seamless experience that focuses on fairness and simplicity.

The Company was founded in 2006 and brought a traditional credit product – the installment loan – into the digital age by leveraging technology, data science, and a unique marketplace model. In doing so, we became one of the largest providers of unsecured personal loans in the United States. In February 2021, LendingClub completed the acquisition of an award-winning digital bank, Radius Bancorp, Inc. (Radius), becoming a bank holding company and forming LendingClub Bank, National Association (LC Bank), as its wholly-owned subsidiary through which we operate the vast majority of our business (the Acquisition). The result is a combination of complementary strengths that create an economically attractive and resilient digital marketplace bank.

LendingClub’s loan customers – our “members” – can gain access to a broader range of financial products and services designed to help them digitally optimize their lending, spending, and savings. Economic volatility and the current rising costs of healthcare, housing, education, and more have contributed to millions of everyday Americans having insufficient financial reserves or living paycheck to paycheck, including approximately 40% of those earning over \$100,000 annually. They often turn to a limited set of higher cost debt solutions to bridge cashflow gaps and manage their financial lives. Our mission is to empower our high-income, high-FICO members on a path to better financial health, giving them new ways to pay less on their debt and earn more on their savings. Since 2007, approximately 4 million individuals have become members, joining the Club to help achieve their financial goals.

Strategic and financial benefits of the Acquisition include:

- **Increased and more stable revenue** driven by the addition of net interest income from loans held for investment, complementing existing marketplace revenue streams;
- **Increased opportunity to attract new members and deepen relationships with existing members** through the addition of new digital banking products and services that leverage LendingClub’s marketing and brand strengths;
- **Increased resiliency** with access to stable, low-cost deposit funding replacing higher-cost and more volatile third-party warehouse funding; and
- **Expense benefits** by capturing the fees that were historically paid to third-party issuing banks.

**Our business model and competitive advantages**

We offer key business model and competitive advantages over both traditional banks and fintech marketplaces. These include:

- *Unmatched data and analytics, which power our customer experience and underwriting results.* We believe that lending is essentially a data problem and that we have the technology and expertise to solve it. We serve members across a wide band of the credit spectrum and have facilitated more than \$70 billion of loans to approximately 4 million members since the Company was founded. Through our interactions with applicants and members we have collected more than 150 billion cells of performance and behavioral data across thousands of attributes and various economic cycles. That data informs our activities across the



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customer lifecycle – from marketing to underwriting, pricing, and servicing – and informs our proprietary credit decisioning and machine learning models to rapidly adapt and adjust our operations to changing environments. As a result of our data advantage and iterative credit modeling, we believe we are able to assess credit risk more effectively than traditional scoring models, which allows us to expand access to credit and generate savings for members while also generating attractive risk-adjusted returns. We also believe those advantages promote lower customer acquisition costs and give us a deep understanding of our members, which helps us anticipate their needs, informs future product offerings, and enables us to effectively customize offers.

- *Strong, growing, and engaged customer base.* Our scalable technology marketplace, customer-focused culture, and use of data and analytics has enabled us to provide loans to millions of members, representing a wide band of the credit spectrum. Our typical member is among the industry’s most sought-after consumers: borrowers who are relatively high income (between \$90,000 and \$100,000 annual income), high FICO score (over the last three years our average FICO score has remained well above 700), and between mid-30s to mid-50s in age. Many of them have accumulated higher-cost debt as a result of relying on a limited set of available credit options to bridge cash flow gaps or disruptions. They want better, lower-cost solutions. In a December 2020 survey of our members, 83% of respondents told us that they want to do more with us. Our efficient marketplace model enables us to generate savings for members by matching them with the lowest available cost of funding provided by investors on our marketplace, including LC Bank. Our high net promoter score reflects the strong affinity our members have for our brand and the unique value we provide. In fact many of our members return to us for a subsequent loan and these “repeat members” have very low acquisition costs for us and better loan performance. Overall, our members’ engagement provides a launching pad for deepening relationships beyond personal loans and extending into future products.
- *Financially attractive and resilient business model.* LendingClub operating a national bank has both immediate and long-term benefits. As the originating bank, we save on fees from third-party issuing banks, which compares favorably to nonbank fintechs. We now benefit from two distinct revenue streams: marketplace revenue in the form of origination fees from borrowers and servicing fees on loans sold to investors, which provide attractive in-period income; and net interest income earned from retaining a portion of our prime loan originations for investment, which provides a recurring and resilient revenue source. We are able to adjust the relative percentage of loans held for investment and loans sold through the marketplace depending on market conditions. In addition to improving our loan-level economics, our banking capabilities also substantially increase the long-term resiliency of our business by providing access to more stable deposit funding, which replaces higher-cost and more volatile third-party warehouse funding. Finally, as a digital-first marketplace bank we are better able to leverage technology to meet customers where they are and provide them with efficient and effective solutions.

Our marketplace not only allows us to serve a broad spectrum of borrowers, it also opens up a diverse ecosystem of capital to a new asset class of consumer debt. These marketplace investors include a broad range of institutions that range from banks to institutional funds and asset managers. We primarily compete with other investment vehicles and asset classes, such as equities, bonds, and short-term fixed income securities. LendingClub’s key competitive advantages for marketplace investors include:

- *Competitive risk-adjusted returns.* We have a decade-and-a-half track record of generating competitive risk-adjusted returns for marketplace investors. Our loans compare favorably to other alternative investment options due to their higher yield and lower duration. Further, our returns are competitive in different market environments, given our ability to dynamically price loans based on a variety of inputs, such as competitive insights, supply and demand, and prevailing interest rates.
- *Portfolio diversification.* Loans we sell through our marketplace can offer duration, geographic, and/or asset diversification to investors.
- *Innovative and easy-to-use technology platform.* The investor marketplace brings the traditional loan trading model into the digital age with faster, more efficient transactions that enable borrowers and investors alike to achieve better outcomes. LendingClub’s electronic marketplace enables participating investors to purchase loans quickly and easily. The marketplace provides same day automated settlements,

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flexible real-time market-based pricing, and the ability to customize investor portfolios and trading activity. Investors can use passive portfolio or active loan selection strategies.

- *Regulated and resilient counterparty.* As a national bank subject to regulatory oversight and an investor in our own loans, LendingClub is a trusted partner for banks participating on our marketplace.

### **Our loan origination and deposit gathering model**

Our sales and marketing efforts are designed to efficiently attract and retain members and build brand awareness. We use an array of marketing channels and constantly seek to improve and optimize the member experience, both online and offline, to achieve efficiency and high levels of member satisfaction.

We attract and retain members directly through our website and through targeted online advertising, online aggregation partners, direct mail, and other channels, including search engines, social media, and strategic relationship referrals. Our growing member base often returns directly to LendingClub if they need another loan or deposit product – at very low acquisition cost for us – which increases the lifetime value of our members while helping them improve their financial health.

Our primary consumer products include unsecured personal loans, secured auto refinance loans, and patient and education finance loans (Consumer Loans). Since the Acquisition in February 2021, we have transitioned the origination of all Consumer Loans to LC Bank, except for a portion of education and patient finance loans, which continue to be originated by a third-party issuing bank.

Once a loan application is received, our multivariable and automated processes enable us to assess risk and present approved applicants with various loan options, including the term, rate, and amount for which the applicant qualifies. Although the approval of the vast majority of our loans are automated, we may perform additional verifications on the applicant. Once any verifications are completed, the loan is originated and proceeds of the loan are issued to the borrower, net of any origination or transaction fee retained by us.

We currently offer borrowers multiple features to lower their cost of debt and enhance their financial health, including balance transfers (where a borrower's existing credit card debt is directly paid down and the loan is consolidated into a fixed-rate term loan) and joint applications (where borrowers may receive a better rate when they jointly apply for a personal loan). These loan products are underpinned by a scalable technology platform and capabilities targeted directly at our members' core needs to either lower the cost of their debt and/or improve the returns on their savings.

Our commercial lending business includes commercial and industrial loans, commercial real estate loans, small business loans, and equipment loans and leases. Commercial loans are sourced through relationship managers who maintain and build relationships with businesses across the country. We underwrite loans based on the creditworthiness of commercial clients, including an assessment of cash flows, and on the underlying value of collateral such as equipment or real estate.

For consumer depositors, we offer checking accounts, high-yield savings accounts, and certificates of deposit (CDs). Our checking accounts deliver an award-winning digital experience, customer friendly features, such as ATM fee rebates, no overdraft fees, early direct deposits, rewards, and competitive interest rates. We also offer a range of small business accounts, including checking accounts and U.S. Small Business Administration (SBA) lending programs.

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## Our marketplace

Our Consumer Loans are either: (i) sold to investors or (ii) retained by LC Bank. Our commercial loans are generally retained by LC Bank.

*Loan Sales (Marketplace Activity):* We sell loans to institutional investors, such as banks, asset managers, insurance companies, investment funds, and other large non-bank investors, through our innovative and proprietary marketplace. The marketplace is underpinned by LCX, our real-time electronic platform and settlement technology. This proprietary investor platform can easily be customized to meet the needs of individual investors thereby making transacting on our marketplace fast, easy, and repeatable. This marketplace has a variety of benefits derived from its unique features:

- *A diverse, multifaceted investor market*, which enables LendingClub to offer loans to a greater number of customers across a wider credit spectrum than what LC Bank retains on its balance sheet.
- *A competitive, dynamically priced market* that allows a broad array of investors to instantly buy loans at variable prices (at, below, or above par). The market's competitive nature enables LendingClub to offer lower prices to customers. It also provides us with real-time information on current market prices and demand for certain types of loans, which helps inform our credit models.
- *A flexible and adaptable platform* that enables LendingClub to test new products or potential underwriting expansions with limited credit or market risk to LC Bank.
- *Quick and efficient trading at scale*, which allows investors to quickly deploy their strategies and change their approaches as conditions warrant.
- *Unconstrained scale* because there is no prescribed limit or capital considerations to the volume of loans we can originate and sell through the marketplace, which enables LendingClub to originate more loan volume than it would be able to if all loans were retained on LC Bank's balance sheet.

*LendingClub Bank:* LC Bank buys a representative sample of high-quality prime loans from the marketplace and funds those loans directly with its own capital and deposits, which are typically stable and low cost. We retain these loans for investment on LC Bank's balance sheet and recognize this source of recurring revenue over the life of the loans.

*Retail Notes.* Investors had historically been able to purchase LendingClub Member Payment Dependent Notes (Retail Notes), which are securities for which cash flows to investors were dependent upon principal and interest payments made by borrowers of certain unsecured personal loans. As of December 31, 2020, and in anticipation of the closing of the Acquisition, LendingClub ceased offering and selling Retail Notes. The total balance of outstanding Retail Notes and related loans will continue to decline as underlying borrower payments are made. The Company does not share in any interest rate or credit risk on the related loans. In connection with the cessation of the Retail Notes program, many of those investors have become customers of LC Bank by participating in LC Bank's high yield savings product.

## Seasonality

Historically, personal loan volume on our marketplace is generally lower in the first and fourth quarters of the year, primarily due to seasonality of borrower behavior, which can impact volume. These seasonal trends contribute to fluctuations in our operating results.

## Revenue

We originate Consumer Loans through the Company's marketplace, either selling them directly to investors, which generates a majority of related revenue immediately, or using our own capital to hold the loans for investment, which generates revenue over the life of the loan.

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Revenue from loans held for sale (HFS) is recorded in “Marketplace revenue” and “Interest income” on our Consolidated Statements of Operations (Income Statement). Marketplace revenue includes origination fees recorded at the time of loan origination and is monetized as cash from loan investor sale proceeds. Marketplace revenue also includes the gain on sales of loans (recognition of servicing asset), servicing fees received from investors over the life of the loan, and net fair value adjustments (gains or losses from sale prices in excess of or less than the loan principal amount). We also earn interest income on loans HFS between the time of origination and the settlement date of the loan sales to investors.

Revenue from loans held for investment (HFI) is recorded in “Interest income” on our Income Statement. Origination fees and applicable costs on loans HFI are deferred and are accreted through interest income, over the life of the loans and are accelerated when loans are paid in full before their maturity date. The Current Expected Credit Losses (CECL) allowance for HFI loans is calculated using a discounted cash flow (DCF) approach and is an estimate of the net present value of lifetime expected credit losses, which is initially recognized through earnings (as “Provision for credit losses”) at the time of origination, while the loan interest received and the accretion of deferred fees and costs are recognized according to the loan’s contractual payment terms. Due to the timing difference caused by origination fee deferrals and upfront credit loss provisioning, earnings are disproportionately impacted from the strong expected organic growth in our HFI loan portfolio before benefiting from higher levels of interest income in later periods.

### **Competition**

The financial services industry is highly competitive, rapidly changing, highly innovative, and subject to regulatory scrutiny and oversight. We compete with financial services providers such as banks, credit unions, and finance companies. We also face increased competition from non-bank institutions such as online and marketplace lending companies, as well as from financial services subsidiaries of commercial and manufacturing companies. Many of these competitors have fewer regulatory constraints and some may have lower cost structures. The financial services industry is also likely to become more competitive as further technological advances enable more companies to provide financial services.

See “*Item 1A. Risk Factors – Substantial and increasing competition in our industry may harm our business*” for further discussion of the potential impact of competition on our business.

### **Regulation and Supervision**

#### **General**

The U.S. financial services and banking industry is highly regulated. The bank regulatory regime is intended primarily for the protection of customers, the public, the financial system and the Deposit Insurance Fund (DIF) of the Federal Deposit Insurance Corporation (FDIC), rather than our stockholders or creditors.

The legal and regulatory regime affects virtually all aspects of our operations. Statutes, regulations and policies govern, among other things, the scope of activities that we may conduct and the manner in which we may conduct them; our business plan and growth; our board, management, and risk management infrastructure; the type, terms, and pricing of our products and services; our loan and investment portfolio; our capital and liquidity levels; our reserves against deposits; our ability to pay dividends, buy-back stock or distribute capital; and our ability to engage in mergers, acquisitions and other strategic initiatives. The legal and regulatory regime is continually under review by legislatures, regulators and other governmental bodies, and changes regularly occur through the enactment or amendment of laws and regulations or through shifts in policy, implementation or enforcement. Changes are difficult to predict and could have significant effects on our business.

The material regulatory requirements that are applicable to us and our subsidiaries are summarized below. The description below, as well as other descriptions of laws and regulations in this Annual Report, are not intended to

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summarize all laws and regulations applicable to us and our subsidiaries, and are based upon the statutes, regulations, policies, interpretive letters and other written guidance that are in effect as of the date of this Annual Report.

### **Regulatory Framework**

We are subject to regulation and supervision by multiple regulatory bodies. As a bank holding company, the Company is subject to the Bank Holding Company Act of 1956 (BHCA) and is subject to ongoing and comprehensive supervision, regulation, examination and enforcement by the Board of Governors of the Federal Reserve System (FRB). The FRB's jurisdiction also extends to any company that is directly or indirectly controlled by a bank holding company.

As a national bank, LC Bank is subject to ongoing and comprehensive supervision, regulation, examination and enforcement by the Office of the Comptroller of the Currency (OCC). The OCC charges fees to national banks, including LC Bank, in connection with its supervisory activities.

LC Bank's deposits are insured by the DIF of the FDIC up to applicable legal limits. As an FDIC-insured depository institution, LC Bank is subject under certain circumstances to supervision, regulation and examination by the FDIC. The FDIC charges deposit insurance assessments to FDIC-insured institutions, including LC Bank, to fund and support the DIF. The rate of these deposit insurance assessments is based on, among other things, the risk characteristics of LC Bank. The FDIC has the power to terminate LC Bank's deposit insurance if it determines LC Bank is engaging in unsafe or unsound practices. Federal banking laws provide for the appointment of the FDIC as receiver in the event LC Bank were to fail, such as in connection with undercapitalization, insolvency, unsafe or unsound condition or other financial distress. In a receivership, the claims of LC Bank's depositors (and those of the FDIC as subrogee of LC Bank) would have priority over other general unsecured claims against LC Bank.

We are subject to the disclosure and regulatory requirements of the Securities Act and the Exchange Act, both as administered by the SEC. Our common stock is listed on the New York Stock Exchange (NYSE) under the trading symbol "LC" and therefore we are also subject to the rules of the NYSE for listed companies.

### **Broad Powers to Ensure Safety and Soundness**

A principal objective of the U.S. bank regulatory system is to ensure the safety and soundness of banking organizations. Safety and soundness is a broad concept that includes financial, operational, compliance and reputational considerations, including matters such as capital, asset quality, quality of board and management oversight, earnings, liquidity, and sensitivity to market and interest rate risk. As part of its commitment to maintain safety and soundness, at the time the Company acquired LC Bank, LC Bank entered into an Operating Agreement with the OCC (the Operating Agreement). The Operating Agreement sets forth key parameters within which LC Bank must operate, such as with respect to its business plan, minimum capital, directors and senior executive officers, risk management and compliance.

The banking and financial regulators have broad examination and enforcement authority. The regulators require banking organizations to file detailed periodic reports and regularly examine the operations of banking organizations. Banking organizations that do not meet the regulators' supervisory expectations can be subjected to increased scrutiny and supervisory criticism. The regulators have various remedies available, which may be public or of a confidential supervisory nature, if they determine that an institution's condition, management, operations or risk profile is unsatisfactory. The regulators may also take action if they determine that the banking organization or its management is violating or has violated any law or regulation. The regulators have the power to, among other things:

- require affirmative actions to correct any violation or practice;
- issue administrative orders that can be judicially enforced;

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- direct increases in capital;
- direct the sale of subsidiaries or other assets;
- limit dividends and distributions;
- restrict growth and activities;
- set forth parameters, obligations and/or limitations with respect to the operation of our business;
- assess civil monetary penalties;
- remove officers and directors; and
- terminate deposit insurance.

Engaging in unsafe or unsound practices or failing to comply with applicable laws, regulations and supervisory agreements could subject us and our subsidiaries or their officers, directors and institution-affiliated parties to a broad variety of sanctions or remedies, including those described above.

### **Limits on Activities and Approval Requirements**

The BHCA generally restricts the Company's ability, directly or indirectly, to engage in, or acquire more than 5% of any class of voting securities of a company engaged in, activities other than those determined by the FRB to be so closely related to banking as to be a proper incident thereto. The Gramm-Leach-Bliley Act expanded the scope of permissible activities to include those that are financial in nature or incidental or complementary to a financial activity for a bank holding company that elects to be a financial holding company, which requires the satisfaction of certain conditions. We have not elected financial holding company status.

The bank regulatory regime, including through the Operating Agreement, requires that we obtain prior approval of one or more regulators for various initiatives or corporate actions, including acquisitions or minority investments, the establishment of branches, certain changes to our board or senior management, certain dividends or capital distributions, and significant deviations from LC Bank's previously approved business plan. Regulators take into account a range of factors in determining whether to grant a requested approval, including the supervisory status of the applicant and its affiliates. Thus, there is no guarantee that a particular proposal by us would receive the required regulatory approvals.

The Community Reinvestment Act (CRA) requires federal banking regulators, in their review of certain applications by banking organizations, to take into account the applicant's record in helping meet the credit needs of its community, including low- and moderate-income neighborhoods. LC Bank is subject to periodic examination under the CRA by the OCC, which will assign ratings based on the methodologies set forth in its regulations and guidance. Less favorable CRA ratings, or concerns raised under the CRA, may adversely affect LC Bank's ability to obtain approval for certain types of applications.

### **Company as Source of Strength for LC Bank**

Federal law and FRB policy require that a bank holding company serve as a source of financial and managerial strength for any FDIC-insured depository institution that it controls. Thus, if LC Bank were to be in financial distress or to otherwise be viewed by the regulators as in an unsatisfactory condition, then the regulators could require the Company to provide additional capital or liquidity support, or take other action, in support of LC Bank, even if doing so is not otherwise in the best interest of the Company.

### **Regulatory Capital Requirements and Prompt Corrective Action**

The banking regulators view capital levels as important indicators of an institution's financial soundness. As a general matter, FDIC-insured depository institutions and their holding companies are required to maintain a specified level of capital relative to the amount and types of assets they hold. While capital can serve as an

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important cushion against losses, higher capital requirements can also adversely affect an institution's ability to grow and/or increase leverage through deposit-gathering or other sources of funding.

The Company and LC Bank are each subject to generally similar capital requirements adopted by the FRB and the OCC, respectively. These requirements establish required minimum ratios for common equity tier 1 (CET1) risk-based capital, Tier 1 risk-based capital, total risk-based capital and a Tier 1 leverage ratio; set risk-weighting for assets and certain other items for purposes of the risk-based capital ratios; require an additional capital conservation buffer over the minimum required capital ratios in order to avoid certain limitations on paying dividends, engaging in share repurchases, and paying discretionary bonuses; and define what qualifies as capital for purposes of meeting the capital requirements. Specifically, the capital thresholds in order to be regarded as a well-capitalized institution under the Basel Committee on Banking Supervision standardized approach for U.S. banking organizations are as follows: a CET1 risk-based capital ratio of 6.5%, a Tier 1 risk-based capital ratio of 8.0%, a total risk-based capital ratio of 10.0% and a Tier 1 leverage ratio of 5.0%.

The regulators assess any particular institution's capital adequacy based on numerous factors and may require a particular banking organization to maintain capital at levels higher than the generally applicable minimums. In this regard, and unless otherwise directed by the OCC, we have made commitments for LC Bank to maintain a common equity Tier 1 risk-based capital ratio of 11%, a Tier 1 risk-based capital ratio above 11%, a total risk-based capital ratio above 13% and a Tier 1 leverage ratio of 11% for a minimum of three years following its formation.

The Federal Deposit Insurance Act provides for a system of "prompt corrective action" (PCA). The PCA regime provides for capitalization categories ranging from "well-capitalized" to "critically undercapitalized." An institution's PCA category is determined primarily by its regulatory capital ratios. The PCA requires remedial actions and imposes limitations that become increasingly stringent as an institution's condition deteriorates and its PCA capitalization category declines. Among other things, institutions that are less than well-capitalized become subject to increasingly stringent restrictions on their ability to accept and/or rollover brokered deposits.

In addition to capital requirements, depository institutions are required to maintain non-interest bearing reserves at specified levels against their transaction accounts and certain non-personal time deposits.

### ***Regulatory Limits on Dividends and Distributions***

The ability of the Company or LC Bank to pay dividends, repurchase stock and make other capital distributions is limited by regulatory capital rules and other aspects of the regulatory regime. For example, a policy statement of the FRB provides that, among other things, a bank holding company generally should not pay dividends if its net income for the past year is not sufficient to cover both the cash dividends and a rate of earnings retention that is consistent with the company's capital needs, asset quality, and overall financial condition.

Dividends and capital distributions by LC Bank are also limited by the regulatory regimes. For example, the Operating Agreement requires LC Bank to obtain a prior written determination of non-objection from the OCC before declaring any dividend. Taking into account a wide range of factors, the OCC may object and therefore prevent LC Bank from paying dividends to the Company. Other laws and regulations generally applicable to national banks also limit the amount of dividends and capital distributions that may be made by a national bank and/or require prior approval of the OCC. Because substantially all of our business activities, income and cash flow are expected to be generated by LC Bank, an inability of LC Bank to pay dividends or distribute capital to the Company would adversely affect the Company's liquidity.

See "Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 20. Regulatory Requirements" for additional information.

**Consumer Protection**

We are subject to a broad array of federal, state and local laws and regulations that govern almost every aspect of our business relationships with consumers. These laws relate to, among other things, the content and adequacy of disclosures, pricing and fees, fair lending, anti-discrimination, privacy, cybersecurity, usury, mortgages and housing finance, lending to service members, escheatment, debt collection, loan servicing, collateral secured lending, and unfair, deceptive or abusive acts or practices.

The Consumer Financial Protection Bureau (CFPB) is generally responsible for rulemaking with respect to certain federal laws related to the provision of financial products and services to consumers. In addition, the CFPB has examination and primary enforcement authority with respect to federal consumer financial protection laws with respect to banking organizations with assets of \$10 billion or more. LC Bank has assets less than \$10 billion; therefore, we are not currently subject to the examination and enforcement jurisdiction of the CFPB. However, many consumer protection rules adopted or amended by the CFPB do apply to us and are the subject of examination and enforcement with respect to us by the OCC.

If we fail to comply with these laws and regulations, we may be subject to significant penalties, judgments, other monetary or injunctive remedies, lawsuits (including putative class action lawsuits and actions by state and local attorneys general or other officials), customer rescission rights, supervisory or enforcement actions, and civil or criminal liability.

**Anti-Money Laundering, Sanctions and Financial Crime**

We are subject to a wide range of laws related to anti-money laundering (AML), economic sanctions and prevention of financial crime, including the Bank Secrecy Act, the USA PATRIOT Act and economic sanctions programs. We are required to, among other things, maintain an effective anti-money laundering and counter-terrorist compliance program, identify and file suspicious activity and currency transaction reports, and block transactions with sanctioned persons or jurisdictions. Compliance with these laws requires significant investment of management attention and resources. These laws are enforced by a number of regulatory authorities, including the FRB, OCC, Office of Foreign Assets Control, the Financial Crimes Enforcement Network, the U.S. Department of Justice, Drug Enforcement Administration, and Internal Revenue Service. Failure to comply with these laws, or to meet our regulators' supervisory expectations in connection with these laws, could subject us to supervisory or enforcement action, significant financial penalties, criminal liability and/or reputational harm.

**Third-Party Relationship Risk Management**

We utilize third-party service providers to perform a wide range of operations and other functions, which may present various risks. Our regulators will expect us to maintain an effective program for managing risk arising from third-party relationships, which should be commensurate with the level of risk and complexity of our business and our third-party relationships. If not managed effectively, the use of third-party service providers may expose us to risks that could result in regulatory action, financial loss, litigation, and reputational harm.

**Privacy, Information Technology and Cybersecurity**

We are subject to various laws related to the privacy of consumer information. For example, the Company and its subsidiaries are required under federal law periodically to disclose to their retail clients the Company's policies and practices with respect to the sharing of nonpublic client information with their affiliates and others, and the confidentiality and security of that information. In some cases, LC Bank must obtain a consumer's consent before sharing information with an unaffiliated third party, and LC Bank must allow a consumer to opt out of LC Bank's sharing of information with its affiliates for marketing and certain other purposes. We are also subject to laws and regulatory requirements related to information technology and cybersecurity. For example, the Federal Financial Institutions Examination Council (FFIEC), which is a council comprised of the primary federal banking regulators, has issued guidance and supervisory expectations for banking organizations with respect to information technology



and cybersecurity. Our regulators regularly examine us for compliance with applicable laws, and adherence to industry best practices, with respect to these topics. For example, they will evaluate our security of user and customer credentials, business continuity planning, and the ability to identify and thwart cyber-attacks.

State regulators have also been increasingly active in implementing privacy and cybersecurity standards and regulations. Recently, several states have adopted regulations requiring certain financial institutions to implement cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also recently implemented or modified their data breach notification and data privacy requirements. For example, the California Privacy Rights Act of 2020 is expected to become fully operative on January 1, 2023. We expect this trend of state-level activity in those areas to continue, and are continually monitoring developments in the states in which our clients are located.

#### **Limitations on Transactions with Affiliates and Loans to Insiders**

Banks are subject to restrictions on their ability to conduct transactions with affiliates and other related parties under federal banking laws. For example, federal banking laws impose quantitative limits, qualitative requirements, and collateral standards on certain extensions of credit and other transactions by an insured depository institution with, or for the benefit of, its affiliates. In addition, most types of transactions by an insured depository institution with, or for the benefit of, an affiliate must be on terms substantially the same or at least as favorable to the insured depository institution as if the transaction were conducted with an unaffiliated third party. Federal banking laws also impose restrictions and procedural requirements in connection with the extension of credit by an insured depository institution to directors, executive officers, principal stockholders (including the Company) and their related interests. In addition, purchases and sales of assets between an insured depository institution and its executive officers, directors, and principal stockholders may also be limited under such laws. The Sarbanes-Oxley Act generally prohibits loans by public companies to their executive officers and directors. However, there is a specific exception for loans by financial institutions, such as LC Bank, to its executive officers and directors that are made in compliance with federal banking laws.

#### **Acquisition of a Significant Interest in the Company**

Banking laws impose various regulatory requirements on parties that may seek to acquire a significant interest in the Company. For example, the Change in Bank Control Act of 1978 would generally require that any party file a formal notice with, and obtain non-objection of, the FRB prior to acquiring (directly or indirectly, whether alone or acting in concert with any other party) 10% or more of any class of voting securities of the Company. Further approval requirements and significant ongoing regulatory consequences would apply to any company that (directly or indirectly, whether alone or as part of an association with another company) seeks to acquire “control” of the Company or LC Bank for purposes of the BHCA. The determination whether a party “controls” a depository institution or its holding company for purposes of these laws is based on applicable regulations and all of the facts and circumstances surrounding the investment.

#### **Certain Regulatory Developments Relating to the COVID-19 Pandemic CARES Act**

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was passed by Congress and signed into law by the President. Below is a brief overview of some of the provisions of the CARES Act and other regulations and supervisory guidance related to the COVID-19 pandemic that are applicable to the operations and activities of the Company and LC Bank.

*Paycheck Protection Program (PPP).* A principal provision of the CARES Act amended the Small Business Administration’s (SBA) loan program to create a guaranteed, unsecured loan program, the PPP, to fund operational costs of eligible businesses, organizations, and self-employed persons during the COVID-19 pandemic. On June 5, 2020, the Paycheck Protection Program Flexibility Act (PPPPFA) was signed into law, which among other things, gave borrowers additional time and flexibility to use PPP loan proceeds. Shortly thereafter, and due to the evolving impact of the COVID-19 pandemic, additional legislation authorizing the SBA to resume accepting PPP

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applications on July 6, 2020 and extending the PPP application deadline to August 8, 2020 was signed. Subsequently, the SBA was authorized to resume accepting PPP applications through May 31, 2021. As a participating lender in the PPP, LC Bank continues to monitor legislative, regulatory, and supervisory developments related thereto.

*Temporary Regulatory Capital Relief Related to Impact of Current Expected Credit Losses (CECL).* Concurrent with enactment of the CARES Act, federal bank regulatory authorities issued an interim final rule that delays the estimated impact on regulatory capital resulting from the adoption of CECL. The interim final rule provides banking organizations that implement CECL before the end of 2020 the option to delay for two years the estimated impact of CECL on regulatory capital relative to regulatory capital determined under the prior incurred loss methodology, followed by a three-year transition period to phase out the aggregate amount of capital benefit provided during the initial two-year delay.

### **Effect on Economic Environment**

The policies of regulatory authorities, including the monetary policy of the FRB, have a significant effect on the operating results of bank holding companies and their subsidiaries. Among the means available to the FRB to affect the money supply are open market operations in U.S. government securities, changes in the discount rate on borrowings and changes in reserve requirements with respect to deposits. These means are used in varying combinations to influence overall growth and distribution of bank loans, investments and deposits, and their use may affect interest rates charged on loans or paid for deposits. The FRB monetary policies have materially affected the operating results of commercial banks in the past and are expected to continue to do so in the future. Although we conduct stress tests to measure and prepare for the impact of potential changes in monetary policy, we cannot predict with certainty the nature of future monetary policies and the effect of such policies on our business and earnings.

### **Issuing Bank Model**

Prior to acquiring Radius and establishing LC Bank, our issuing bank for unsecured personal and auto refinance loans was WebBank, a Utah-chartered industrial bank. Our partner banks for education and patient finance loans were NBT Bank and Comenity Capital Bank, which originate and service such loans. NBT Bank is subject to oversight by the OCC and was phased out as a partner in 2021. Comenity Capital Bank is subject to oversight by the FDIC and the Utah Department of Financial Institutions, and will continue to be a partner in 2022. These authorities impose obligations and restrictions on our activities and the loans facilitated through our lending marketplace through issuing and partner banks.

There have been challenges to the ability of a bank to “export” interest rates permitted by the laws of the state where the bank is located. For example, the Second Circuit’s 2015 decision in *Madden v. Midland Funding, LLC* led to an increase in inquiries, regulatory proceedings and litigation relating to the application of state usury restrictions and limitations and lending arrangements where a bank or other third party has made a loan and then sells and assigns it. In 2020, the OCC issued a final rule clarifying that interest on a loan that is lawful under federal law for national banks and federal savings associations remains lawful upon the sale, assignment or other transfer of the loan (the OCC Rule). The FDIC issued a similar final rule in 2020 applicable to FDIC insured state-chartered banks (the FDIC Rule). Since these final rules, several federal district courts have declined to follow the Madden decision, including in Colorado, Massachusetts and New York. On February 8, 2022, a federal district court granted summary judgment in favor of the OCC and FDIC in lawsuits brought by multiple states seeking to invalidate the OCC Rule and FDIC Rule (*California, et al. v. The Office of the Comptroller of the Currency, et al.*, No. 4:20-cv-05200-JSW (N.D. Cal.); *California, et al. v. Federal Deposit Insurance Corporation*, No. 4:20-cv-05860-JSW (N.D. Cal.)).

### **Regulatory Examinations and Actions Relating to the Company’s Pre-Acquisition Business**

The Company is routinely subject to examination for compliance with applicable laws and regulations in the states in which it is licensed. Prior to the Acquisition, the Company conducted its business through nonbank entities, some

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of which maintain or maintained various financial services licenses in numerous jurisdictions. Since the Acquisition, the vast majority of the Company's business is conducted through LC Bank pursuant to the laws applicable to national banks. Accordingly, many state level regulations and licensing requirements no longer apply to the Company post-Acquisition in part because: (i) it is a bank holding company operating a national bank and therefore subject to the purview of the federal banking regulations and regulators, and (ii) post-Acquisition, the Company has ceased certain types of operations that were unique to its pre-Acquisition business model, such as the Retail Notes program.

Therefore the Company's nonbank entities have returned, and are continuing to return, certain state financial services licenses. Nevertheless, even after state financial services licenses are returned, the Company may continue to be subject to the regulation, supervision and enforcement of various state regulatory authorities with respect to legacy or residual activities. Furthermore, the Company's nonbank entities continue to maintain certain state licenses, which continue to subject the Company to the regulation, supervision and enforcement of some state regulatory authorities.

The Company has periodically had discussions with various regulatory agencies regarding our pre-Acquisition business model. For example, the Company is subject to examination by the New York Department of Financial Services (NYDFS) with respect to the period prior to the Acquisition and becoming a bank holding company operating a national bank. At times these historic exams have included the application of state usury rates and lending arrangements where a bank or other third party has made a loan and then sells and assigns it to an entity that is engaged in assisting with the origination or servicing of a loan. During the course of such discussions with the NYDFS, the Company decided to voluntarily comply with certain rules and regulations while it was not a bank holding company operating a national bank. Post-Acquisition, the Company has returned its New York state license to the NYDFS, but is subject to a two-year lookback period, which remains ongoing, with respect to compliance with NYDFS regulations.

Additionally, prior to discontinuing the offer and sale of Retail Notes in December 2020, the Company undertook a review of its portfolio of licenses and had discussions with regulators in Texas, Arizona, New York, Florida and North Dakota concerning the licensing/registration required for the issuance of Retail Notes to investors in these states and applied for registrations in these states to facilitate these operations. The Company has reached resolutions with Texas, Arizona and North Dakota to resolve their concerns, the outcome of which is not material to our operations or financial position. Because the Company has ceased offering and selling Retail Notes, it has returned Retail Notes related state licenses and withdrew its related application for registration in Florida.

For more information on how the regulatory environment, enforcement actions, findings and ratings could also have an impact on our strategies, the value of our assets, or otherwise adversely affect our business see "*Item 1A. Risk Factors – Risks Related to Regulation, Supervision and Compliance.*"

### **Intellectual Property**

To establish and protect our technology and intellectual property rights, we rely on a combination of copyright, trade secret and other rights, as well as confidentiality procedures, non-disclosure agreements with third parties, employee disclosure and invention assignment agreements, and other contractual rights. We are not dependent on any one patent, related group of patents, or any other single right to use intellectual property. Despite our efforts to protect our proprietary rights, third parties may, in an authorized or unauthorized manner, attempt to use, copy, or otherwise obtain and market or distribute our intellectual property rights or technology, or otherwise develop a product with the same functionality as our solution. In addition, our competitors may develop products that are similar to our technology. Policing all unauthorized use of our intellectual property rights is nearly impossible, and we cannot be certain that the steps we have taken or will take in the future will prevent misappropriations of our technology or intellectual property rights.

## Human Capital

The Company and its consolidated subsidiaries had 1,384 employees as of December 31, 2021, all of whom were located in the United States. Our workforce has increased from 980 employees as of December 31, 2020, with much of the increase coming from the Acquisition and hiring in key functions to support our growth and enhance our compliance environment.

Our success depends, in large part, on our ability to recruit, develop, motivate, and retain employees with the skills to execute our long-term strategy. We participate in a competitive market for talent and aim to distinguish ourselves by offering our employees the opportunity to make a meaningful positive impact on the financial health of Americans in an innovative technology-oriented environment. We also offer competitive compensation and benefits. Our compensation programs consist primarily of base salary, corporate bonus, and equity awards. We periodically conduct pay equity surveys to ensure our compensation programs are applied equitably across our workforce. Our benefits programs consist of comprehensive health, dental, and welfare benefits, including a 401(k) matching program and online mental health tools.

We are committed to advancing a safe work environment for our employees. Our commitment to diversity, equality and inclusion has won multiple awards and we have also been recognized as a Top Workplace in the U.S. We adhere, and expect all of our employees to adhere, to our Code of Business Conduct and Ethics, which, among other things, sets forth numerous policies designed to provide for a safe, ethical, respectful and compliant work environment. During the COVID-19 pandemic, our commitment to our employees has been guided by a core principle: keeping our employees safe. With that principle in mind, in March 2020, we rapidly and effectively implemented a work from home program and the majority of our workforce continues to work exclusively from home. As we have begun to reopen our physical offices, we have grounded our return to office strategy in legal requirements and public health guidance in combination with the needs of our employees.

Diversity and inclusion are core to our corporate culture and we continue to strive to improve the diversity of talent within the financial services industry. Diversity and inclusion is an important consideration in hiring decisions and we strive for a 50% diverse candidate slate and interview panel for open roles. In addition to anti-racism, inclusive hiring, and breaking bias trainings for all of our employees, we have executive-sponsored programs designed to provide women and under-represented individuals with leadership training and growth opportunities. Further, we have employee resource groups and allyship programs designed to empower our employees to advocate for the growth of minorities and build a more diverse and inclusive workplace. With respect to our board of directors, the current composition does not reflect the gender or racial diversity we want. Accordingly, we are committed to appointing future candidates that bring increased diversity. As of December 31, 2021, our full-time workforce was 43% female and 48% non-white.

## Available Information

Our website address is [www.lendingclub.com](http://www.lendingclub.com). At our investor relations website, [ir.lendingclub.com](http://ir.lendingclub.com), we make available free of charge the following information and capabilities:

- Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to these reports as soon as reasonably practicable after they are electronically filed with, or furnished to, the SEC;
- Press releases, including with respect to our quarterly earnings;
- Announcements of public conference calls and webcasts;
- Corporate governance information, including our certificate of incorporation, bylaws, governance guidelines, committee charters, business conduct and ethics policy, and other governance-related policies;
- Other news and market data that we may post from time to time that investors might find useful or interesting; and
- Opportunity to sign up for email notifications.

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In addition to announcing material financial information through our investor relations website, press releases, SEC filings, and public conference calls and webcasts, we also intend to use other online and social media channels, including our Blog (<http://blog.lendingclub.com>) and Twitter handles (@LendingClub and @LendingClubIR) to disclose material non-public information and to comply with our disclosure obligations under Regulation FD.

The contents of the websites referred to above are not incorporated into this filing or in any other report or document on file with the SEC. Further, our references to the URLs for these websites are intended to be inactive textual references only.

The SEC maintains a website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

## Item 1A. Risk Factors

*You should carefully consider the risks and uncertainties described below, together with all of the other information in this Annual Report, including the section titled “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the consolidated financial statements and related notes. While we believe the risks and uncertainties described below include all material risks currently known by us, it is possible that these may not be the only ones we face. If any of the risks actually occur, our business, financial condition, operating results and prospects could be materially and adversely affected.*

### Risk Factors Summary

Our business is subject to a number of risks that may adversely affect our business, financial condition and results of operations. These risks are discussed more fully below and include, but are not limited to:

#### *Risks Related to Regulation, Supervision and Compliance*

- operating within the bank regulatory regime and to the satisfaction of the banking regulators;
- our compliance with applicable laws and regulations (including foreign laws);
- the adequacy of our allowance for loan losses;
- operating within capital and liquidity regulations and requirements;
- the adequacy and effectiveness of our risk management framework;
- the impact of any changes to the legal and regulatory regime; and
- our participation in the Federal Paycheck Protection Program.

#### *Risks Related to Operating Our Business*

- our ability to develop and commercialize products and services;
- holding loans on our balance sheet and associated credit, liquidity and interest rate risk;
- maintaining our deposit base;
- maintaining adequate liquidity;
- the impact of litigation and regulatory investigations, inquiries and requests;
- M&A activity, including our recent Acquisition;
- disruptions in our technology systems or failures in our technology initiatives;
- maintaining, protecting and promoting our brand;
- offering a breadth and volume of investment opportunities for platform investors;
- managing, and the impact of, fraudulent activity;
- forecasting demand for loans;
- maintaining and increasing loan originations;
- the ability of platform investors to exert influence over us;
- our use of the issuing bank partnership model;
- breaches of certain representations and warranties made to others; and
- our ability to manage indebtedness.

#### *Risks Related to Macroeconomic Conditions or Other External Factors*

- the impact of COVID-19 and our ability to navigate the current economic environment;
- fluctuations in interest rates;
- negative publicity and media coverage;
- the political environment and fiscal/monetary policies;
- a decline in overall social and economic conditions; and
- the impact of natural disasters, infrastructure failures and other business interruptions.

***Risks Related to Credit and Collections***

- the accuracy and effectiveness of our credit decisioning models; and
- the effectiveness of our collections efforts.

***Risks Related to Our Industry***

- our ability to compete; and
- the soundness of other financial institutions.

***Risks Related to Personnel and Third Parties***

- attracting and retaining employees;
- the impact of any misconduct or errors; and
- our reliance on, and relationship with, third parties.

***Risks Related to Data, Intellectual Property and Privacy***

- security incidents, failures and bugs in our systems;
- the impact of cyber-attacks suffered by third parties;
- the collection, storage and use of personal data;
- protecting our intellectual property rights; and
- our use of open source software.

***Risks Related to Tax and Accounting***

- our ability to use our deferred tax asset;
- our net loss position; and
- changes in accounting standards and incorrect estimates and assumptions.

***Risks Related to the Ownership of Our Common Stock***

- the volatility of our stock price and fluctuations in quarterly results;
- the availability and content of research and reports by analysts;
- future equity dilution;
- our anti-takeover provisions and restrictions in accumulating a position in the Company; and
- our intention to not pay dividends in the foreseeable future.

**RISKS RELATED TO REGULATION, SUPERVISION AND COMPLIANCE**

***We operate in a highly regulated environment that affects virtually all aspects of our operations, and the need to comply with applicable laws, regulations and supervisory expectations can materially impact our business, financial condition and results of operations.***

We are subject to extensive regulation, supervision and legal requirements that affect virtually all aspects of our operations. The regulatory regime governing banking organizations is generally intended to protect customers, depositors, the Deposit Insurance Fund (DIF) and the overall financial stability of the United States, not our stockholders or creditors. See “*Item 1. Business – Regulation and Supervision*” for information on the regulation and supervision framework which governs our Company and its activities.

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We are regularly examined and inspected by our regulators, including the FRB and OCC. Our regulators have extensive authority and discretion in their interpretation, implementation, supervision and enforcement of the regulatory regime, including on matters related to:

- dividends or capital distributions by LC Bank or the Company;
- capital and liquidity requirements applicable to us, including the imposition of requirements more stringent than those required under generally applicable laws;
- the types and terms of products we offer, activities we may conduct or investments we may make;
- the composition, risk characteristics, potential adverse classification, allowance and risk reserves in connection with our loans or other assets;
- our deposit-gathering and other funding sources;
- the quality of our board and management oversight;
- the effectiveness of our risk management and compliance programs, including with respect to consumer protection, information technology, cybersecurity, third-party risk management, anti-money laundering and sanctions;
- LC Bank's commitment to helping meet the credit needs of low- and moderate-income neighborhoods under the Community Reinvestment Act of 1967;
- their willingness to approve applications, such as for changes in our business plan, the establishment of new branches, the commencement of new activities, or the conduct of mergers and acquisitions; and
- our rate of growth and other expansionary or strategic initiatives.

The Company became a bank holding company on February 1, 2021, with its acquisition of Radius, and therefore has only recently become subject to the bank regulatory regime. We continue to devote substantial time and resources to compliance and meeting our regulators' supervisory expectations, which will adversely affect our profitability and may adversely affect our ability to pursue advantageous business opportunities.

***Failure to comply with applicable laws, regulations or commitments, or to satisfy our regulators' supervisory expectations, could subject us to, among other things, supervisory or enforcement action, which could adversely affect our business, financial condition and results of operations.***

If we do not comply with applicable laws, regulations or commitments, if we are deemed to have engaged in unsafe or unsound conduct, or if we do not satisfy our regulators' supervisory expectations, then we may be subject to increased scrutiny, supervisory criticism, governmental or private litigation and/or a wide range of potential monetary penalties or consequences, enforcement actions, criminal liability and/or reputational harm. Such actions could be public or of a confidential nature, and arise even if we are acting in good faith or operating under a reasonable interpretation of the law and could include, for example, monetary penalties, payment of damages or other monetary relief, restitution or disgorgement of profits, directives to take remedial action or to cease or modify practices, restrictions on growth or expansionary proposals, denial or refusal to accept applications, removal of officers or directors, prohibition on dividends or capital distributions, increases in capital or liquidity requirements and/or termination of LC Bank's deposit insurance. Additionally, compliance with applicable laws, regulations and commitments requires significant investment of management attention and resources. Any failure to comply with applicable laws, regulations or commitments could have an adverse effect on our business, financial condition and results of operations.

***Our allowance for loan losses may not be adequate to cover actual losses.***

We maintain an allowance for loan losses to provide for loan defaults and non-performance. We reserve for loan losses by establishing an allowance that is based on our assessment of loan losses in our loan portfolio. Further, through its adoption of the CECL model, the Financial Accounting Standards Board (FASB) has implemented a new accounting model to measure credit losses for financial assets measured at amortized cost, which includes the vast majority of our loan portfolio. Under this new model, the allowance is established to reserve for management's best estimate of expected lifetime losses inherent in our finance receivables and loan portfolio.



## LENDINGCLUB CORPORATION

The process for determining the amount of the allowance requires subjective and complex judgments about the future, including forecasts of economic or market conditions that might impair the ability of our borrowers to repay their loans. Changes in economic conditions affecting borrowers, revisions to accounting rules and related guidance, new qualitative or quantitative information about existing loans, identification of additional problem loans, changes in the size or composition of our finance receivables and loan portfolio, changes to our loss estimation techniques including consideration of forecasted economic assumptions, and other factors, both within and outside of our control, may require an increase in the allowance for loan losses.

A decline in the national economy and the local economies of the areas in which the loans are concentrated could result in an increase in loan delinquencies, foreclosures or repossessions resulting in increased charge-off amounts and the need for additional loan loss allowances in future periods. In addition, our regulators may require us to make a provision for loan losses or otherwise recognize further loan charge-offs following their periodic review of our loan portfolio, our underwriting procedures, and our loan loss allowance.

***We are subject to stringent capital and liquidity regulations and requirements.***

LendingClub Corporation is the parent company of and a separate and distinct legal entity from LC Bank. Legal entity liquidity is an important consideration as there are legal, regulatory, contractual and other limitations on our ability to utilize liquidity from one legal entity to satisfy the liquidity requirements of another, which could result in adverse liquidity events at either LendingClub Corporation and/or LC Bank. In particular, LC Bank is subject to laws that restrict dividend payments, or authorize regulatory bodies to block or reduce the flow of funds from those subsidiaries to the parent company or other subsidiaries. Applicable laws and regulations, including capital and liquidity requirements, could restrict our ability to transfer funds between LC Bank and LendingClub Corporation, which could adversely affect our cash flow and financial condition. Additionally, applicable laws and regulations may restrict what LendingClub Corporation is able to do with the liquidity it does possess, which may adversely affect our business and results of operations.

Bank holding companies, including the Company, are subject to capital and liquidity standards. Further, we have made certain commitments to the banking regulators which require us to hold capital incremental to the minimum required under the applicable standards, which could thereby impact the Company's ability to invest in assets. From time to time, regulators may implement changes to these capital adequacy and liquidity requirements. If the Company fails to meet these minimum capital adequacy and liquidity guidelines and other regulatory requirements, its business activities, including lending, and its ability to expand could be limited. It could also result in the Company being required to take steps to increase its regulatory capital that may be dilutive or adverse to stockholders, including limiting the Company's ability to pay dividends to stockholders or limiting the Company's ability to invest in assets even if deemed more desirable from a financial and business perspective.

***Our business may be adversely affected if our risk management framework does not effectively identify, assess and mitigate risk.***

Our risk management framework seeks to appropriately balance risk and return and mitigate our risks, including risks attributable to third parties. We have established policies intended to regularly identify and assess our risk profile, including credit risk, pricing risk, liquidity risk, strategic risk and operational risk, and then implement appropriate processes and controls to mitigate risk.

If our risk management framework does not effectively identify, assess and/or mitigate our risk profile, we could suffer unexpected losses or be adversely affected, which could have a material adverse effect on our business. For example, assessment of our risk profile depends, in part, upon the use of forecasting models. If these models are ineffective at predicting future losses or are otherwise inadequate, we may incur unexpected losses or otherwise be adversely affected. In addition, the information we use may be inaccurate or incomplete, both of which may be difficult to detect and avoid. Additionally, there may be risks that exist, or that develop in the future, that we have not appropriately anticipated, identified or mitigated.

Finally, our risk management framework may be deemed insufficient or inadequate by our regulators, which have in the past required, and we expect to continue to require, that we invest additional resources into remediating any deficiencies and adversely impact our ability to operate our business until such time as the revised framework is deemed sufficient and adequate by our regulators.

***Changes in the legal and regulatory regime could adversely affect our business, financial condition, and results of operations.***

Laws, regulations and supervisory expectations, and the manner in which they are interpreted and enforced, are constantly changing. For example, governments could pass legislation or adopt policies based on changes in leadership, shifting priorities or in response to current financial conditions. We cannot predict what changes, if any, will be made to the legal and regulatory regime or the effect that such changes may have on our future business and earnings prospects. Changes to the legal and regulatory regime may require material modifications to our products, services and operations, require significant investments of management attention and resources, or expose us to potential liability for past practices. Changes to the legal and regulatory regime, such as through amendments to laws and regulations, imposition of supervisory action, or shifts in governmental or regulatory policies, practices or priorities may have a material adverse impact on our operations, including the cost to conduct business, our results of operations and what products and services we can offer.

***We have participated as a lender in the Federal Paycheck Protection Program (PPP) and have certain risks attributable to lenders under PPP.***

The PPP loans made by LC Bank (which in this risk factor includes its predecessor entity Radius Bank) under the federal CARES Act are guaranteed by the SBA. If PPP loan funds are used by the borrower for specific purposes as provided under the PPP, the loan may be fully or partially forgiven by the SBA and LC Bank will receive funds directly from the SBA. If, however, the PPP borrower fails to qualify for loan forgiveness then we may end up holding these loans at unfavorable interest rates as compared to the interest rate that we otherwise would have applied.

There was and continues to be uncertainty regarding some of the laws, rules and guidance relating to the PPP. If the SBA or other regulators determine that LC Bank has not complied with all PPP laws, rules and guidance, we could be required to refund some or all of the fees related to PPP loans that we have earned or be subject to other regulatory enforcement action. Furthermore, in the event of a loss resulting from a default on a PPP loan and a determination by the SBA that there was a deficiency in the manner in which the PPP loan was originated, funded or serviced by LC Bank, the SBA may deny its liability under the guaranty, reduce the amount of the guaranty or, if it has already made payment under the guaranty, seek recovery of any loss related to the deficiency from LC Bank. PPP lenders, including LC Bank, may also be subject to the risk of litigation in connection with other aspects of the PPP, including but not limited to borrowers seeking forgiveness of their loans. Any financial liability or litigation related to LC Bank's participation in PPP could adversely impact our business, financial condition, and results of operations.

***Participation by non-U.S. residents on our marketplace bank may result in non-compliance with foreign laws.***

From time to time, non-U.S. residents invest in loans directly through our marketplace bank. We are not experts with respect to all applicable laws in the various foreign jurisdictions from which an investor may be located, and we cannot be sure that we are complying with all applicable foreign laws. Failure to comply with such laws could result in fines and penalties payable by us, which could reduce our profitability or cause us to modify or delay planned expansions and expenditures, including investments in our growth. In addition, any such fines and penalties could create negative publicity, result in additional regulatory oversight that could limit our operations and ability to succeed, or otherwise hinder our plans to expand our business internationally.

## RISKS RELATED TO OPERATING OUR BUSINESS

***If we are unable to develop and commercialize new products and services and enhancements to existing products and services, our business may suffer.***

The financial services and banking industry is evolving rapidly and changing with disruptive technologies and the introduction of new products and services. We derive a significant portion of our revenue from transaction-based fees we collect in connection with the origination of unsecured personal loans. To enhance customer engagement and diversify our revenue streams, we are undertaking a strategy to broaden the scope of our products and services we offer. Failure to broaden the scope of our products and services leaves us dependent on a single revenue stream and vulnerable to competitors offering a suite of products and services. Accordingly, a key part of our success depends on our ability to develop and commercialize new products and services and enhancements to existing products and services.

We incur expenses and expend resources to develop and commercialize new products and services and enhancements to existing products and services. However, we may not assign the appropriate level of resources, priority or expertise to the development and commercialization of these new products, services or enhancements. We also could utilize and invest in technologies, products and services that ultimately do not achieve widespread adoption and, therefore, are not as attractive or useful to our customers as we anticipate. Moreover, we may not realize the benefit of new technologies, products, services or enhancements for many years, and competitors may introduce more compelling products, services or enhancements in the meantime. Competitors also may develop or adopt technologies or introduce innovations that make our marketplace bank platform less attractive to our borrowers and/or investors.

If we are unable to develop and commercialize timely and attractive products and services, our growth may be limited and our business may be materially and adversely affected.

***Holding loans on our balance sheet exposes us to credit, liquidity and interest rate risk, which may adversely affect our financial performance.***

We may hold loans purchased by the Company or issued by LC Bank for a short period or for a longer term. While these loans are on our balance sheet we earn interest on the loans, but we have exposure to the credit risk of the borrowers. In the event of a decline or volatility in the credit profile of these borrowers the value of these held loans may decline. This may adversely impact the liquidity of these loans, which could produce losses if we are unable to realize their fair value or manage declines in their value, each of which may adversely affect our financial performance. Further, utilizing our balance sheet to purchase loans at greater than forecasted amounts may impair our ability to allocate sufficient financial resources for other purposes, such as advancing our products and services, which could impact our results of operations.

From time to time, we may provide incentives to investors to purchase such loans from us or we may sell the loans at a price that is less than par. Any incentive or difference to par may be partially or wholly offset by other factors, such as interest earned on the loan prior to its sale. However, selling loans with incentives or at prices less than par may discourage investors from purchasing loans on our platform without incentives or at par value, cause us to realize less revenue than expected with respect to such loans or prompt dissatisfaction and complaints from investors unable to purchase incentivized or discounted loans, each of which may adversely affect our business and financial results.

***We may not be able to maintain our deposit base.***

We rely on deposits as a principal source of funding for our lending activities. As of December 31, 2021, we had approximately \$3.1 billion in deposits, which consisted of \$2.2 billion in core deposits and \$0.9 billion in brokered deposits. Our future growth and strategy will largely depend on our ability to maintain core deposits to provide a less costly and stable source of funding. The deposit markets are competitive, and therefore it may prove difficult to

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grow our core deposit base. Changes we make to the rates offered on our deposit products may affect our finances and liquidity. We also have brokered deposits, which may be more price sensitive than other types of deposits and may become less available if alternative investments offer higher returns. In addition, our ability to maintain existing or obtain additional deposits may be impacted by factors, including factors beyond our control, including perceptions about our reputation, financial strength or branchless banking generally, which could reduce the number of consumers choosing to place deposits with us.

Our ability to obtain deposit funding and offer competitive interest rates on deposits is also dependent on capital levels of LC Bank and being considered “well-capitalized” by the banking regulators. Our regulators can adjust the requirements to be “well-capitalized” at any time and have authority to place limitations on our deposit businesses, including the interest rate we pay on deposits and the amount of brokered deposits we can accept. We also derive a portion of our deposits through our Banking-as-a-Service relationships. If a Banking-as-a-Service relationship were to terminate, our deposit base would decrease. An inability to develop and maintain a strong deposit base could have a material adverse impact on our business, financial condition and results of operations.

***An inability to maintain adequate liquidity could jeopardize our business and financial condition.***

Liquidity is essential to our business. Although we believe that we currently have an adequate amount of liquidity to support our business, there are a number of factors that could reduce and/or deplete our existing liquidity position, including results of operations that are reduced relative to our projections, costs related to existing or future litigation or regulatory matters, the pursuit of strategic business opportunities (whether through acquisition or organic) and unanticipated liabilities. Additionally, as noted above, we are subject to stringent capital and liquidity regulations and requirements and need to manage our liquidity position at both LendingClub Corporation and LC Bank within the parameters and terms set forth by applicable regulations and regulators. LC Bank is subject to various legal, regulatory and other restrictions on its ability to make distributions and payments to the Company. Any inability to maintain an adequate liquidity position could adversely affect our operations, our compliance with applicable regulations and the performance of our business.

Further, our ability to raise additional capital, should that be deemed beneficial and/or necessary, depends on conditions in the capital markets, economic conditions and a number of other factors, including investor perceptions regarding the financial services and banking industry, market conditions, governmental activities, and our financial condition and performance. Accordingly, we may be unable to raise additional capital if needed or on acceptable terms, which may adversely affect our liquidity, business, financial condition and results of operations.

***We are regularly subject to litigation, and government and regulatory investigations, inquiries and requests.***

We are regularly subject to claims, individual and class action lawsuits, lawsuits alleging regulatory violations such as the Telephone Consumer Protection Act (TCPA), Fair Credit Reporting Act (FCRA), Unfair and Deceptive Acts and Practices (UDAP) or Unfair, Deceptive or Abusive Acts or Practices (UDAAP) violations, government and regulatory exams, investigations, inquiries or requests, and other proceedings involving consumer protection, privacy, labor and employment, intellectual property, privacy, data protection, cybersecurity, anti-money laundering, securities, tax, commercial disputes, record retention and other matters. The number and significance of these claims, lawsuits, exams, investigations, inquiries and requests have increased as our business has expanded in scope and geographic reach, and our products and services have increased in complexity. For example, since our acquisition of Radius, we are subject to supervision, regulation, examination and enforcement by multiple federal banking regulatory bodies. Specifically, as a bank holding company, the Company is subject to ongoing and comprehensive supervision, regulation, examination and enforcement by the FRB. Further, as a national bank, LC Bank is subject to ongoing and comprehensive supervision, regulation, examination and enforcement by the OCC. Accordingly, we have been and continue to invest in regulatory compliance and to be subject to certain parameters, obligations and/or limitations set forth by the banking regulations and regulators with respect to the operation of our business. We are also subject to significant litigation and regulatory inquiries, as discussed more fully in “Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 19. Commitments and Contingencies,” below.

The scope, timing, outcome, consequences and impact of claims, lawsuits, proceedings, investigations, inquiries and requests that we are subject to cannot be predicted with certainty. Determining reserves for our pending litigation is a complex, fact-intensive process that requires significant judgment. Furthermore, resolution of such claims, lawsuits, proceedings, investigations, inquiries and requests could result in substantial fines, penalties or other monetary, injunctive or declaratory relief, which may materially and adversely affect our business. These claims, lawsuits, proceedings, exams, investigations, a requests could also: (i) result in reputational harm, criminal sanctions, consent decrees, orders preventing us from offering certain features, functionalities, products or services, (ii) limit our access to credit, (iii) result in a modification or suspension of our business practices, (iv) require certain parameters, obligations and/or limitations with respect to the operation of our business, (v) require us to develop non-infringing or otherwise altered products or technologies, (vi) prompt ancillary claims, lawsuits, proceedings, investigations, inquiries and requests, (vii) consume financial and other resources which may otherwise be utilized for other purposes, such as advancing our products and services, (viii) cause a breach or cancellation of certain contracts, or (ix) result in a loss of customers, investors and/or ecosystem partners, any of which may adversely affect our business and operations. Furthermore, even following the resolution of any claims, lawsuits, proceedings, exams, investigations, inquiries and requests against us, a regulatory enforcement agency could take action against one or more individuals or entities, which may require us to continue to incur significant expense for indemnification for any such individual or entity until such matters may be resolved. Any of these consequences could materially and adversely affect our business.

***Our acquisitions and other strategic transactions, including our recent Acquisition, may not yield the intended benefits.***

We have historically and may continue to evaluate and consider strategic transactions, combinations, acquisitions, dispositions or alliances. These transactions could be material to our financial condition and results of operations if consummated. If we are able to identify an appropriate business opportunity, we may not be successful in negotiating favorable terms and/or consummating the transaction and, even if we do consummate such a transaction, we may be unable to obtain the benefits or avoid the difficulties and risks of such transaction.

In particular, on February 1, 2021, we acquired Radius and thereby its wholly-owned subsidiary, Radius Bank. The Company anticipates that this Acquisition will continue to be transformational for the Company from both a financial and strategic perspective. However, any acquisition (including our Acquisition), disposition or other strategic transactions involves risks, including:

- difficulties in assimilating and integrating the operations, personnel, systems, data, technologies, products and services of the acquired business, which may require ongoing investment in development and enhancement of additional operational and reporting processes and controls;
- inability of the acquired technologies, products or businesses to achieve expected levels of revenue, profitability, productivity or other benefits;
- difficulties in retaining, training, motivating and integrating key personnel;
- diversion of management's time and resources from our normal daily operations;
- difficulties in successfully incorporating licensed or acquired technology and rights into our platform;
- difficulties in maintaining uniform standards, controls, procedures and policies within the combined organization;
- difficulties in retaining relationships with customers, employees and suppliers of the acquired business;
- risks of entering markets in which we have no or limited direct prior experience;
- regulatory risks, including remaining in good standing with existing regulatory bodies or receiving any necessary pre-closing or post-closing approvals, as well as being subject to new regulators with oversight over an acquired business;
- assumption of contractual obligations that contain terms that are not beneficial to us, require us to license or waive intellectual property rights or increase our risk for liability;
- failure to successfully further develop any acquired technology;

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- liability for activities of the acquired or disposed of business before the acquisition or disposition, including patent and trademark infringement claims, violations of laws, regulatory actions, commercial disputes, tax liabilities and other known and unknown liabilities;
- difficulty in separating assets and replacing shared services;
- assumption of exposure to performance of any acquired loan portfolios;
- potential disruptions to our ongoing businesses; and
- unexpected costs and unknown risks and liabilities associated with the acquisition.

Accordingly, any acquisition, disposition or other strategic transaction may not be successful, may not benefit our business strategy, may not generate sufficient revenue to offset the associated costs or may not otherwise result in the intended benefits. Additionally, it may take us longer than expected to fully realize the anticipated benefits and synergies of these transactions (including the acquisition of Radius), and those benefits and synergies may ultimately be smaller than anticipated or may not be realized at all, which could adversely affect our business and operating results.

The acquisition of Radius represents a significant transformation for us. While we are optimistic in our ability to integrate the Radius business and the strategic and financial opportunities the Acquisition will enable, there is significant risk in the execution of the transformation and integration. For example, we are now subject to extensive regulation by the federal banking regulators and accordingly we are continuing to rapidly evolve our compliance programs so that we, and certain of our third-party partners and providers, have adequate processes and staffing to satisfy the applicable regulations and our regulators. Similarly in connection with the Acquisition, we now offer a broader suite of products and services and there is a risk that there will be interruptions in the operation and support of these products and services while we complete the integration of the Radius business and personnel. Any failure, delay or interruptions related to this transformation and integration could adversely impact our business, financial condition, and results of operations. Finally, while we are undergoing this transformation, new operations and integration, certain of the other risks described in “*Item 1A. Risk Factors*” and elsewhere in our Annual Report, such as our attrition risk, compliance with the bank regulatory regime, and resolution of regulatory and compliance matters associated with our prior regulatory regime, may be heightened. For example, we have transitioned from an issuing bank partnership model to one in which we directly originate the vast majority of our loans, which subjects us to an array of rules and regulations for which non-compliance may adversely impact our business, financial condition and results of operations.

Any transactions, combinations, acquisitions, dispositions or alliances may also require us to issue additional equity securities, spend our cash, or incur debt (and increased interest expense), liabilities and amortization expenses related to intangible assets or write-offs of goodwill, which could adversely affect our results of operations and dilute the economic and voting rights of our stockholders and the interests of holders of our indebtedness.

In addition, we cannot assure you that any acquisition of new businesses or technology will lead to the successful development of new or enhanced products and services or that any new or enhanced products and services, if developed, will achieve market acceptance or prove to be profitable.

Finally, we may also choose to divest certain businesses or product lines that no longer fit with our strategic objectives. If we decide to sell assets or a business, we may have difficulty obtaining terms acceptable to us in a timely manner, or at all. Additionally, the terms of such potential transactions may expose us to ongoing obligations and liabilities.

***Any significant disruption in our technology systems, including events beyond our control, or failure in our technology initiatives could have a material adverse effect on our operations.***

We believe the technology platform that powers our marketplace bank enables us to deliver solutions to customers and provides a significant time and cost advantage over traditional banks. The satisfactory performance, reliability and availability of our technology and our underlying network infrastructure are critical to our operations, customer service and reputation. Our failure to maintain satisfactory performance, reliability and availability of our

technology and underlying network infrastructure may impair our ability to attract new and retain existing customers, which could have a material adverse effect on our operations.

Any interruptions or delays in our technology systems or service, whether as a result of third-party error, our error, natural disasters, terrorism, other man-made problems, or security breaches, whether accidental or willful, could harm our relationships with our customers and our reputation. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing or posting payments on loans, damage our brand and reputation, divert our employees' attention, reduce our revenue, subject us to liability, and cause customers to abandon our marketplace bank, any of which could adversely affect our business, financial condition and results of operations.

We depend on our technology infrastructure to conduct and grow our business and operations and accordingly we invest in system upgrades, new solutions and other technology initiatives. Many of these initiatives take a significant amount of time to develop and implement, are tied to critical systems and require significant human and financial resources. While we take steps to mitigate the risks and uncertainties associated with these initiatives, these initiatives may not be implemented on time (or at all), within budget or without negative financial, operational or customer impact. Further if and when implemented, these initiatives may not perform as we or our customers and other stakeholders expect. We also may not succeed in anticipating or keeping pace with future technology needs, technology demands of our customers or the competitive landscape for technology. The failure to implement new and maintain existing technologies could adversely affect our business, financial condition and results of operations.

***Failure to maintain, protect and promote our brand may harm our business.***

Maintaining, protecting and promoting our brand is critical to achieving widespread acceptance of our products and services and expanding our base of customers. Maintaining, protecting and promoting our brand depends on many factors, including our ability to continue to provide useful, reliable, secure and innovative products and services, as well as our ability to maintain trust.

Our brand can be harmed in many ways, including failure by us or our partners to satisfy expectations of service and quality, inadequate protection of sensitive information, failure to maintain or provide adequate or accurate documentation and/or disclosures, compliance failures, failure to comply with contractual obligations, regulatory requests, inquiries or proceedings, litigation and other claims, employee misconduct and misconduct by our partners. We have also been, and may in the future be, the target of incomplete, inaccurate and/or misleading statements about our company, our business, and/or our products and services. Furthermore, our ability to maintain, protect and promote our brand is partially dependent on visibility and customer reviews on third-party platforms. Changes in the way these platforms operate could make the maintenance, protection and promotion of our products and services and our brand more expensive or more difficult. If we do not successfully maintain, protect and promote our brand we may be unable to maintain and/or expand our base of customers, which may materially harm our business.

***If we are unable to offer platform investors a satisfactory breadth and volume of investment opportunities, our business and results of operations may be materially harmed.***

We invest in our marketplace bank platform and regularly iterate our processes to provide improved and more efficient investment opportunities, which includes efforts to provide platform investors the opportunity to invest in a broad selection of loans. However, various factors may contribute to certain loans being available only in a limited quantity or being entirely unavailable.

Some of our agreements with platform investors contain provisions regarding the manner in which our marketplace bank platform product operates that could constrain the manner in which our marketplace bank platform product can develop, particularly with respect to how loans are selected for investment. These agreements could constrain the

development of our marketplace bank, including efforts to offer a breadth of investment opportunities for and among a variety of investors, and/or result in significant damages that could impact our results in a given period.

If platform investors are unable to invest in certain categories of loans, are unable to invest at the volume they desire, perceive that they are not offered the same investment opportunities as other investors and/or are dissatisfied with the risk-adjusted return they receive from investing on our platform, they may seek alternative investments from ours which may materially harm our business and results of operations.

***Fraudulent activity associated with our marketplace bank could negatively impact our operating results, brand and reputation and cause the use of our products and services to decrease and our fraud losses to increase.***

We are subject to the risk of fraudulent activity associated with our marketplace bank, borrowers, investors and third parties handling borrower and investor information. We have taken measures to detect and reduce the risk of fraud, but these measures need to be continually improved and may not be effective against new and continually evolving forms of fraud or in connection with new product offerings. Under our agreements with investors, we are obligated to repurchase loans in cases of confirmed identity theft. The level of our fraud charge-offs and our results of operations could be materially and adversely affected if fraudulent activity were to significantly increase. High profile fraudulent activity or significant increases in fraudulent activity could lead to regulatory intervention, negatively impact our operating results, brand and reputation and lead us to take steps to reduce fraud risk, which could increase our costs.

In addition, in the past, third parties have attempted to defraud individuals, some of whom may be potential customers of ours, by misappropriating our logos and representing themselves as LendingClub in e-mail campaigns to e-mail addresses that have been obtained outside of LendingClub. In one particular scheme, third parties represented to individuals that they might obtain a loan if they paid an “advance fee.” Individuals who believe that the campaigns are genuine may make payments to these unaffiliated third parties. Although we take commercially reasonable steps to prevent third-party fraud, we cannot always be successful in preventing individuals from suffering losses as a result of these schemes. Individuals who suffer damages due to the actions of these unaffiliated third parties may negatively view LendingClub, causing damage to our brand and reputation and reducing our business.

***If we are unable to accurately forecast demand for loans, our business could be harmed.***

We operate a marketplace bank for consumer credit, balancing borrower demand for loans against investor demand for risk-adjusted returns. We offer credit to borrowers across a range of credit profiles and rates and we offer investment opportunities across a range of risk-adjusted returns. In the event that borrower demand at a given credit rate exceeds investor demand for that product for a given period, we may fund the loans and hold them on our balance sheet, which carries certain risks. The vast majority of investor funding on our platform is non-committed and therefore it is challenging to precisely forecast investor demand. In addition to the discussion in this section, see the risk factor “*Holding loans on our balance sheet exposes us to credit, liquidity and interest rate risk, which may adversely affect our financial performance.*”

Alternatively, in the event that investor demand at a given return exceeds borrower demand for that product for a given period, there may be insufficient inventory to satisfy investor demand. If investors do not believe their demand can be met on our platform, they may seek alternative investments from ours and our business may suffer.

***If we do not maintain or continue to increase loan originations through our marketplace bank, or expand our marketplace bank to new markets, we may not succeed in maintaining and/or growing our business, and as a result our business and results of operations could be adversely affected.***

To maintain and continue to grow our business, we must continue to increase loan originations through our marketplace bank by attracting a large number of new borrowers who meet our platform’s lending standards and new and existing investors to invest in these loans. Our ability to attract qualified borrowers and attract new and



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retain existing investors each depends in large part on the success of our marketing efforts, our visibility, placement and customer reviews on third-party platforms, and the competitive advantage of our products, particularly as we continue to grow our marketplace bank and introduce new products. If any of our marketing channels become less effective, or the cost of these channels were to significantly increase, we may not be able to attract new and retain existing customers in a cost-effective manner or convert potential customers into active customers in our marketplace bank. Additionally, changes in the way third-party platforms operate, including changes in our participation on such platforms, could make the maintenance and promotion of our products and services, and thereby maintaining and growing loan originations, more expensive or more difficult. If loan originations through our platform stagnate or decrease, for any reason, our business and financial results may be adversely affected.

***If investors on our marketplace bank pause or cease their participation or exert influence over us, our business, financial condition and results of operations may be harmed.***

Our success depends in significant part on the financial strength of investors participating on our marketplace bank platform. Investors could, for any reason, experience financial difficulties and cease participating on our platform or fail to pay fees when due. Further, the financial returns on loans we offer on our platform may prove to be unsatisfactory to certain platform investors and, therefore, such investors may choose to deploy their capital elsewhere. The occurrence of one or more of these events with a significant number of investors could, alone or in combination, have a material and adverse effect on our business, financial condition and results of operation.

Additionally, investors may exert significant influence over us, our management and operations. For example, if investors pause or discontinue their investment activity, we may need to provide incentives or discounts and/or enter into unique structures or terms to attract investor capital to the platform. These arrangements may have a number of different structures and terms, including alternative fee arrangements or other incentives. There is also no assurance that we will be able to enter into any of these transactions if necessary, or if we do, what the final terms will be. Failure to attract investor capital on reasonable terms may result in a reduction in origination volume. For example, a number of our largest platform investors ceased or significantly reduced their purchases of our products in the Spring of 2020, which resulted in a material reduction in our origination volume and revenue. Similar actions may have a material impact on our business, financial condition and results of operations.

***Any challenge to or adverse consequence from our use of the issuing bank partnership model may harm our business.***

We believe that our use of the issuing bank partnership model is appropriate for all the jurisdictions in which we operate and we have worked with federal, state and local regulatory agencies to help them understand the model. However, we operate in a complex and evolving regulatory environment at the federal and state level and some enforcement authorities and private parties have challenged the ability to rely on legislative and judicial authority that permits a bank to “export” interest rates permitted by the laws of the state where the bank is located.

For example, in May 2015, the U.S. Court of Appeals for the Second Circuit issued its decision in *Madden v. Midland Funding, LLC* that interpreted the scope of federal preemption under the National Bank Act and held that a nonbank assignee of a loan originated by a national bank may not be entitled to the benefits of federal preemption of claims of usury. The Second Circuit’s decision is binding on federal courts located in Connecticut, New York, and Vermont, but the decision could also be adopted by other courts. However, in 2020, the OCC issued a final rule clarifying that interest on a loan that is lawful under federal law for national banks and federal savings associations remains lawful upon the sale, assignment or other transfer of the loan (the OCC Rule). The FDIC issued a similar final rule in 2020 applicable to FDIC-insured state-chartered banks (the FDIC Rule). Since these final rules, several federal district courts have declined to follow the decision of the U.S. Court of Appeals for the Second Circuit in *Madden v. Midland Funding, LLC*, including in Colorado, Massachusetts and New York. On February 8, 2022, a federal district court granted summary judgment in favor of the OCC and FDIC in lawsuits brought by multiple states seeking to invalidate the OCC Rule and FDIC Rule (*California, et al. v. The Office of the Comptroller of the Currency, et al.*, No. 4:20-cv-05200-JSW (N.D. Cal.); *California, et al. v. Federal Deposit Insurance Corporation*,

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No. 4:20-cv-05860-JSW (N.D. Cal.)). While we believe that our use of the issuing bank model is appropriate and factually distinguishable from the decision of the U.S. Court of Appeals for the Second Circuit in *Madden v. Midland Funding, LLC*, the case could create potential liability under state statutes such as usury statutes.

Any challenge to or adverse consequence of our use of the issuing bank partnership model (where it is still used in our business) could adversely affect that business (including requiring that we alter our business model for impacted products), financial condition and results of operations.

***If we breach representations or warranties that we made in our securitization, whole loan, CLUB Certificate or LendingClub Loan Certificate transactions, or if we suffer a direct or indirect loss in our retained interests in these transactions, our financial condition could be harmed.***

We have sponsored a number of sales of unsecured personal whole loans through asset-backed securitizations. In connection with these securitizations, as well as our whole loan, CLUB Certificate and LendingClub Loan Certificate transactions, we make certain customary representations, warranties and covenants. If there is a breach of those representations and warranties that materially and adversely affects the value of the subject loans, then we will be required to either cure the breach, repurchase the affected loans from the purchasing entity, replace the affected loans with other loans or make a loss of value payment, as the case may be. Any losses that result could be material and have an adverse effect on our financial condition.

In the event that we suffer losses on all or a portion of the interests in any securitization transaction that we have retained (whether to comply with applicable risk retention rules or otherwise), our financial condition could be harmed. We may enter into similar transactions in the future and those transactions are likely to entail similar and other substantial risks.

***Indebtedness could adversely affect our business and financial results.***

In the past, we have had a significant amount of indebtedness. While our indebtedness has recently materially decreased, if our debt service obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, more of our cash flow from operations would need to be allocated to the payment of principal of, and interest on, our indebtedness, which would reduce the funds available for other purposes. Our indebtedness also could limit our ability to execute our strategic plan and withstand competitive pressures and could reduce our flexibility in responding to changing business and economic conditions.

Should we desire to obtain additional indebtedness we may require a guarantee by LC Bank, where substantially all of our operations are being conducted. Any such guarantee would require approval of the banking regulators and there can be no assurance that we would be able to obtain such a guarantee. To extent that we are not able to obtain a guarantee from LC Bank, it may be more difficult or expensive for us to borrow money.

Our ability to make payments on our debt, to repay our existing indebtedness when due, and to fund our business, operations and significant planned capital expenditures will depend on our ability to pay with available cash or generate cash in the future. This, to a certain extent, is subject to financial, competitive, legislative, regulatory and other factors that are beyond our control. In addition, if we cannot service our indebtedness, we may have to take actions such as utilizing available capital, limiting the facilitation of additional loans, selling assets, selling equity or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could impede the implementation of our business strategy, prevent us from entering into transactions that would otherwise benefit our business and/or adversely affect our business and financial results. We also may not be able to refinance our indebtedness or take such other actions, if necessary, on commercially reasonable terms, or at all.

## RISKS RELATED TO MACROECONOMIC CONDITIONS OR OTHER EXTERNAL FACTORS

***Our business has been and will likely continue to be negatively impacted by the COVID-19 pandemic.***

The COVID-19 pandemic and the mitigation efforts by governments to attempt to control its spread, including the closure of non-essential businesses and shelter in place orders, resulted in an unprecedented reduction in economic activity and significant dislocation on consumers, businesses, capital markets and the broader economy. In particular, the impact of COVID-19 on the finances of our borrowers has been profound as many have been, and may continue to be, impacted by unemployment, reduced earnings and/or elevated economic disruption and insecurity.

In response to the impact of COVID-19, we undertook a number of initiatives to support our borrowers, protect investor returns, and preserve capital and liquidity. For example, we added customer support capacity and instituted new payment and hardship plans, adjusted our credit and underwriting processes and standards, and undertook a number of measures that aimed to balance the platform without further use of our balance sheet. Although we have since reverted certain of these measures, we will continue to actively monitor the situation, assess possible implications to our business and take appropriate actions in an effort to mitigate the adverse consequences of COVID-19. However, there can be no assurances that any initiatives we take will be sufficient or successful.

There are no comparable recent events to accurately predict the effect COVID-19 may have, and, as a result, its ultimate impact is highly uncertain and subject to change. COVID-19 has had, and may again have, a number of adverse effects on our business and results of operations, including materially decreased demand for our products and negative pressure on overall platform returns, including as a result of increased credit risk of borrowers (including elevated delinquencies and charge-off rates) and the implementation of forbearance plans.

Further, our compliance with measures to contain the spread of, or otherwise related to, COVID-19 has impacted our day-to-day operations and could disrupt our business and operations, as well as that of our key vendors and counterparties, for an indefinite period of time. Despite the prevalence of remote working within and beyond our company, the disruptions in workforce and collaboration caused by COVID-19 may result in inefficiencies and delays in product development, marketing, operations and customer service efforts that we cannot fully mitigate.

The extent to which COVID-19 will continue to negatively impact our business and results of operations will depend on future developments which are highly uncertain and cannot be accurately predicted, including the duration of the pandemic, actions taken to treat or control the spread of COVID-19, future strains or mutations of COVID-19, any re-emergence of COVID-19 or related diseases, and the intermediate and longer-term impact on consumers, businesses and the broader economy. For example, COVID-19 raises the possibility of a prolonged global economic downturn, which could further affect the performance of and demand for our products and services and adversely impact our business and results of operations even after the pandemic is contained.

The COVID-19 pandemic, and its impact, may also have the effect of heightening many of the other risks described in “*Item 1A. Risk Factors*” and elsewhere in our Annual Report, such as managing our liquidity, growing platform volume and our exposure to litigation, and government and regulatory investigations, inquiries and requests.

Any one or a combination of the factors identified above could have a material adverse impact on our business, financial condition and results of operations.

***Fluctuations in interest rates could negatively affect transaction volume and our net interest income.***

We offer loan products with both fixed and variable interest rates, depending on the type of loan. If interest rates rise, potential borrowers could seek to defer taking new loans as they wait for interest rates to decrease and/or settle, and borrowers of variable rate loans may be subject to increased interest rates, which could increase default risk. If interest rates decrease after a loan is made, existing borrowers may prepay their loans to take advantage of the lower

rates. Furthermore, investors would lose the opportunity to collect the higher interest rate payable on the corresponding loan and may delay or reduce future loan investments.

Our net interest income is the interest we earn on loans and investments less the interest we pay on our deposits and borrowings. Our net interest margin is the difference between the yield we earn on our assets and the interest rate we pay for deposits and our other sources of funding. Changes in interest rates will cause our net interest income and margin to increase or decrease. To the extent that we hold loans for sale on our balance sheet, we will be at risk to rising interest rates between origination and sale. In order to sell such loans, we may need to reduce the sale price in order to satisfy the yield expectations of our platform investors. Fluctuations in the interest rate environment may impact our net interest income and/or discourage investors and borrowers from participating in our marketplace bank and may reduce our loan originations, any which may adversely affect our business.

Notwithstanding the above, we monitor interest rates and have certain avenues to manage our interest rate risk exposure, including changing the interest rate offered on deposits and the interest rate on our loan products. If our interest rate risk management strategies are not appropriately monitored or executed, these activities may not effectively mitigate our interest rate sensitivity or have the desired impact on our results of operations or financial condition.

***Negative publicity and unfavorable media coverage could negatively affect our business.***

Negative publicity about our industry or our company, including with respect to the quality and reliability of our marketplace bank, effectiveness of the credit decisioning or scoring models used in our marketplace bank, the effectiveness of our collection efforts, statements regarding investment returns, changes to our marketplace bank, our ability to grow our borrower and investor base at a rate expected by the market, our ability to effectively manage and resolve borrower and investor complaints, our ability to manage borrower and investor accounts in compliance with regulatory requirements which may not be clear, privacy and security practices, use of loan proceeds by certain borrowers of ours or other companies in our industry for illegal purposes, litigation, regulatory activity, and the experience of borrowers and investors with our marketplace bank, products or services, even if inaccurate, could adversely affect our reputation and the confidence in, and the use of, our bank, products and services, which could harm our business and operating results. Harm to our reputation can arise from many sources, including employee misconduct, misconduct by our partners or partners of partners, other online marketplace banks, outsourced service providers or other counterparties, failure by us or our partners to meet minimum standards of service and quality, inadequate protection of borrower and investor information and compliance failures and claims.

***Our business and operating results could be adversely affected by the political environment and governmental fiscal and monetary policies.***

An unpredictable or volatile political environment in the United States, including any related social unrest, could negatively impact business and market conditions, economic growth, financial stability, and business, consumer, investor, and regulatory sentiments, any one or more of which in turn could cause our business and financial results to suffer.

Our business and financial results are also significantly affected by the fiscal and monetary policies of the U.S. government and its agencies. We are particularly affected by the policies of the FRB, which regulates the supply of money and credit in the United States in pursuit of maximum employment, stable prices, and moderate long-term interest rates. The FRB and its policies influence the availability and demand for loans and deposits, the rates and other terms for loans and deposits, the conditions in equity, fixed-income, currency, and other markets, and the value of securities and other financial instruments. Additionally, tax and other fiscal policies impact not only general economic and market conditions but also give rise to incentives or disincentives that affect how we and our customers prioritize objectives, deploy resources, and run households or operate businesses. Both the timing and the nature of any changes in monetary or fiscal policies, as well as their consequences for the economy and the markets in which we operate, are beyond our control and difficult to predict but could adversely affect our business and operating results.

***A decline in social and economic conditions may adversely affect our customers, which may negatively impact our business and results of operations.***

As a marketplace bank, we believe our customers are highly susceptible to uncertainties and negative trends in the markets driven by, among other factors, general social and economic conditions in the United States, abroad and the regional areas where our customers reside.

Economic factors include interest rates, unemployment levels, the impact of a federal government shutdown, natural disasters, public health emergencies, pandemics, gasoline prices, adjustments in monthly payments, adjustable-rate mortgages and other debt payments, the rate of inflation, relative returns available from competing investment products and consumer perceptions of economic conditions. Social factors include changes in consumer confidence levels and changes in attitudes with respect to incurring debt and the stigma of personal bankruptcy.

These social and economic factors may affect the ability or willingness of borrowers to make payments on their loans. Because we pass through collected borrower payments to investors or we make payments to investors ratably only to the extent we receive the borrower's payments on the corresponding loan, if we do not receive payment(s) on the corresponding loan, the investor will not be entitled to the corresponding amount(s) or payment(s) under the terms of the investment or whole loan purchase agreement. In some circumstances, economic and/or social factors could lead to a borrower deciding to pre-pay their loan obligation. In the event of a prepayment, while the investor would receive the return of principal, interest would no longer accrue on the loan. Accordingly, the return for the investor would decline as compared to a loan that was timely paid in accordance with its amortization schedule. There is no penalty to borrowers if they choose to pay their loan early.

We strive to establish a marketplace bank in which annual percentage rates are attractive to borrowers and returns, including the impact of credit losses and prepayments, are attractive to investors. These external economic and social conditions and resulting trends or uncertainties could also adversely impact our customers' ability or desire to participate on our platform as borrowers or investors, which could negatively affect our business and results of operations. In addition to the discussion in this section, see "*Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Overview.*"

***Our business operations may be adversely impacted by political events, terrorism, cyber-attacks, public health issues, natural disasters, severe weather, climate change, infrastructure failure or outages, labor disputes and other business interruptions.***

Our business operations are subject to interruption by, among other things, political events, terrorism, cyber-attacks, public health issues, natural disasters, severe weather, climate change, infrastructure failure or outages, labor disputes and other events which could decrease demand for our products and services or make it difficult or impossible for us to deliver a satisfactory experience to our customers. Such events could affect the stability of our deposit base, impair the ability of our borrowers to repay their outstanding loans, cause significant property damage or otherwise impair the value of collateral securing our loans, and result in loss of revenue and/or cause us to incur additional expenses. Although we have established disaster recovery plans and procedures, and we monitor the effects of any such events on our loans, properties and investments, the occurrence of any such event could have a material adverse impact on our business, financial condition and results of operations.

Furthermore, in the event of any disruption to our operations or those of the companies with whom we do business with, we could incur significant losses, require substantial recovery time and experience significant expenditures in order to resume or maintain operations, any of which could have a material adverse impact on our business, financial condition and results of operations.

**RISKS RELATED TO CREDIT AND COLLECTIONS**

***If the credit decisioning, pricing, loss forecasting and scoring models we use contain errors, do not adequately assess risk, or are otherwise ineffective, our reputation and relationships with customers could be harmed, our market share could decline and the value of loans held on our balance sheet may be adversely affected.***

Our ability to attract customers to, and build trust in, our marketplace bank is significantly dependent on our ability to effectively evaluate a borrower's credit profile and likelihood of default. To conduct this evaluation, we utilize credit decisioning, pricing, loss forecasting and scoring models that assign each loan offered through our marketplace bank a grade and a corresponding interest rate. Our models are based on algorithms that evaluate a number of factors, including behavioral data, transactional data, bank data and employment information, which may not effectively predict future loan losses. If we are unable to effectively segment borrowers into relative risk profiles, we may be unable to offer attractive interest rates for borrowers and risk-adjusted returns for investors.

Additionally, if these models fail to adequately assess the creditworthiness of our borrowers, we may experience higher than forecasted losses. Furthermore, as stated above, we hold loans on our balance sheet. We periodically assess the value of these loans and in doing so we review and incorporate a number of factors including forecasted losses. Accordingly, if we fail to adequately assess the creditworthiness of our borrowers such that we experience higher than forecasted losses, the value of the loans held on our balance sheet may be adversely affected.

We continually refine these algorithms based on new data and changing macroeconomic conditions. However, there is no guarantee that the credit decisioning, pricing, loss forecasting and scoring models that we use have accurately assessed the creditworthiness of our borrowers, or will be effective in assessing creditworthiness in the future.

Similarly, if any of these models contain programming or other errors, are ineffective or the data provided by borrowers or third parties is incorrect or stale, our loan pricing and approval process could be negatively affected, resulting in mispriced or misclassified loans or incorrect approvals or denials of loans. If these errors were to occur, we may be obligated to repurchase the affected loans, investors may try to rescind their affected investments or decide not to invest in loans in the future or borrowers may seek to revise the terms of their loans or reduce the use of our marketplace bank for loans.

***If collection efforts on delinquent loans are ineffective or unsuccessful, the return on investment for investors in those loans would be adversely affected and investors may not find investing through our marketplace bank desirable.***

Many of our loan products, including all of our personal loans, are unsecured obligations of borrowers, and they are not secured by any collateral. None of the loans facilitated on our platform are guaranteed or insured by any third party or backed by any governmental authority in any way. We are the loan servicer for all loans supporting notes, all certificates and certain secured borrowings, and we are the loan servicer for most, though not all, loans sold as whole loans. The ability to collect on the loans is dependent on the borrower's continuing financial stability, and consequently, collections can be adversely affected by a number of factors, including job loss, divorce, death, illness, bankruptcy or the economic and/or social factors referenced above in the risk factor "*A decline in social and economic conditions may adversely affect our customers, which may negatively impact our business and results of operations.*" Furthermore, the application of various federal and state laws, including federal and state bankruptcy and insolvency laws, may limit the amount that can be recovered on these loans. Accordingly, we and our designated third-party servicers and collection agencies are limited in our ability to collect loans.

In addition, most investors must depend on us or our third-party servicers and collection agents to pursue collection on delinquent borrower loans. Because we make payments ratably on an investor's investment only if we receive the borrower's payments on the corresponding loan, if we, or third parties on our behalf, cannot adequately perform collection services, the investor will not be entitled to any payments under the terms of the investment. Further, if collection action must be taken in respect of a loan, we or the collection agency may charge a collection fee on any amounts that are obtained (excluding litigation). These fees will correspondingly reduce the amounts of any

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payments received by an investor. Similarly, the returns to investors may be impacted by declines in market rates for sales of charged-off loans to third-party purchasers. Ultimately, if delinquencies impair our ability to offer attractive risk-adjusted returns for investors, they may seek alternative investments and our business may suffer.

In addition, because our servicing fees depend on the collectability of the loans, if we experience a significant increase in the number of delinquent or charged-off loans we will be unable to collect our entire servicing fee for such loans and our revenue could be adversely affected.

***Credit and other information that we receive from borrowers or third parties about a borrower may be inaccurate or may not accurately reflect the borrower's creditworthiness, which may cause us to inaccurately price loans made through our marketplace bank.***

Our ability to review and select qualified borrowers depends on obtaining borrower credit information from consumer reporting agencies, such as TransUnion, Experian or Equifax, and other third parties. We assign loan grades to loan requests based on our marketplace bank's credit decisioning and scoring models that take into account reported credit score, other information reported by the consumer reporting agencies and the requested loan amount, in addition to a variety of other factors. A credit score or loan grade assigned to a borrower may not reflect that borrower's actual creditworthiness because the credit score or loan grade may be based on outdated, incomplete or inaccurate data, including consumer reporting data, and we do not verify the information obtained from a borrower's credit report.

Additionally, there is a risk that, following the date of the credit report or other third-party data that we obtain and review, a borrower may have:

- become delinquent in the payment of an outstanding obligation;
- defaulted on a pre-existing debt obligation;
- taken on additional debt; or
- sustained other adverse financial events.

In addition, borrowers supply a variety of information, including information that is included in the loan listings on our marketplace bank, and this information may be inaccurate or incomplete. To verify a borrower's identity, income or employment, our verification process and teams connect to various data sources, directly or through third-party service providers, contact the human resources department of the borrower's stated employer, or request pay stubs. However, we often do not verify a borrower's stated tenure, job title, home ownership status or intention for the use of loan proceeds.

The factors above may result in loans being issued to otherwise non-qualified borrowers and/or impact our ability to effectively segment borrowers into relative risk profiles, each of which may impair our ability to offer attractive risk-adjusted returns for investors, which may cause investors to seek alternative investments from ours and our business may suffer. Additionally, if borrowers default on loans that are not priced correctly because the information provided by the borrowers or third parties is inaccurate, investors may try to rescind their affected investments in these loans or the loans may not perform as expected and our reputation may be harmed.

### **RISKS RELATED TO OUR INDUSTRY**

***Substantial and increasing competition in our industry may harm our business.***

The financial services and banking industry is increasingly competitive. We compete with financial products and companies that attract borrowers, investors or both, as described in "Item 1. Business – Competition."

Many of our competitors have significantly greater financial resources and may have access to less expensive capital than we do, and may offer a broader range of products, services or features, assume a greater level of risk, have lower operating or financing costs, or have different profitability expectations than us. Certain competitors

may be able to offer lower rates to borrowers than we are able to offer and/or structure their products in a manner that is more attractive to potential customers. Additionally, some of our competitors may also be subject to less burdensome licensing and other regulatory requirements.

If we do not offer, price and develop attractive products and services for our customers, we may not be able to compete effectively against our competitors and our business and results of operations may be materially harmed. Additionally, competition may drive us to take actions that we might otherwise avoid, such as lowering interest rates or fees on loans or raising interest rates on deposits, and that may adversely affect our business and results of operations.

***We could be adversely affected by the soundness of other financial institutions.***

Financial services institutions are interrelated as a result of trading, clearing, counterparty or other relationships. We have exposure to many different industries and counterparties, and routinely execute transactions with counterparties in the financial services industry, including commercial banks, brokers and dealers, investment banks and other institutional clients. Many of these transactions expose us to credit risk in the event of a default by a counterparty or client. In addition, our credit risk may be exacerbated when our collateral cannot be foreclosed upon or is liquidated at prices not sufficient to recover the full amount of the credit or derivative exposure due. Any such losses could adversely affect our business, financial condition and results of operations.

## **RISKS RELATED TO PERSONNEL AND THIRD PARTIES**

***If we fail to attract and retain our highly skilled employees needed to support our business, we may not be able to achieve our anticipated level of growth and our business could suffer.***

We believe our success depends on the efforts and talents of our employees, including software engineers, financial, banking, credit and risk personnel, and marketing professionals. Our future success depends on our continued ability to attract, develop, motivate and retain highly qualified and skilled employees. Competition for highly skilled technical and financial personnel, particularly in the San Francisco Bay Area, is extremely intense. Building and maintaining a positive culture and work environment that reinforces our values is also critical to attracting and retaining employees.

We have had a high attrition rate from employees and expect our attrition rate to remain elevated. We may not be able to hire and retain these personnel at compensation levels consistent with our existing compensation and salary structure. Many of the companies with which we compete for experienced employees have greater resources than we have and may be able to offer more attractive terms of employment. Additionally, changes in U.S. immigration policy may make it difficult to renew or obtain visas for certain highly skilled employees that we have hired or are recruiting.

In addition to attracting and retaining highly skilled employees in general, our future performance depends, in part, on our ability to attract and retain key personnel, including our executive officers, senior management team and other key personnel, all of whom would be difficult to replace. The loss of the services of our executive officers or members of our senior management team, and the process to replace any of them, would involve significant time and expense and distraction that may significantly delay or prevent the achievement of our business objectives or impair our operations or results.

***Misconduct and errors by our employees, contractors and third-party service providers could harm our business and reputation.***

We are exposed to many types of operational risk, including the risk of misconduct and errors by our employees and other third-party service providers. Our business depends on our employees, contractors and third-party service providers to facilitate the operation of our business and process a large number of increasingly complex transactions, and if any of our employees, contractors or third-party service providers provide unsatisfactory service



or take, convert or misuse funds, documents or data (including customer and/or internal documents or data), or fail to follow protocol when interacting with customers, we could lose customers, harm our reputation, be liable for damages, be subject to repurchase obligations and be subject to complaints, regulatory actions and penalties.

While we have internal procedures and oversight functions to protect us against these risks, we could also be perceived to have facilitated or participated in the illegal misappropriation of funds, documents or data, or the failure to follow protocol, and therefore be subject to civil or criminal liability.

Additionally, our use of third-party vendors is subject to increasingly demanding regulatory requirements and attention by our regulators. Regulations require us to perform due diligence of, perform ongoing monitoring of and exercise certain controls over our third-party vendors and other ongoing third-party business relationships. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third-party relationships and in the performance of the parties with which we have these relationships.

Any of these occurrences could result in our diminished ability to operate our business, potential liability to customers, inability to attract future customers, reputational damage, regulatory intervention, enforcement action and financial harm, which could negatively impact our business, financial condition and results of operations.

***Our growth depends in part on the success of our strategic relationships with third parties.***

In order to grow our business and effectuate our business strategy, we anticipate that we will depend in part on our ability to develop and expand our strategic relationship with third parties to offer additional products and services on our platform.

Identifying suitable partners, and negotiating and documenting relationships with them, requires significant time and resources. In some cases, we also compete directly with our partners' product offerings, and if these partners cease their strategic relationship with us it could result in fewer product and service offerings on our platform, which may impede our ability to execute on our business strategy. Further, if we are unsuccessful in establishing or maintaining our relationships with third parties, or realizing the anticipated benefits from such partnerships, our ability to compete and to grow our revenue could be impaired and our operating results may suffer.

***A disruption or failure in services provided by third parties could materially and adversely affect our business.***

We increasingly rely on third parties to provide and/or assist with certain critical aspects of our business, including: (i) customer support, (ii) collections, (iii) loan origination, (iv) data verification and (v) cloud computing. These third parties may be subject to cybersecurity incidents, privacy breaches, service disruptions and/or financial, legal, regulatory, labor or operational issues; any of which may result in the third party providing inadequate service levels to us or our customers. In addition, these third parties may breach their agreements with us and/or refuse to continue or renew these agreements on commercially reasonable terms. If any third party provides inadequate service levels or fails to provide services at all, we may face business disruptions, customer dissatisfaction, reputational damage and/or financial and legal exposure; any of which may harm our business.

**RISKS RELATED TO DATA, INTELLECTUAL PROPERTY AND PRIVACY**

***Security incidents, system failures, bugs in our system, and similar disruptions could impair our operations, compromise the confidential information of our borrowers and our investors, damage our reputation, and harm our business and financial performance.***

We believe the technology platform that powers our marketplace bank enables us to deliver solutions to customers and provides a significant time and cost advantage over traditional banks. The satisfactory performance, reliability and availability of our technology and underlying network infrastructure are critical to our operations, customer service and reputation. Like all information systems and technology, our systems may contain or develop material errors, failures, vulnerabilities or bugs, particularly when new features or capabilities are released, and may be

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subject to computer viruses or other malicious code, break-ins, phishing impersonation attacks, attempts to overload our servers with denial-of-service or other attacks, ransomware and similar incidents or disruptions from unauthorized use of our computer systems, as well as unintentional incidents causing data leakage, any of which could lead to interruptions, delays or make it difficult or impossible for us to deliver a satisfactory experience to our customers. Our failure to maintain satisfactory performance, reliability and availability of our technology and underlying network infrastructure may impair our ability to attract new customers and retain existing customers, which could have a material adverse effect on our business.

Our business involves the collection, storage, processing and transmission of customers' personal information, including their financial information. The highly automated nature of our marketplace bank, our reliance on digital technologies and the types and amount of data collected, stored and processed on our systems make us an attractive target and subject to cyber-attacks, computer viruses, ransomware, physical or electronic break-ins and similar disruptions. While we have taken steps to protect confidential information that we collect, create, or have access to, our security measures or those of our third-party vendors and business partners are subject to breach. Unauthorized access to our proprietary business information or customer data may be obtained through, among other things, break-ins, sabotage, computer malware, viruses, social engineering, ransomware attacks, hacking into the systems or facilities of us or our partners, vendors, or customers, exposing and exploiting design flaws in our software, or other misconduct, including by state-sponsored and other sophisticated organizations. Such incidents have become more prevalent in recent years and may target our systems or facilities or those of our partners, vendors, or customers. For example, outside parties have attempted to fraudulently induce employees, vendors, customers, and others to disclose sensitive or confidential information in order to gain access to our systems. Our security measures could also be compromised by our personnel, theft or errors, or be insufficient to prevent exploitation of security vulnerabilities in software or systems on which we rely.

Cyber-attacks have occurred on our systems in the past and may occur on our systems in the future. Although to date we have not suffered material costs or disruption to our business from any such incident, unauthorized access to our marketplace bank and servicing systems can result in confidential borrower and investor information being stolen and potentially used for criminal purposes. Breaches of our security measures could negatively impact our relationships with customers, lead to interruptions or delays or make it difficult or impossible for us to deliver a satisfactory experience to our customers, and expose us to liability related to the loss of the information, time-consuming expensive litigation and negative publicity. Moreover, any future security breach may also result in the theft of our intellectual property, proprietary data, or trade secrets, which could have a material adverse impact on our reputation, business operations and financial performance.

We also may be required to notify regulators and affected individuals about any actual or perceived data breach involving personal information within strict time periods. This notice may be difficult to provide in a timely fashion for many reasons, including due to the complexity of gathering, verifying and analyzing relevant information. Furthermore, these mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause customers to lose confidence in the effectiveness of our data security measures. Any security breach, whether actual or perceived, would harm our reputation, we could lose borrowers, investors and ecosystem partners and our business and operations could be adversely affected.

Because there are many different cybercrime and hacking techniques and such techniques continue to evolve, we may be unable to anticipate attempted security breaches, react in a timely manner or implement adequate preventative measures. Cyber-attacks may take advantage of weaknesses in third-party technology or standards of which we are unaware or that we do not control and may not be recognized until long after they have been launched. Certain efforts may be state-sponsored or from other sophisticated organizations, and supported by significant financial and technological resources, making them even more difficult to detect. Efforts to prevent hackers from disrupting our services or otherwise accessing our systems are expensive to develop, implement, and maintain. Such efforts require ongoing monitoring and updating as technologies change and efforts to overcome security measures become more sophisticated and may limit the functionality of, or otherwise adversely impact, our service offerings and systems.

The systems we rely upon also remain vulnerable to damage or interruption from a number of other factors, including the failure of our network or software systems, natural disasters, terrorism, telecommunication failures, human error, third-party error, other-man made problems, and similar events or disruptions. Any interruptions or delays in our technology systems or service, whether accidental or willful, could harm our relationships with our customers and our reputation. Additionally, in the event of damage or interruption, our insurance policies may not adequately compensate us for any losses that we may incur. Our disaster recovery plan has not been tested under actual disaster conditions, and we may not have sufficient capacity to recover all data and services in the event of an outage. These factors could prevent us from processing or posting payments on loans, impact our marketplace bank operations, damage our brand and reputation, divert our employees' attention, reduce our revenue, subject us to liability and cause customers to abandon our marketplace bank, any of which could adversely affect our business, financial condition and results of operations.

***Cyber-attacks suffered by third parties upon which we rely could negatively affect our business.***

We rely on third-party service providers to provide critical services that help us deliver our solutions and operate our business. These providers may store or otherwise process the same sensitive, proprietary, and confidential information that we handle. For example, in certain circumstances we utilize third-party vendors, including cloud applications and services, to facilitate the servicing of customer accounts. Under these arrangements, third-party vendors require access to certain customer data for the purpose of servicing the accounts. These service providers may not have adequate security measures and could experience a security incident that compromises the confidentiality, integrity, or availability of the systems they operate for us or the information they process on our behalf. Such occurrences could adversely affect our business to the same degree as if we had experienced these occurrences directly, and we may not have recourse to the responsible third-party service providers for the resulting liability we incur.

We also utilize certain information provided by third parties to facilitate the marketing, distribution, servicing and collection of loans. A cyber-attack suffered by a third party that provides data to us could impact our ability to market, distribute, service or collect for borrowers or investors. For example, Equifax announced a significant cyber breach that impacted millions of consumers. We utilize certain information from Equifax to allow us to market our products through pre-screened offers to qualified borrowers. If a consumer elects to "freeze" their credit data, we would not be able to access their information to make these pre-screened offers. Further, as a result of the release of personal information from a third-party platform, we could experience an increase in fraudulent loan applications or investor accounts. Under our policies, we reimburse investors for any loan obtained as a result of a verified identity fraud and any increase in identity theft could result in increased reimbursement costs.

***The collection, processing, storage, use, and disclosure of personal information could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights.***

We receive, transmit, store and process a large volume of personal information and other user data. There are federal, state and foreign laws regarding privacy and the storing, sharing, use, disclosure, protection and other processing of personal information and other user data. Specifically, personal information is increasingly subject to legislation and regulations in numerous U.S. and international jurisdictions, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction.

Governments, regulators, the plaintiffs' bar, privacy advocates and customers have increased their focus on how companies collect, process, use, store, share and transmit personal information. This regulatory framework for privacy issues worldwide is evolving and is likely to continue to evolve for the foreseeable future, which creates uncertainty. For example, in California, the California Consumer Privacy Act (CCPA) became effective on January 1, 2020 and will be modified by the California Privacy Rights Act (CPRA), which becomes fully effective on January 1, 2023. The CCPA and CPRA, among other things, gives California residents expanded rights to access and delete their personal information, opt out of certain personal information sharing, and receive detailed information about how certain personal information is used and shared. The CCPA provides for civil penalties for violations, as well as a private right of action for certain data breaches, which is expected to increase the volume,

cost and success of class action data breach litigation. The CPRA also established the California Privacy Protection Agency to implement and enforce the CCPA and CPRA, as well as to impose administrative fines. The full impact of this law and its corresponding regulations, future enforcement activity and potential liability is unknown. Some observers have noted that the CCPA could mark the beginning of a trend toward more stringent privacy legislation in the U.S., and multiple states have enacted or proposed similar laws. There is also discussion in Congress of new comprehensive federal data protection and privacy laws which we likely would be subject to if enacted.

We cannot yet predict the full impact of the CCPA, CPRA or any other proposed or enacted state, U.S. or international data privacy legislation on our business or operations, but such laws may require us to modify our data processing practices and policies and to incur substantial costs and expenses in an effort to comply. We could also be adversely affected if other legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect our business, financial condition and results of operations. Any actual or perceived failure to comply with data privacy laws or regulations, or related contractual or other obligations, or any perceived privacy rights violation, could lead to investigations, claims, and proceedings by governmental entities and private parties, damages for contract breach, and other significant costs, penalties, and other liabilities, as well as harm to our reputation and market position.

We post on our website our privacy policies and practices concerning the collection, use, disclosure and processing of personal information. We also obtain consent from our borrowers to share personal information under certain conditions. We are subject to the terms of our privacy policies, privacy-related disclosures, and contractual and other privacy-related obligations to our customers and other third parties. Our failure, real or perceived, to comply with applicable privacy policies or federal, state or foreign laws and regulations or any compromise of security that results in the unauthorized release of personal information or other user data could damage our reputation, discourage potential borrowers or investors from using our marketplace bank or result in fines or proceedings brought against us, our issuing banks or other third parties by governmental agencies, borrowers, investors or other third parties, one or all of which could materially adversely affect our business, financial condition and results of operations. In addition to laws, regulations and other applicable common law rules regarding privacy, privacy advocacy groups, industry groups or other private parties may propose new and different privacy standards. We could also be subject to liability for the inappropriate use of information made available by us. Because the interpretation and application of privacy and data protection laws and privacy standards are still uncertain, it is possible that these laws or privacy standards may be interpreted and applied in a manner that is inconsistent with our practices. Any inability to adequately address privacy concerns, even if unfounded, or to comply with applicable privacy or data protection laws, regulations and privacy standards, could result in additional cost and liability for us, damage our reputation, inhibit use of our marketplace bank and harm our business.

***Any failure to protect our own intellectual property rights could impair our brand, or subject us to claims for alleged infringement by third parties, which could harm our business.***

We rely on a combination of copyright, trade secret, trademark, patent and other rights, as well as confidentiality procedures and contractual provisions to protect our proprietary technology, underwriting and credit decisioning data, processes and other intellectual property. However, the steps we take to protect our intellectual property rights may be inadequate. Third parties may seek to challenge, invalidate or circumvent our copyright, trade secret, trademark, patent and other rights or applications for any of the foregoing. Further, as our business continues to expand we may increase our dependence on third parties to provide additional products and services. Third parties who are contractually obligated to protect our intellectual property may be the target of data breaches or may breach their obligations and disseminate, misappropriate or otherwise misuse our proprietary technology, underwriting and data, processes and other intellectual property. Additionally, our competitors, as well as a number of other entities and individuals, may own or claim to own intellectual property relating to our industry. From time to time, third parties may claim that we are infringing on their intellectual property rights, and we may be found to be infringing on such rights. We may, however, be unaware of the intellectual property rights that others may claim cover some or all of our technology or services.

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In order to protect our intellectual property rights, we may be required to spend significant resources. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of intellectual property. In addition, any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our products or operating our platform or require that we comply with other unfavorable terms. Our failure to secure, protect and enforce our intellectual property rights could seriously adversely affect our brand and adversely impact our business.

***Some aspects of our platform include open source software, and any failure to comply with the terms of one or more of these open source licenses could negatively affect our business.***

Aspects of our platform include software covered by open source licenses, which may include, by way of example, GNU General Public License and the Apache License. Open source license terms are often ambiguous, and there is little or no legal precedent governing the interpretation of many of the terms of certain of these licenses. Therefore, the potential impact of such terms on our business is somewhat unknown. If portions of our proprietary software are determined to be subject to an open source license, we could be required to publicly release and grant royalty-free licenses under the affected portions of our proprietary source code, re-engineer all or a portion of our technologies or otherwise be limited in the licensing of our technologies, each of which could reduce or eliminate the value of our technologies and products. There can be no assurance that efforts we take to monitor the use of open source software to avoid uses in a manner that would require us to disclose or grant licenses under our proprietary source code will be successful, and such use could inadvertently occur. This could harm our intellectual property position and have a material adverse effect on our business, results of operations, cash flow, and financial condition. In addition to risks related to license requirements, usage of open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with use of open source software cannot be eliminated, and could adversely affect our business.

### RISKS RELATED TO TAX AND ACCOUNTING

***Our ability to use our deferred tax assets to offset future taxable income may be subject to certain limitations that could subject our business to higher tax liabilities.***

We may be limited in the portion of net operating loss carryforwards that we can use in the future to offset taxable income for U.S. federal and state income tax purposes. The Tax Cuts and Jobs Act (the Tax Act) enacted on December 22, 2017, makes broad and complex changes to the U.S. tax code. While future interpretative guidance of the Tax Act and how many U.S. states will incorporate these federal law changes may have an impact on our business, the Tax Act's reduction of the federal corporate income tax rate from 35% to 21%, effective January 1, 2018, has reduced our deferred tax asset associated with net operating loss carryforwards (NOLs). A lack of future taxable income would adversely affect our ability to utilize our NOLs.

In addition, under Section 382 of the Internal Revenue Code of 1986, as amended, a corporation that undergoes an "ownership change" is subject to limitations on its ability to utilize its NOLs to offset future taxable income. Future changes in our stock ownership as well as other changes that may be outside of our control, could result in additional ownership changes under Section 382 of the Internal Revenue Code, as amended. Our NOLs may also be impaired under similar provisions of state law.

We assess the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. On the basis of this evaluation, a full valuation allowance has historically been recorded to recognize only deferred tax assets that are more likely than not to be realized.

Finally, further changes to the federal or state tax laws or technical guidance relating to the Tax Act that would further reduce the corporate tax rate could operate to effectively reduce or eliminate the value of any deferred tax

asset. Our tax attributes as of December 31, 2021 may expire unutilized or underutilized, which could prevent us from offsetting future taxable income.

***We have incurred net losses in the past and may incur net losses in the future.***

Although we were profitable for the year ended December 31, 2021, we have incurred net losses in the past. Our operating expenses may continue to be elevated as we resolve regulatory investigations and examinations, enhance our compliance and technology systems, continue the growth of our business, attract customers and partners, and further enhance and develop our products and services. These efforts may prove more expensive than we currently anticipate, and we may not succeed in increasing our revenue sufficiently to offset these higher expenses. We may incur additional losses in the future and may not maintain profitability on a quarterly or annual basis.

***If accounting standards change or if our estimates or assumptions relating to our critical accounting policies prove to be incorrect, our results of operations and financial condition could be adversely affected.***

Our financial statements are subject to the application of accounting principles generally accepted in the United States of America (GAAP). The application of GAAP is also subject to varying interpretations over time. We are required to adopt new or revised accounting standards or comply with revised interpretations that are issued from time to time by various parties, including accounting standard setters and those who interpret the standards, such as the FASB, the SEC, and bank regulatory authorities. Those changes are beyond our control but could adversely affect our results of operations and financial condition. See “Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies – Adoption of New Accounting Standards” below for information on new financial accounting standards issued by the FASB. Additionally, the preparation of our financial statements in conformity with GAAP requires estimates and assumptions that affect the amounts reported and disclosed in our financial statements. While we base our estimates and assumptions on historical experience and other assumptions that we believe to be reasonable under the circumstances, our results of operations may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions.

## **RISKS RELATED TO OWNERSHIP OF OUR COMMON STOCK**

***Our stock price has been and may continue to be volatile.***

Our stock price has exhibited substantial volatility. Our stock price may continue to fluctuate in response to a number of events and factors, such as quarterly operating results; changes in our financial projections provided to the public or our failure to meet those projections; changes in the credit performance on our platform; the public’s reaction to our press releases, other public announcements and filings with the SEC; progress and resolution with respect to existing litigation and regulatory inquiries; our operation of LC Bank; significant transactions or acquisitions; new features, products or services offered by us or our competitors; changes in financial estimates and recommendations by securities analysts; media coverage of our business and financial performance; the operating and stock price performance of, or other developments involving, other companies that stockholders may deem comparable to us; trends in our industry; any significant change in our management; and general economic conditions.

In addition, the stock market in general, and the market prices for companies in our industry, have experienced volatility. These broad market and industry fluctuations may adversely affect the price of our stock, regardless of our operating performance. Price volatility over a given period may cause the price of any repurchase of our own stock to exceed the stock’s price at a given point in time. Volatility in our stock price also impacts the value of our equity compensation, which affects our ability to recruit and retain employees. In addition, some companies that have experienced volatility in the market price of their stock, including us, have been subject to securities class action litigation. We have been the target of this type of litigation and may continue to be a target in the future. Securities litigation against us could result in substantial costs and divert our management’s attention from other business concerns, which could harm our business.

Further, our stock could be the target of short sellers who may seek to drive down the price of shares they have sold short by disseminating negative reports or information about the Company. Such negative publicity may lead to additional public scrutiny or may cause further volatility in our stock price, a decline in the value of a stockholder's investment in us or reputational harm.

Any stock price decline could have a material adverse impact on stockholder confidence and employee retention.

***If securities or industry analysts do not publish research or reports about our business, or publish inaccurate or unfavorable research reports about our business, our stock price and trading volume could decline.***

Research and reports that securities or industry analysts publish about the Company or our business may be consumed by equity investors and influence their opinion of our business and/or investment in our common stock. For example, if one or more of the analysts who cover us downgrades our stock, our stock price may decline. Additionally, if one or more of these analysts cease coverage of the Company or fail to regularly publish reports on us, we could lose visibility in the financial markets, which could cause our stock price or trading volume to decline.

***Future issuances and/or sales of common stock may result in significant dilution to our stockholders and may place downward pressure on our stock price.***

We may issue additional equity securities to raise capital, support acquisitions, or for a variety of other purposes. We also utilize equity-based compensation as an important tool in recruiting and retaining employees and other service providers. Additional issuances of our stock may be made pursuant to the exercise or vesting of stock options or restricted stock units, respectively. Dilution to existing holders of our common stock from equity-based compensation and other additional issuances could be substantial and may place downward pressure on our stock price.

***Our quarterly results may fluctuate significantly and may not fully reflect the longer term underlying performance of our business.***

Our operating and financial results have varied on a quarterly basis during our operating history and may continue to fluctuate significantly. These fluctuations may be due to a variety of factors, some of which are outside of our control and may not fully reflect the underlying performance of our business. Factors that may cause fluctuations in our quarterly financial results include our ability to attract and retain new customers, seasonality in our business, the costs associated with and outcomes of legal and regulatory matters, volatility related to fraud and credit performance, the timing of capital markets transactions, variability in the valuation of loans held on our balance sheet, changes in business or macroeconomic conditions and a variety of other factors, including as a result of the risks set forth in this "Risk Factors" section. Fluctuation in quarterly results and how we perform relative to guidance may adversely affect the price of our common stock.

***Anti-takeover provisions in our charter documents and Delaware law may delay or prevent an acquisition of our company.***

Our restated Certificate of Incorporation, as amended (Certificate of Incorporation), and our amended and restated Bylaws (Bylaws) contain provisions that can have the effect of delaying or preventing a change in control of us or changes in our management. The provisions, among other things:

- establish a classified board of directors so that not all members of our board of directors are elected at one time;
- permit only our board of directors to establish the number of directors and fill vacancies on the board;
- provide that directors may only be removed "for cause" and only with the approval of two-thirds of our stockholders;

## LENDINGCLUB CORPORATION

- require two-thirds of all outstanding shares of our capital stock vote to amend some provisions in our Certificate of Incorporation and Bylaws;
- authorize the issuance of “blank check” preferred stock that our board of directors could use to implement a stockholder rights plan (also known as a “poison pill”);
- eliminate the ability of our stockholders to call special meetings of stockholders;
- prohibit stockholder action by written consent, which requires that all stockholder actions must be taken at a stockholder meeting;
- do not provide for cumulative voting; and
- establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted upon by stockholders at annual stockholder meetings.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. In addition to these provisions, banking laws impose notice, approval, and ongoing regulatory requirements on any stockholder or other party that seeks to acquire direct or indirect “control” of an FDIC-insured depository institution. These laws include the BHCA and the Change in Bank Control Act. These laws could delay or prevent an acquisition. See “*Item 1. Business – Regulation and Supervision – Acquisition of a Significant Interest in the Company*” for additional information.

### ***We do not intend to pay dividends for the foreseeable future.***

We currently intend to retain any future earnings to finance the operation and expansion of our business, and we do not expect to declare or pay any dividends in the foreseeable future. As a result, a stockholder may only receive a return on their investment in our common stock if the trading price of our common stock increases.

Also, as a bank holding company, our ability to pay dividends is affected by the policies and enforcement powers of the FRB and any future payment of dividends will depend on LC Bank’s ability to make distributions and payments to the Company as our principal source of funds to pay such dividends. LC Bank is also subject to various legal, regulatory and other restrictions on its ability to make distributions and payments to the Company. In addition, in the future, we may enter into borrowing or other contractual arrangements that restrict our ability to pay dividends. As a consequence of these various limitations and restrictions, we may not be able to pay dividends on our common stock. See “*Item 1. Business – Regulation and Supervision – Regulatory Limits on Dividends and Distributions*” for additional information.

### **Item 1B. Unresolved Staff Comments**

None.

### **Item 2. Properties**

We lease space for our headquarters in San Francisco, California. Further, we lease additional office space in other parts of the United States, including in the Salt Lake City, Utah and Boston, Massachusetts areas. We believe our current leased properties are adequate for our immediate business needs. For more information regarding our leases, see “*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 18. Leases*” of this Annual Report.

### **Item 3. Legal Proceedings**

The information set forth under “*Part II – Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 19. Commitments and Contingencies*” of this Annual Report is incorporated herein by reference.



**Item 4. Mine Safety Disclosures**

Not applicable.

# LENDINGCLUB CORPORATION

## PART II

### Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

#### Market Information for Common Stock

LendingClub’s common stock is listed on the New York Stock Exchange (NYSE) under the ticker symbol “LC.”

#### Holders of Record

As of January 31, 2022, there were 35 holders of record of LendingClub’s common stock. Because many of LendingClub’s shares of common stock are held by brokers and other institutions on behalf of stockholders, the Company is unable to estimate the total number of stockholders represented by these record holders.

#### Dividend Policy

LendingClub has not paid cash or other dividends since its inception, and does not anticipate paying cash or other dividends in the foreseeable future. Further, see “Part I – Item 1. Business – Regulation and Supervision – Regulatory Limits on Dividends and Distributions” and “Notes to Consolidated Financial Statements – Note 20. Regulatory Requirements” for a summary of certain rules and regulations that limit the ability of the Company or LC Bank to pay dividends.

#### Sales of Unregistered Securities

None.

#### Issuer Purchases of Equity Securities

The table below summarizes purchases made by or on behalf of LendingClub of its common stock for each calendar month in the fourth quarter of 2021:

Month	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1 - October 31	—	\$ —	—	\$ —
November 1 - November 30	—	\$ —	—	\$ —
December 1 - December 31 <sup>(1)</sup>	3,591	\$ 24.19	—	\$ —
<b>Total</b>	<b>3,591</b>	<b>\$ 24.19</b>	<b>—</b>	<b>\$ —</b>

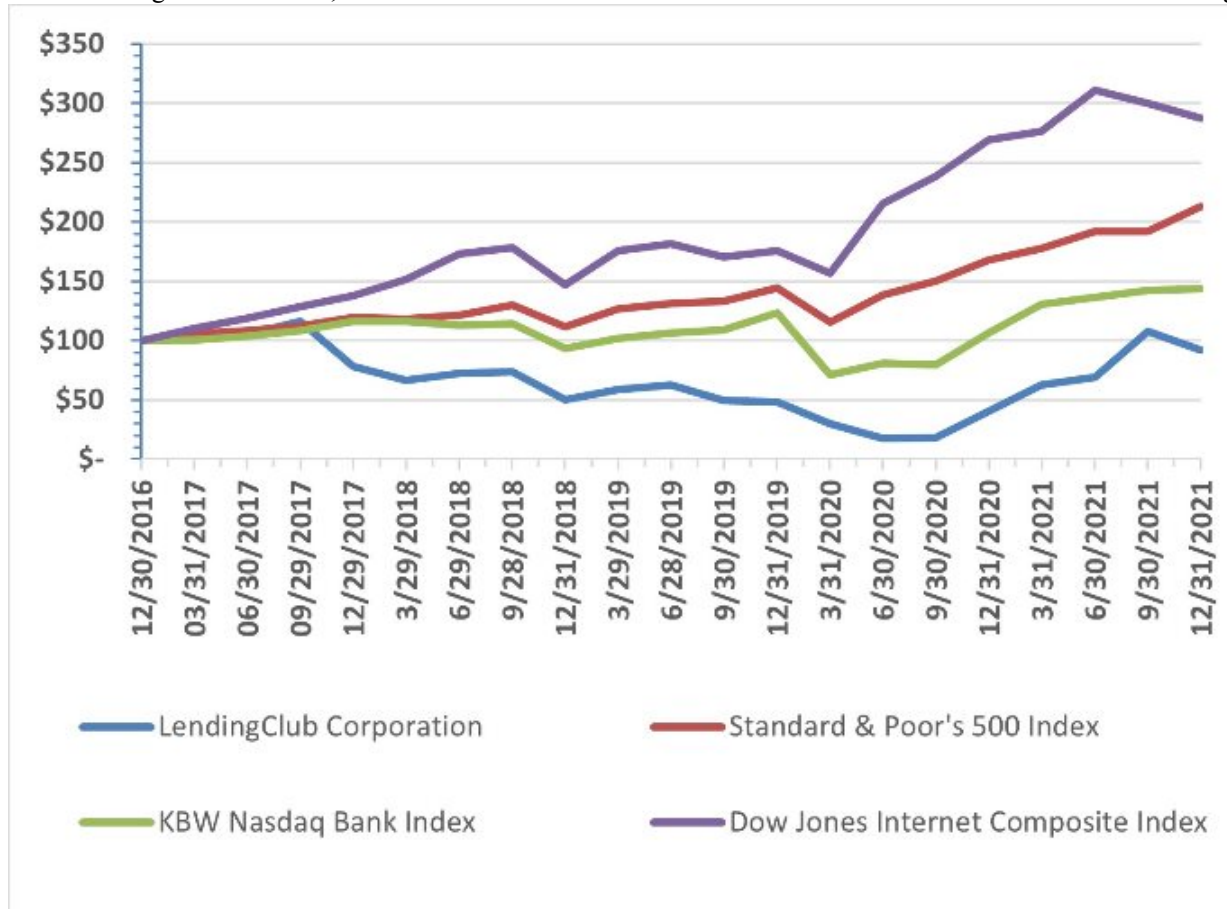
<sup>(1)</sup> Represents shares that were transferred to the Company to satisfy payment of all or a portion of the exercise price in connection with the exercise of stock options.

#### Performance Graph

*This performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act, or otherwise subject to the liabilities under that Section, and shall not be deemed to be incorporated by reference into any filing of LendingClub under the Securities Act, or the Exchange Act.*

## LENDINGCLUB CORPORATION

Given the Acquisition, LendingClub changed indexes from the Dow Jones Internet Composite Index to the KBW Nasdaq Bank Index, as it is the benchmark index for the banking sector. As such, the following graph and table compare the cumulative total return to stockholders of LendingClub's common stock relative to the cumulative total returns of the Standard & Poor's 500 Index and both the KBW Nasdaq Bank Index and the Dow Jones Internet Composite Index. An investment of \$100 (with reinvestment of all dividends, when applicable) is assumed to have been made in LendingClub's common stock and in each index at market close on December 30, 2016 and its relative performance is tracked through December 31, 2021. The returns shown are based on historical results and are not intended to suggest future performance.



	December 30, 2016	December 29, 2017	December 31, 2018	December 31, 2019	December 31, 2020	December 31, 2021
LendingClub Corporation	\$ 100	\$ 78.67	\$ 50.10	\$ 48.08	\$ 40.23	\$ 92.11
Standard & Poor's 500 Index	\$ 100	\$ 119.42	\$ 111.97	\$ 144.31	\$ 167.77	\$ 212.89
KBW Nasdaq Bank Index	\$ 100	\$ 116.25	\$ 93.46	\$ 123.50	\$ 106.67	\$ 144.05
Dow Jones Internet Composite Index	\$ 100	\$ 138.08	\$ 147.07	\$ 175.96	\$ 269.23	\$ 287.40

**Item 6. [Reserved]**

## LENDINGCLUB CORPORATION

### Management's Discussion and Analysis of Financial Condition and Results of Operations

(Tabular Amounts in Thousands, Except Share and Per Share Data and Ratios, or as Noted)

#### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes that appear in this Annual Report. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and in this Annual Report, particularly in "Part I – Item 1A. Risk Factors."*

#### Overview

LendingClub is America's leading digital marketplace bank. The Company was founded in 2006 and brought a traditional credit product – the installment loan – into the digital age by leveraging technology, data science, and a unique marketplace model. In doing so, we became one of the largest providers of unsecured personal loans in the United States. In February 2021, LendingClub completed the acquisition of an award-winning digital bank, Radius, becoming a bank holding company and forming LC Bank as its wholly-owned subsidiary. We operate the vast majority of our business through LC Bank, as a lender and originator of loans and as a regulated bank in the United States.

#### Executive Summary

- **Loan originations:** Total loan originations for the year ended December 31, 2021 were \$10.4 billion, improving 139% compared to the prior year. The increase was primarily driven by the growth in unsecured personal loan origination volume.
- **Total net revenue:** Total net revenue for the year ended December 31, 2021 was \$818.6 million, improving 157% compared to the prior year and outpacing origination growth of 139%. The increase was primarily due to the growth in marketplace revenue and increased net interest income.
  - **Marketplace revenue:** Marketplace revenue for the year ended December 31, 2021 was \$578.6 million, improving 136% compared to the prior year. The increase was primarily driven by a higher volume of marketplace loans sold.
  - **Net interest income:** Net interest income for the year ended December 31, 2021 was \$212.8 million, improving 259% compared to the prior year. The increase was primarily driven by an increase in unsecured personal loans retained in the HFI loan portfolio at amortized cost and low-cost deposit funding replacing higher-cost third-party warehouse funding.
- **Provision for credit losses:** Provision for credit losses for the year ended December 31, 2021 was \$138.8 million compared to \$3.4 million in the prior year. The increase was primarily due to the origination of unsecured personal loans retained as HFI at amortized cost and the impact from applying CECL to the HFI portfolio and to the Radius loans upon their acquisition.
- **Total non-interest expense:** Total non-interest expense for the year ended December 31, 2021 was \$661.4 million, increasing 32% compared to the prior year. The increase was primarily driven by an increase in variable marketing expenses based on higher origination volume and an increase in headcount due to the Acquisition and hiring in key functions.
- **Consolidated net income:** Consolidated net income for the year ended December 31, 2021 was \$18.6 million, compared to a loss of \$(187.5) million in the prior year.

## LENDINGCLUB CORPORATION

### Management's Discussion and Analysis of Financial Condition and Results of Operations

(Tabular Amounts in Thousands, Except Share and Per Share Data and Ratios, or as Noted)

- **Loans and leases held for investment:** Loans and leases held for investment, net of allowance for loan and lease losses, were \$2.8 billion at December 31, 2021.
- **Deposits:** Total deposits at December 31, 2021 were \$3.1 billion and are in line with growth in loans and leases held for investment.
- **Notable items:** For the year ended December 31, 2021, consolidated net income of \$18.6 million and diluted earnings per share of \$0.18 were negatively impacted by \$198.0 million of notable items (net of tax): \$129.8 million of CECL provisioning, less net charge-offs, and \$68.2 million of revenue deferrals, net of accretion, both driven by strong retained loan growth. These items reduced our diluted earnings per share by \$1.94 in 2021.

The above summary should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations in its entirety. For additional discussion related to our operating segments, see "*Segment Information*."

**LENDINGCLUB CORPORATION**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**  
(Tabular Amounts in Thousands, Except Share and Per Share Data and Ratios, or as Noted)

**Financial Highlights**

We regularly review several metrics to evaluate our business, measure our performance, identify trends, formulate financial projections and make strategic decisions. The following presents select financial metrics for the periods presented:

<b>Year Ended December 31,</b>	<b>2021</b>		<b>2020</b>		<b>2019</b>	
Non-interest income	\$	605,799	\$	258,756	\$	660,566
Net interest income		212,831		59,328		98,041
Total net revenue	\$	818,630	\$	318,084	\$	758,607
Consolidated net income (loss)	\$	18,580	\$	(187,538)	\$	(30,690)
Basic EPS	\$	0.19	\$	(2.63)	\$	(0.35)
Diluted EPS	\$	0.18	\$	(2.63)	\$	(0.35)
<b>LendingClub Bank Performance Metrics:</b>						
Efficiency ratio <sup>(1)</sup>		72.1 %		N/A		N/A
Return on Average Equity (ROE)		17.0 %		N/A		N/A
Return on Average Total Assets (ROA)		2.4 %		N/A		N/A
<b>LendingClub Bank Capital Ratios:</b>						
CET1 1 Capital Ratio		16.7 %		N/A		N/A
Tier 1 Leverage Ratio		14.3 %		N/A		N/A
<b>Consolidated LendingClub Corporation Performance Metrics:</b>						
Net interest margin		5.6 %		3.0 %		3.6 %
Efficiency ratio <sup>(1)</sup>		80.8 %		N/A		N/A
Marketing as a % of loan originations		1.5 %		1.2 %		1.9 %
<b>Loan Originations (in millions):</b>						
Marketplace loans	\$	8,099	\$	4,343	\$	12,290
Loan originations held for investment		2,282		—		—
Total loan originations	\$	10,381	\$	4,343	\$	12,290
AUM (in millions) <sup>(2)</sup>	\$	12,463	\$	11,002	\$	16,011

N/A – Not applicable

<sup>(1)</sup> Calculated as the ratio of non-interest expense to total net revenue.

<sup>(2)</sup> Assets under management (AUM) includes outstanding balances of unsecured personal loans and auto refinance loans serviced by the Company as of period end, including loans sold to investors as well as loans held for investment and held for sale by the Company.

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December 31,	2021	2020
<b>Balance Sheet Data:</b>		
Loans and leases held for investment, net, excluding PPP loans	\$ 2,486,440	\$ —
PPP loans	268,297	—
Total loans and leases held for investment, net	\$ 2,754,737	\$ —
Total assets	\$ 4,900,319	\$ 1,863,293
Total deposits	\$ 3,135,788	\$ —
Total liabilities	\$ 4,050,077	\$ 1,139,122
Total equity	\$ 850,242	\$ 724,171
<b>Allowance Ratios:</b>		
ALLL to total loans and leases held for investment	5.0 %	N/A
ALLL to total loans and leases held for investment, excluding PPP loans	5.5 %	N/A
ALLL to consumer loans and leases held for investment	6.4 %	N/A
ALLL to commercial loans and leases held for investment	1.8 %	N/A
ALLL to commercial loans and leases held for investment, excluding PPP loans	2.6 %	N/A

N/A – Not applicable

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**Results of Operations**

This section of this Form 10-K generally discusses 2021 and 2020 items and year-to-year comparisons between 2021 and 2020. For discussion related to 2019 items and year-over-year comparisons between 2020 and 2019, see “Part II – Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Annual Report on Form 10-K for the year ended December 31, 2020.

The following table sets forth the Income Statement data for each of the periods presented:

Year Ended December 31,	2021	2020	2019
<b>Non-interest income:</b>			
Marketplace revenue	\$ 578,580	\$ 245,314	\$ 646,735
Other non-interest income	27,219	13,442	13,831
<b>Total non-interest income</b>	<b>605,799</b>	<b>258,756</b>	<b>660,566</b>
<b>Interest income:</b>			
Interest on loans held for sale	29,540	72,876	109,493
Interest and fees on loans and leases held for investment	188,977	—	—
Interest on retail and certificate loans held for investment at fair value	57,684	115,952	214,395
Interest on other loans held for investment at fair value	4,436	7,688	1,104
Interest on securities available for sale	11,025	12,125	14,351
Other interest income	1,170	1,053	6,002
<b>Total interest income</b>	<b>292,832</b>	<b>209,694</b>	<b>345,345</b>
<b>Interest expense:</b>			
Interest on deposits	7,228	—	—
Interest on short-term borrowings	3,677	17,837	26,826
Interest on retail notes, certificates and secured borrowings	57,684	115,952	214,395
Interest on Structured Program borrowings	9,638	16,204	5,070
Interest on other long-term debt	1,774	373	1,013
<b>Total interest expense</b>	<b>80,001</b>	<b>150,366</b>	<b>247,304</b>
<b>Net interest income</b>	<b>212,831</b>	<b>59,328</b>	<b>98,041</b>
<b>Total net revenue</b>	<b>818,630</b>	<b>318,084</b>	<b>758,607</b>
<b>Provision for credit losses</b>	<b>138,800</b>	<b>3,382</b>	<b>—</b>
<b>Non-interest expense:</b>			
Compensation and benefits	288,390	252,517	333,628
Marketing	156,142	51,518	235,337
Equipment and software	39,490	26,842	24,927
Occupancy	24,249	27,870	29,367
Depreciation and amortization	44,285	54,030	59,152
Professional services	47,572	41,780	43,010
Other non-interest expense	61,258	47,762	64,077
<b>Total non-interest expense</b>	<b>661,386</b>	<b>502,319</b>	<b>789,498</b>
<b>Income (Loss) before income tax benefit</b>	<b>18,444</b>	<b>(187,617)</b>	<b>(30,891)</b>
Income tax benefit	136	79	201
<b>Consolidated net income (loss)</b>	<b>18,580</b>	<b>(187,538)</b>	<b>(30,690)</b>
Less: Income attributable to noncontrolling interests	—	—	55
<b>LendingClub net income (loss)</b>	<b>\$ 18,580</b>	<b>\$ (187,538)</b>	<b>\$ (30,745)</b>



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**Marketplace Revenue**

Marketplace revenue consists of the following:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>Change (\$)</b>	<b>Change (%)</b>
Origination fees	\$ 416,839	\$ 207,640	\$ 209,199	101 %
Servicing fees	87,639	111,864	(24,225)	(22) %
Gain on sales of loans	70,116	30,812	39,304	128 %
Net fair value adjustments <sup>(1)</sup>	3,986	(105,002)	108,988	N/M
<b>Total marketplace revenue</b>	<b>\$ 578,580</b>	<b>\$ 245,314</b>	<b>\$ 333,266</b>	<b>136 %</b>

<b>Year Ended December 31,</b>	<b>2020</b>	<b>2019</b>	<b>Change (\$)</b>	<b>Change (%)</b>
Origination fees	\$ 207,640	\$ 598,760	\$ (391,120)	(65) %
Servicing fees	111,864	124,532	(12,668)	(10) %
Gain on sales of loans	30,812	67,716	(36,904)	(54) %
Net fair value adjustments <sup>(1)</sup>	(105,002)	(144,273)	39,271	(27) %
<b>Total marketplace revenue</b>	<b>\$ 245,314</b>	<b>\$ 646,735</b>	<b>\$ (401,421)</b>	<b>(62) %</b>

N/M Not meaningful.

<sup>(1)</sup> Certain prior period valuation adjustments on available for sale (AFS) securities and Structured Program transactions were reclassified from net fair value adjustments to provision for credit losses and interest expense, respectively, to conform to the current period presentation.

*Origination Fees*

Origination fees recorded as a component of marketplace revenue are primarily fees earned related to originating and issuing unsecured personal loans that are held for sale. In addition, origination fees include transaction fees that were paid to the Company by issuing bank partners or education and patient service providers for the work performed in facilitating the origination of loans by the issuing banks. Following the Acquisition, LC Bank became the originator and lender for the majority of unsecured personal loans and all auto refinance loans.

The following table presents loan origination volume during each of the periods set forth below:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Marketplace loans	\$ 8,099,109	\$ 4,343,411	\$ 12,290,093
Loan originations held for investment	2,282,206	—	—
<b>Total loan originations</b>	<b>\$ 10,381,315</b>	<b>\$ 4,343,411</b>	<b>\$ 12,290,093</b>

Origination fees were \$416.8 million and \$207.6 million for the years ended December 31, 2021 and 2020, respectively, an increase of 101%. The increase was due to higher origination volume of marketplace loans, partially offset by the deferral of origination fees on loans held for investment. Loan origination volume of marketplace loans increased to \$8.1 billion for the year ended December 31, 2021 compared to \$4.3 billion for the year ended December 31, 2020, an increase of 86%.

*Servicing Fees*

The Company receives servicing fees to compensate it for servicing loans on behalf of investors, including managing payments from borrowers, collections and payments to those investors. Servicing fee revenue related to loans sold also includes the change in fair value of servicing assets associated with the loans.

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The table below illustrates AUM serviced on our platform by the method in which the loans were financed. Loans sold and subsequently serviced on behalf of the investor represent a key driver of our servicing fee revenue.

Year Ended December 31,	2021	2020	Change (\$)	Change (%)
<b>AUM (in millions):</b>				
Loans sold	\$ 10,124	\$ 10,139	\$ (15)	— %
Retail notes, certificates and secured borrowings	238	680	(442)	(65) %
Loans HFI by LendingClub Bank	2,026	—	2,026	N/M
Other loans invested in by the Company	75	183	(108)	(59) %
<b>Total</b>	<b>\$ 12,463</b>	<b>\$ 11,002</b>	<b>\$ 1,461</b>	<b>13 %</b>

Year Ended December 31,	2020	2019	Change (\$)	Change (%)
<b>AUM (in millions):</b>				
Loans sold	\$ 10,139	\$ 14,118	\$ (3,979)	(28) %
Retail notes, certificates and secured borrowings	680	1,149	(469)	(41) %
Other loans invested in by the Company	183	744	(561)	(75) %
<b>Total</b>	<b>\$ 11,002</b>	<b>\$ 16,011</b>	<b>\$ (5,009)</b>	<b>(31) %</b>

In addition to the loans serviced on our platform, the Company earns servicing fee revenue on \$214.0 million in outstanding principal balance of commercial loans sold as of December 31, 2021.

Servicing fees were \$87.6 million and \$111.9 million for the years ended December 31, 2021 and 2020, respectively, a decrease of 22%. The decrease was due to lower average loan balances serviced in 2021 compared to the prior year, as origination volume was lower in 2020 as compared to 2019 due to the impact of COVID-19.

#### *Gain on Sales of Loans*

In connection with loan sales the Company recognizes a gain or loss on the sale of loans based on the level to which the contractual servicing fee is above or below an estimated market rate of servicing. Additionally, the Company recognizes any transaction costs, if any, as a loss on sale of loans.

Gain on sales of loans was \$70.1 million and \$30.8 million for the years ended December 31, 2021 and 2020, respectively, an increase of 128%. The increase was primarily due to an increase in the volume of marketplace loans sold.

#### *Net Fair Value Adjustments*

The Company records fair value adjustments on loans that are recorded at fair value, including gains or losses from sale prices in excess of or less than the loan principal amount sold.

Net fair value adjustments were \$4.0 million and \$(105.0) million for the years ended December 31, 2021 and 2020, respectively, an improvement of \$109.0 million. The improvement was primarily associated with negative fair value adjustments recorded in the first quarter of 2020 due to COVID-19, which included an increase in estimated expected credit losses and an increase in liquidity premiums.

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**Other Non-interest Income**

Other non-interest income primarily consists of referral revenue that relates to fees earned from third-party companies when customers referred by us consider or purchase products or services from such third-party companies. The table below illustrates the composition of other non-interest income for each period presented:

Year Ended December 31,	2021	2020	Change (\$)	Change (%)
Referral revenue	\$ 14,234	\$ 5,011	\$ 9,223	184 %
Realized gains (losses) on sales of securities available for sale and other investments	(93)	11	(104)	N/M
Other	13,078	8,420	4,658	55 %
Other non-interest income	\$ 27,219	\$ 13,442	\$ 13,777	102 %

Year Ended December 31,	2020	2019	Change (\$)	Change (%)
Referral revenue	\$ 5,011	\$ 5,474	\$ (463)	(8) %
Realized gains (losses) on sales of securities available for sale and other investments	11	(8)	19	N/M
Other	8,420	8,365	55	1 %
Other non-interest income	\$ 13,442	\$ 13,831	\$ (389)	(3) %

**Net Interest Income**

The table below presents net interest income information corresponding to interest-earning assets and interest-bearing funding sources on a consolidated basis for the Company.

	Year Ended December 31 <sup>(1)</sup> ,									
	2021			2020			2019			
	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate	Average Balance	Interest Income/Expense	Average Yield/Rate	
<b>Interest-earning assets<sup>(2)</sup></b>										
Cash, cash equivalents and restricted cash	\$ 754,920	\$ 1,170	0.16 %	\$ 395,734	\$ 1,053	0.27 %	\$ 257,185	\$ 6,002	2.33 %	
Securities available for sale at fair value	288,545	11,025	3.82 %	217,189	12,125	5.58 %	221,166	14,351	6.49 %	
Loans held for sale	218,349	29,540	13.53 %	489,750	72,876	14.88 %	725,901	109,493	15.08 %	
Loans and leases held for investment:										
Unsecured personal loans	863,266	122,807	15.52 %	—	—	— %	—	—	— %	
Secured consumer loans	485,195	17,105	3.85 %	—	—	— %	—	—	— %	
Commercial loans and leases	617,483	30,731	5.43 %	—	—	— %	—	—	— %	
PPP loans	487,435	18,334	4.10 %	—	—	— %	—	—	— %	
Loans and leases held for investment	2,453,379	188,977	8.40 %	—	—	— %	—	—	— %	
Retail and certificate loans held for investment at fair value	406,406	57,684	14.19 %	815,255	115,952	14.20 %	1,480,588	214,395	14.45 %	
Other loans held for investment at fair value	34,938	4,436	12.70 %	60,093	7,688	12.79 %	10,788	1,104	10.23 %	
<b>Total interest-earning assets</b>	<b>4,156,537</b>	<b>292,832</b>	<b>7.46 %</b>	<b>1,978,021</b>	<b>209,694</b>	<b>10.59 %</b>	<b>2,695,628</b>	<b>345,345</b>	<b>12.79 %</b>	

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	Year Ended December 31 <sup>(1)</sup> ,								
	2021			2020			2019		
	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate	Average Balance	Interest Income/ Expense	Average Yield/ Rate
Cash and due from banks and restricted cash	112,012			114,105			251,777		
Allowance for loan and lease losses	(77,223)			—			—		
Other non-interest earning assets	426,323			339,746			376,252		
<b>Total assets</b>	<b>\$ 4,617,649</b>			<b>\$ 2,431,872</b>			<b>\$ 3,323,657</b>		
<b>Interest-bearing liabilities</b>									
Interest-bearing deposits:									
Checking and money market accounts	2,071,640	5,954	0.31 %	—	—	— %	—	—	— %
Savings accounts and certificates of deposit	383,447	1,274	0.36 %	—	—	— %	—	—	— %
Interest-bearing deposits	2,455,087	7,228	0.32 %	—	—	— %	—	—	— %
Short-term borrowings	68,032	3,677	5.40 %	387,958	17,837	4.60 %	461,183	26,826	5.82 %
Advances from PPPLF	365,976	1,183	0.35 %	—	—	— %	—	—	— %
Retail notes, certificates and secured borrowings	407,471	57,684	14.16 %	816,010	115,952	14.21 %	1,486,715	214,395	14.45 %
Structured Program borrowings	110,579	9,638	8.72 %	162,688	16,204	9.96 %	100,747	5,070	5.03 %
Other long-term debt	16,355	591	3.61 %	6,824	373	5.47 %	20,777	1,013	4.88 %
<b>Total interest-bearing liabilities</b>	<b>3,423,500</b>	<b>80,001</b>	<b>2.36 %</b>	<b>1,373,480</b>	<b>150,366</b>	<b>10.95 %</b>	<b>2,069,422</b>	<b>247,304</b>	<b>11.97 %</b>
Non-interest bearing deposits	126,982			—			—		
Other liabilities	289,163			272,164			372,954		
<b>Total liabilities</b>	<b>\$ 3,839,645</b>			<b>\$ 1,645,644</b>			<b>\$ 2,442,376</b>		
<b>Total equity</b>	<b>\$ 778,004</b>			<b>\$ 786,228</b>			<b>\$ 881,281</b>		
<b>Total liabilities and equity</b>	<b>\$ 4,617,649</b>			<b>\$ 2,431,872</b>			<b>\$ 3,323,657</b>		
<b>Interest rate spread</b>			<b>5.10 %</b>			<b>(0.36) %</b>			<b>0.82 %</b>
<b>Net interest income and net interest margin</b>		<b>\$ 212,831</b>	<b>5.56 %</b>		<b>\$ 59,328</b>	<b>3.00 %</b>		<b>\$ 98,041</b>	<b>3.64 %</b>

(1) Prior period amounts have been reclassified to conform to current period presentation and methodology, which includes non-interest earning assets, non-interest bearing liabilities and equity.

(2) Nonaccrual loans and any related income are included in their respective loan categories.

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An analysis of the year-to-year changes in the categories of interest revenue and interest expense resulting from changes in volume and rate is as follows:

	2021 Compared to 2020			2020 Compared to 2019		
	Increase (Decrease) Due to Change in:			Increase (Decrease) Due to Change in:		
	Average Volume <sup>(1)</sup>	Average Rate <sup>(1)</sup>	Total	Average Volume <sup>(1)</sup>	Average Rate <sup>(1)</sup>	Total
<b>Interest-earning assets</b>						
Cash, cash equivalents and restricted cash	\$ 682	\$ (565)	\$ 117	\$ 2,150	\$ (7,099)	\$ (4,949)
Securities available for sale at fair value	3,342	(4,442)	(1,100)	(254)	(1,972)	(2,226)
Loans held for sale	(37,233)	(6,103)	(43,336)	(35,159)	(1,458)	(36,617)
Loans and leases held for investment	188,977	—	188,977	—	—	—
Retail and certificate loans held for investment at fair value	(58,194)	(74)	(58,268)	(94,827)	(3,616)	(98,443)
Other loans held for investment at fair value	(3,195)	(57)	(3,252)	6,242	342	6,584
<b>Total increase (decrease) in interest income on interest-earning assets</b>	<b>\$ 94,379</b>	<b>\$ (11,241)</b>	<b>\$ 83,138</b>	<b>\$ (121,848)</b>	<b>\$ (13,803)</b>	<b>\$ (135,651)</b>
<b>Interest-bearing liabilities</b>						
Checking and money market accounts	\$ 5,954	\$ —	\$ 5,954	\$ —	\$ —	\$ —
Savings accounts and certificates of deposit	1,274	—	1,274	—	—	—
Interest-bearing deposits	7,228	—	7,228	—	—	—
Short-term borrowings	(16,837)	2,677	(14,160)	(3,875)	(5,114)	(8,989)
Advances from PPPLF	1,183	—	1,183	—	—	—
Retail notes, certificates and secured borrowings	(57,838)	(430)	(58,268)	(94,932)	(3,511)	(98,443)
Structured Program borrowings	(4,723)	(1,843)	(6,566)	4,294	6,840	11,134
Other long-term debt	379	(161)	218	(750)	110	(640)
<b>Total increase (decrease) in interest expense on interest-bearing liabilities</b>	<b>\$ (70,608)</b>	<b>\$ 243</b>	<b>\$ (70,365)</b>	<b>\$ (95,263)</b>	<b>\$ (1,675)</b>	<b>\$ (96,938)</b>
<b>Increase (decrease) in net interest income</b>	<b>\$ 164,987</b>	<b>\$ (11,484)</b>	<b>\$ 153,503</b>	<b>\$ (26,585)</b>	<b>\$ (12,128)</b>	<b>\$ (38,713)</b>

<sup>(1)</sup> Volume and rate changes have been allocated on a consistent basis using the respective percentage changes in average balances and average rates.

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***Provision for Credit Losses***

The allowance for loan and lease losses (ALLL) for lifetime expected losses under CECL on HFI loans and leases is initially recognized as "Provision for credit losses" at the time of origination. The ALLL is estimated using a DCF approach, where effective interest rates are used to calculate the net present value of expected cash flows. The net present value from the DCF approach is then compared to the amortized cost basis of the loans and leases to derive expected credit losses. The provision for credit losses includes the credit loss expense for HFI loans and leases, AFS securities and unfunded lending commitments. The table below illustrates the composition of the provision for credit losses for each period presented:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>
Credit loss expense for Radius loans at acquisition	\$ 6,929	\$ —
Credit loss expense for loans and leases held for investment	134,022	—
Credit loss expense for unfunded lending commitments	1,231	—
Total credit loss expense	142,182	—
(Reversal of) Impairment on securities available for sale	(3,382)	3,382
Total provision for credit losses	\$ 138,800	\$ 3,382

The provision for credit losses was \$138.8 million and \$3.4 million for the years ended December 31, 2021 and 2020, respectively. The increase was primarily due to the origination of unsecured personal loans retained as HFI at amortized cost and the impact from applying CECL to the HFI portfolio and to the Radius loans upon their acquisition, partially offset by reversal of impairment originally recorded in the AFS securities portfolio in the prior year.

The allowance for credit losses (ACL) totaled \$145.6 million at December 31, 2021, comprised of an ALLL of \$144.4 million and a reserve for unfunded lending commitments of \$1.2 million. Unsecured personal loans are charged-off when a borrower is (i) contractually 120 days past due or (ii) two payments past due and has filed for bankruptcy or is deceased.

The activity in the ACL was as follows:

	<b>Year Ended December 31, 2021</b>
Allowance for loan and lease losses, beginning of period	\$ —
Credit loss expense for loans and leases held for investment	140,951
Initial allowance for purchased credit deteriorated (PCD) loans acquired during the period <sup>(1)</sup>	12,440
Charge-offs	(10,452)
Recoveries	1,450
Allowance for loan and lease losses, end of period	\$ 144,389
Reserve for unfunded lending commitments, beginning of period	\$ —
Credit loss expense for unfunded lending commitments	1,231
Reserve for unfunded lending commitments, end of period <sup>(2)</sup>	\$ 1,231

<sup>(1)</sup> For acquired PCD loans, an ACL of \$30.4 million was required with a corresponding increase to the amortized cost basis as of the acquisition date. For PCD loans where all or a portion of the loan balance had been previously written-off, or would be subject to write-off under the Company's charge-off policy, an ACL of \$18.0 million included as part of the grossed-up loan balance at acquisition was immediately written-off. The net impact to the allowance for PCD assets on the acquisition date was \$12.4 million.

<sup>(2)</sup> Relates to \$110.8 million of unfunded commitments.

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The ALLL represented 5.0% of total loans and leases HFI as of December 31, 2021, or 5.5% of total loans and leases HFI excluding PPP loans. Average loans and leases HFI were \$2.5 billion during the year ended December 31, 2021. Net charge-offs represented 0.4% of average loans and leases HFI during the year ended December 31, 2021.

For additional information on the ACL, see "Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies" and "Note 6. Loans and Leases Held for Investment, Net of Allowance For Loan and Lease Losses."

The following table presents nonaccrual loans and leases <sup>(1)</sup>:

	<b>December 31, 2021</b>
Unsecured personal	\$ 1,676
Residential mortgages	1,373
Secured consumer	3,011
Total nonaccrual consumer loans held for investment	6,060
Equipment finance	603
Commercial real estate	989
Commercial and industrial	2,333
Total nonaccrual commercial loans and leases held for investment	3,925
Total nonaccrual loans and leases held for investment	\$ 9,985

<sup>(1)</sup> Excluding PPP loans, there were no loans that were 90 days or more past due and accruing as of December 31, 2021.

Nonaccrual loans and leases represented 0.3% of total loans and leases HFI, or 0.4% of total loans and leases HFI excluding PPP loans, as of December 31, 2021. The ALLL represented 1446% of nonaccrual loans and leases as of December 31, 2021.

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***Non-interest Expense***

Non-interest expense primarily consists of (i) compensation and benefits, which include salaries and wages, benefits and stock-based compensation expense, (ii) marketing, which includes costs attributable to borrower acquisition efforts and building general brand awareness, (iii) equipment and software, (iv) occupancy, which includes rent expense and all other costs related to occupying our office spaces, (v) depreciation and amortization and (vi) professional services, which primarily consist of legal and accounting fees.

Year Ended December 31,	2021	2020	Change (\$)	Change (%)
<b>Non-interest expense:</b>				
Compensation and benefits	\$ 288,390	\$ 252,517	\$ 35,873	14 %
Marketing	156,142	51,518	104,624	203 %
Equipment and software	39,490	26,842	12,648	47 %
Occupancy	24,249	27,870	(3,621)	(13) %
Depreciation and amortization	44,285	54,030	(9,745)	(18) %
Professional services	47,572	41,780	5,792	14 %
Other non-interest expense	61,258	47,762	13,496	28 %
<b>Total non-interest expense</b>	<b>\$ 661,386</b>	<b>\$ 502,319</b>	<b>\$ 159,067</b>	<b>32 %</b>

Year Ended December 31,	2020	2019	Change (\$)	Change (%)
<b>Non-interest expense:</b>				
Compensation and benefits	\$ 252,517	\$ 333,628	\$ (81,111)	(24) %
Marketing	51,518	235,337	(183,819)	(78) %
Equipment and software	26,842	24,927	1,915	8 %
Occupancy	27,870	29,367	(1,497)	(5) %
Depreciation and amortization	54,030	59,152	(5,122)	(9) %
Professional services	41,780	43,010	(1,230)	(3) %
Other non-interest expense	47,762	64,077	(16,315)	(25) %
<b>Total non-interest expense</b>	<b>\$ 502,319</b>	<b>\$ 789,498</b>	<b>\$ (287,179)</b>	<b>(36) %</b>

Compensation and benefits expense was \$288.4 million and \$252.5 million for the years ended December 31, 2021 and 2020, respectively, an increase of 14%. The increase was primarily due to an increase in headcount due to the Acquisition and hiring in key functions during 2021. In addition, compensation and benefits expense in 2020 was impacted by salary and headcount reductions resulting from the COVID-19 pandemic.

Marketing expense was \$156.1 million and \$51.5 million for the years ended December 31, 2021 and 2020, respectively, and increase of 203%. The increase was primarily due to an increase in variable marketing expenses based on higher origination volume, partially offset by the deferral of applicable marketing expenses for HFI loans.

Equipment and software expense was \$39.5 million and \$26.8 million for the years ended December 31, 2021 and 2020, respectively, an increase of 47%. The increase was primarily due to an increase in expenses associated with the integration of Radius.

Occupancy expense was \$24.2 million and \$27.9 million for the years ended December 31, 2021 and 2020, respectively, a decrease of 13%. The decrease was primarily due to lease impairment expenses in the prior year resulting from the impact of COVID-19.



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Depreciation and amortization expense was \$44.3 million and \$54.0 million for the years ended December 31, 2021 and 2020, respectively, a decrease of 18%. The decrease was primarily due to a decrease in internally-developed software impairment and depreciation expense in 2021 compared to 2020, partially offset by an increase in the amortization of intangible assets resulting from the Acquisition.

Professional services were \$47.6 million and \$41.8 million for the years ended December 31, 2021 and 2020, respectively, an increase of 14%. The increase was primarily due to an increase in professional fees associated with the Acquisition.

#### ***Income Taxes***

For the year ended December 31, 2021, we recorded an income tax benefit of \$136 thousand primarily related to a tax benefit associated with the Acquisition, partially offset by income tax expense for state jurisdictions that limit net operating loss utilization. For the year ended December 31, 2020, we recorded an income tax benefit of \$79 thousand primarily attributable to current state income taxes.

We continue to recognize a full valuation allowance against net deferred tax assets. This determination was based on the assessment of the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. We intend to continue maintaining a full valuation allowance on our deferred tax assets until there is sufficient evidence to support the future realization of all or some portion of these deferred tax assets. Our recent and forecast profitability are examples of positive evidence that we are assessing in determining the amount of the valuation allowance required. Changes to deferred tax asset valuation allowances and liabilities related to uncertain tax positions are recorded as current period income tax expense.

Income taxes are recorded on a separate entity basis whereby each operating segment determines income tax expense or benefit as if it filed a separate tax return. Differences between separate entity and consolidated tax returns are eliminated upon consolidation.

#### **Segment Information**

The Company defines operating segments to be components of the Company for which discrete financial information is evaluated regularly by the Company's chief executive officer and chief financial officer to allocate resources and evaluate financial performance. This information is reviewed according to the legal organizational structure of the Company's operations with products and services presented separately for the parent bank holding company and its wholly-owned subsidiary, LC Bank.

##### *LendingClub Bank*

The LC Bank operating segment represents the national bank legal entity and reflects post-Acquisition operating activities. This segment provides a full complement of financial products and solutions, including loans, leases and deposits. It originates loans to individuals and businesses, retains loans for investment, sells loans to investors and manages relationships with deposit holders.

##### *LendingClub Corporation (Parent Only)*

The LendingClub Corporation (parent only) operating segment represents the holding company legal entity and predominately reflects the operations of the Company prior to the Acquisition. This activity includes, but is not limited to, the purchase and sale of loans and issuances of education and patient finance loans that were originated by issuing bank partners.

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Financial information for the segments is presented in the following table:

	<b>LendingClub Bank</b>		<b>LendingClub Corporation (Parent only)</b>		<b>Intercompany Eliminations</b>		<b>Consolidated Total</b>		
	<b>Eleven Months Ended December 31,</b>		<b>Year Ended December 31,</b>		<b>Eleven Months Ended December 31,</b>		<b>Year Ended December 31,</b>		
	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2021</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	
<b>Non-interest income:</b>									
Marketplace revenue	\$ 462,821	\$ 115,759	\$ 245,314	\$ 646,735	\$ —	\$ 578,580	\$ 245,314	\$ 646,735	
Other non-interest income	94,953	16,718	13,442	13,831	(84,452)	27,219	13,442	13,831	
<b>Total non-interest income</b>	<b>557,774</b>	<b>132,477</b>	<b>258,756</b>	<b>660,566</b>	<b>(84,452)</b>	<b>605,799</b>	<b>258,756</b>	<b>660,566</b>	
<b>Interest income:</b>									
Interest income	210,739	82,093	209,694	345,345	—	292,832	209,694	345,345	
Interest expense	(8,412)	(71,589)	(150,366)	(247,304)	—	(80,001)	(150,366)	(247,304)	
<b>Net interest income</b>	<b>202,327</b>	<b>10,504</b>	<b>59,328</b>	<b>98,041</b>	<b>—</b>	<b>212,831</b>	<b>59,328</b>	<b>98,041</b>	
<b>Total net revenue</b>	<b>760,101</b>	<b>142,981</b>	<b>318,084</b>	<b>758,607</b>	<b>(84,452)</b>	<b>818,630</b>	<b>318,084</b>	<b>758,607</b>	
Reversal of (provision for) credit losses	(142,182)	3,382	(3,382)	—	—	(138,800)	(3,382)	—	
Non-interest expense	(547,799)	(198,039)	(502,319)	(789,498)	84,452	(661,386)	(502,319)	(789,498)	
<b>Income (Loss) before income tax benefit (expense)</b>	<b>70,120</b>	<b>(51,676)</b>	<b>(187,617)</b>	<b>(30,891)</b>	<b>—</b>	<b>18,444</b>	<b>(187,617)</b>	<b>(30,891)</b>	
Income tax benefit (expense)	9,171	44,013	79	201	(53,048)	136	79	201	
<b>Consolidated net income (loss)</b>	<b>\$ 79,291</b>	<b>\$ (7,663)</b>	<b>\$ (187,538)</b>	<b>\$ (30,690)</b>	<b>\$ (53,048)</b>	<b>\$ 18,580</b>	<b>\$ (187,538)</b>	<b>\$ (30,690)</b>	

The Company integrated the Acquisition into its reportable segments in the first quarter of 2021. As the Company's reportable segments are based on legal organizational structure and LC Bank was formed upon the Acquisition, an analysis of the Company's results of operations and material trends for the year ended December 31, 2021 compared to the year ended December 31, 2020 is provided on a consolidated basis in "Results of Operations."

### Supervision and Regulatory Environment

We are regularly subject to claims, individual and class action lawsuits, lawsuits alleging regulatory violations. Further, we are subject to periodic exams, investigations, inquiries or requests, enforcement actions and other proceedings from federal and state regulatory agencies, including the federal banking regulators that directly regulate the Company and/or LC Bank. The number and significance of these claims, lawsuits, exams, investigations, inquiries, requests and proceedings have been increasing in part because our products and services have been increasing in scope and complexity and in part because we have become a bank holding company operating a national bank. Although historically the Company has generally resolved these matters in a manner that was not materially adverse to its financial results or business operations, no assurance can be given as to the timing, outcome or consequences of any of these matters in the future.

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#### *Regulatory Actions Taken in Relation to COVID-19*

Regulators and government officials at the federal government level and in states across the country have issued orders, passed laws or otherwise issued guidance in connection with COVID-19. Some of these orders and laws have placed restrictions on debt collection activity, all or certain types of communications with delinquent borrowers or others, required that borrowers be allowed to defer payments on outstanding debt, governed credit reporting and the use of credit reporting, and placed certain restrictions and requirements on operations in the workplace. We have taken steps to monitor regulatory developments relating to COVID-19 and to comply with orders and laws applicable to our business. Given the ongoing nature of the pandemic, it is possible that additional orders, laws, or regulatory guidance may still be issued. We are not able to predict the extent of the impact on our business from any regulatory activity relating to or resulting from COVID-19.

#### *Federal Banking Regulator Supervision*

Since our acquisition of Radius, we are subject to supervision, regulation, examination and enforcement by multiple federal banking regulatory bodies. Specifically, as a bank holding company, the Company is subject to ongoing and comprehensive supervision, regulation, examination and enforcement by the FRB. Further, as a national bank, LC Bank is subject to ongoing and comprehensive supervision, regulation, examination and enforcement by the OCC. Accordingly, we have been and continue to invest in regulatory compliance and be subject to certain parameters, obligations and/or limitations set forth by the banking regulations and regulators with respect to the operation of our business.

#### *Consequences*

If we are found to not have complied with applicable laws, regulations or requirements, we could: (i) lose one or more of our licenses or authorizations, (ii) become subject to a consent order or administrative enforcement action, (iii) face lawsuits (including class action lawsuits), sanctions, penalties, or other monetary losses due to judgments, orders, or settlements, (iv) be in breach of certain contracts, which may void or cancel such contracts, (v) decide or be compelled to modify or suspend certain of our business practices, (vi) be unable to execute on certain Company initiatives, or (vii) be required to obtain a license in such jurisdiction, which may have an adverse effect on our ability to operate and/or evolve our lending marketplace and other products and/or services; any of which may harm our business or financial results.

See "Part I – Item 1. Business – Regulation and Supervision," "Part I – Item 1A. Risk Factors – Risks Related to Regulation, Supervision and Compliance," and "Part I – Item 1A. Risk Factors – Risks Related to Operating Our Business" of this Annual Report for further discussion regarding our supervision and regulatory environment.

#### **Capital Management**

The prudent management of capital is fundamental to the successful achievement of our business initiatives. We actively manage capital through a process that continuously assesses and monitors the Company's overall capital adequacy. Our objective is to maintain capital at an amount commensurate with our risk profile and risk tolerance objectives, and to meet both regulatory and market expectations.

The formation of LC Bank as a nationally chartered association and the organization of the Company as a bank holding company subjects us to various capital adequacy guidelines issued by the OCC and the FRB, including the requirement to maintain regulatory capital ratios in accordance with the Basel Committee on Banking Supervision standardized approach for U.S. banking organizations (U.S. Basel III). As a U.S. Basel III standardized approach institution, we selected the one-time election to opt-out of the requirements to include all the components of accumulated other comprehensive income included in common stockholder's equity. The minimum capital

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requirements under the U.S. Basel III capital framework are: a CET1 risk-based capital ratio of 4.5%, a Tier 1 risk-based capital ratio of 6.0%, a total risk-based capital ratio of 8.0%, and a Tier 1 leverage ratio of 4.0%. Additionally, a Capital Conservation Buffer (CCB) of 2.5% must be maintained above the minimum risk-based capital requirements in order to avoid certain limitations on capital distributions, stock repurchases, and certain discretionary bonus payments. In addition to these guidelines, the banking regulators may require a banking organization to maintain capital at levels higher than the minimum ratios prescribed under the U.S. Basel III capital framework. In this regard, and unless otherwise directed by the FRB and the OCC, we have made commitments for the Company and LC Bank (until February 2024) to maintain a CET1 risk-based capital ratio of 11.0%, a Tier 1 risk-based capital ratio above 11.0%, a total risk-based capital ratio above 13.0%, and a Tier 1 leverage ratio of 11.0%. See “Part I – Item 1. Business – Regulation and Supervision – Regulatory Capital Requirements and Prompt Corrective Action” and “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 20. Regulatory Requirements” of this Annual Report for additional information.

The following table summarizes LC Bank’s regulatory capital amounts and ratios (in millions):

<b>December 31, 2021</b>	<b>LendingClub Bank</b>		<b>Required Minimum plus Required CCB for Non-Leverage Ratios</b>
	<b>Amount</b>	<b>Ratio</b>	
CET1 capital <sup>(1)</sup>	\$ 523.7	16.7 %	7.0 %
Tier 1 capital	\$ 523.7	16.7 %	8.5 %
Total capital	\$ 563.7	18.0 %	10.5 %
Tier 1 leverage	\$ 523.7	14.3 %	4.0 %
Risk-weighted assets	\$ 3,130.4	N/A	N/A
Quarterly adjusted average assets	\$ 3,667.7	N/A	N/A

N/A – Not applicable

<sup>(1)</sup> Consists of common stockholders’ equity as defined under U.S. GAAP and certain adjustments made in accordance with regulatory capital guidelines, including the addition of the CECL transitional benefit and deductions for goodwill and other intangible assets.

The following table presents the regulatory capital and ratios of the Company (in millions):

<b>December 31, 2021</b>	<b>LendingClub</b>		<b>Required Minimum plus Required CCB for Non-Leverage Ratios</b>
	<b>Amount</b>	<b>Ratio</b>	
CET1 capital <sup>(1)</sup>	\$ 710.0	21.3 %	7.0 %
Tier 1 capital	\$ 710.0	21.3 %	8.5 %
Total capital	\$ 767.9	23.0 %	10.5 %
Tier 1 leverage	\$ 710.0	16.5 %	4.0 %
Risk-weighted assets	\$ 3,333.2	N/A	N/A
Quarterly adjusted average assets	\$ 4,301.7	N/A	N/A

N/A – Not applicable

<sup>(1)</sup> Consists of common stockholders’ equity as defined under U.S. GAAP and certain adjustments made in accordance with regulatory capital guidelines, including the addition of the CECL transitional benefit and deductions for goodwill and other intangible assets.

The higher risk-based capital ratios for the Company reflect generally lower risk-weights for assets held by LendingClub Corporation as compared with LC Bank.

In response to the COVID-19 pandemic, the FRB, OCC, and FDIC adopted a final rule related to the regulatory capital treatment of the allowance for credit losses under CECL. As permitted by the rule, the Company elected to

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delay the estimated impact of CECL on regulatory capital through 2021. As a result, a capital benefit of \$35.5 million was included in the computation of the Company's CET1 capital at December 31, 2021. Beginning on January 1, 2022, this benefit will be phased out over a three-year transition period at a rate of 25% each year through January 1, 2025.

#### **Liquidity**

We manage liquidity to meet our cash flow and collateral obligations in a timely manner at a reasonable cost. We must maintain operating liquidity to meet our expected daily and forecasted cash flow requirements, as well as contingent liquidity to meet unexpected funding requirements.

As our primary business at LC Bank involves taking deposits and making loans, a key role of liquidity management is to ensure that customers have timely access to funds from deposits and for loans. Liquidity management also involves maintaining sufficient liquidity to repay wholesale borrowings, pay operating expenses and support extraordinary funding requirements when necessary.

#### ***LendingClub Bank Liquidity***

The primary sources of LC Bank short-term liquidity include cash, unencumbered AFS debt securities, and unused borrowing capacity with the Federal Home Loan Bank (FHLB). LC Bank also relies on our deposit base to generate liquidity over time. The primary uses of LC Bank liquidity include withdrawals and maturities of deposits; payment of interest on deposits; funding of loans and securities purchases; compensation and benefits expense; taxes; capital expenditures, including internally developed software, leasehold improvements and computer equipment; and costs associated with the continued development and support of our online lending marketplace platform.

Net capital expenditures were \$34.4 million, or 4% of total net revenue, \$31.1 million, or 10% of total net revenue and \$50.7 million, or 7% of total net revenue, for the years ended December 31, 2021, 2020 and 2019, respectively. Capital expenditures in 2022 are expected to be approximately \$50 million, primarily related to costs associated with the continued development and support of our online lending marketplace platform, including regulatory compliance costs.

As of December 31, 2021, cash and cash equivalents at LC Bank were \$659.9 million and deposits were \$3.2 billion. Outstanding PPPLF borrowings were \$271.9 million at December 31, 2021 and are collateralized by PPP loans originated by the Company. In addition, LC Bank has available Federal Home Loan Bank of Des Moines secured borrowing capacity totaling \$173.4 million. LC Bank also has secured borrowing capacity available under the FRB Discount Window totaling \$75.2 million.

#### ***LendingClub Holding Company Liquidity***

The primary source of liquidity at the holding company is \$88.3 million in cash and cash equivalents as of December 31, 2021. Additionally, the holding company has the ability to access the capital markets through additional registrations and public equity offerings.

Uses of cash at the holding company include the routine cash flow requirements as a bank holding company, such as interest and expenses (including those associated with our office leases), the needs of LC Bank for additional equity and, as required, its need for debt financing and support for extraordinary funding requirements when necessary.

#### ***Factors Impacting Liquidity***

The Company's liquidity could be adversely impacted by deteriorating financial and market conditions, the inability or unwillingness of a creditor to provide funding, an idiosyncratic event (e.g., a major loss, causing a perceived or

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actual deterioration in its financial condition), an adverse systemic event (e.g., default or bankruptcy of a significant capital markets participant), or others.

We believe, based on our projections, that our cash on hand, AFS securities, available funds, and cash flow from operations is sufficient to meet our liquidity needs for the next twelve months, as well as beyond the next twelve months. See "Item 8. Financial Statements and Supplementary Data – Consolidated Statements of Cash Flows" for additional detail regarding our cash flows.

#### Market Risk

Market risk represents the risk of potential losses arising from changes in interest rates, foreign exchange rates, equity prices, commodity prices, and/or other relevant market rates or prices. The primary market risk to which we are exposed is interest rate risk. Interest rate risk arises from financial instruments including loans, securities and borrowings, all entered into for purposes other than trading.

Our net interest income is affected by changes in the level of interest rates, the relationship between rates, the impact of interest rate fluctuations on asset prepayments, and the level and composition of deposits and liabilities.

#### Interest Rate Sensitivity

##### *LendingClub Bank*

Loans HFI at LC Bank are funded primarily through our deposit base, and the majority of loans on LC Bank's balance sheet, at any point in time, are retained in the HFI portfolio and accounted for at amortized cost. As a result, the primary component of interest rate risk on our financial instruments at LC Bank arises from the impact of fluctuations in loan and deposit rates on our net interest income. Therefore, we measure this sensitivity by assessing the impact of hypothetical changes in interest rates on our net interest income results.

The following table presents the change in projected net interest income for the next twelve months due to a hypothetical instantaneous parallel change in interest rates relative to current rates as of December 31, 2021:

200 basis point increase	(0.8)%
100 basis point decrease	(0.2)%

The impact of these hypothetical interest rate changes are not significant to LC Bank's net interest income. Non-maturity deposit rates at December 31, 2021 are significantly below the 100 basis point hypothetical interest rate reduction which results in an insignificant negative impact to net interest income.

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The following table presents the maturities of loans and leases held for investment as of December 31, 2021:

	Due in 1 Year or Less	Due After 1 Year Through 5 Years	Due After 5 Years Through 15 Years	December 31, 2021
Unsecured personal	\$ —	\$ 1,801,803	\$ 2,775	\$ 1,804,578
Residential mortgages	1,542	2,287	147,533	151,362
Secured consumer	10	32,630	33,336	65,976
Total consumer loans held for investment	1,552	1,836,720	183,644	2,021,916
Equipment finance	10,791	100,970	37,394	149,155
Commercial real estate	18,949	68,271	223,179	310,399
Commercial and industrial	35,766	266,889	115,001	417,656
Total commercial loans and leases held for investment	65,506	436,130	375,574	877,210
Total loans and leases held for investment	\$ 67,058	\$ 2,272,850	\$ 559,218	\$ 2,899,126
Loans and leases due after one year at fixed interest rates	\$ —	\$ 2,219,619	\$ 202,409	\$ 2,422,028
Loans and leases due after one year at variable interest rates	\$ —	\$ 53,231	\$ 356,809	\$ 410,040

For the weighted-average yields on the Company’s AFS securities portfolio, see “Notes to Consolidated Financial Statements – Note 5. Securities Available for Sale.”

*LendingClub Holding Company*

At the holding company level, we continue to measure interest rate sensitivity by evaluating the change in fair value of certain assets and liabilities due to a hypothetical change in interest rates. Principal payments on our loans HFI continue to reduce the outstanding balance of this portfolio, and, as a result, the fair value impact from changes in interest rates continues to diminish.

**Contingencies**

For a comprehensive discussion of contingencies as of December 31, 2021, see “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 19. Commitments and Contingencies.”

**Critical Accounting Estimates**

Our significant accounting policies are described in “Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies.” We consider certain of these policies to be critical accounting policies as they require significant judgments, assumptions and estimates which we believe are critical in understanding and evaluating our reported financial results. These judgments, estimates and assumptions are inherently subjective and actual results may differ from these estimates and assumptions, and the differences could be material.

**Allowance for Credit Losses**

We reserve for expected credit losses on our loan and lease portfolio through the ALLL and for expected credit losses in our unfunded lending commitments through “Other liabilities.” Changes in the ACL are reflected on the Income Statement through “Provision for credit losses.” Changes in the credit risk profile of our loans and leases result in changes in “Provision for credit losses” with a resulting change, net of charge-offs and recoveries, in the ACL balance.

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The ACL represents our estimate of expected lifetime credit losses over the contractual life of the loan and lease portfolios and on the unfunded lending commitments. Our determination of the ACL is based on periodic evaluation of the loan and lease portfolios and unfunded lending commitments that are not unconditionally cancellable considering a number of relevant underlying factors, including key assumptions and evaluation of quantitative and qualitative information. Estimates of expected future loan and lease losses are determined by using statistical models and management's judgement. The models are designed to forecast probability and timing of default, exposure at default and loss rate and recovery by correlating certain macroeconomic forecast data to historical experience. The models are generally applied at the portfolio level to pools of loans with similar risk characteristics. The macroeconomic data used in the models is based on forecast variables for the reasonable and supportable period of two years. Beyond this forecast period the models gradually revert to long-term historical loss conditions over a one-year period. Expected losses are estimated through contractual maturity, giving appropriate consideration to estimated prepayments unless the borrower has a right to renew that is not cancellable or it is reasonably expected that the loan will be modified as a TDR.

A qualitative allowance which incorporates management's judgement is also included in the estimation of expected future loan and lease losses, including qualitative adjustments in circumstances where the model output is inconsistent with management's expectations with respect to expected credit losses. This allowance is used to adjust for limitations in modeled results related to the current economic conditions and capture risks in the portfolio such as considerations with respect to the impact of current economic events, the outcomes of which are uncertain. These events may include, but are not limited to, political conditions, legislation that may directly or indirectly affect the banking industry and economic conditions affecting specific geographical areas and industries in which the Company conducts business.

Loans and leases that do not share common risk characteristics and significant loans that are considered collateral-dependent are individually evaluated. For these loans, the ALLL is determined through review of data specific to the borrower and related collateral, if any. For TDRs, default expectations and estimated prepayment speeds that are specific to each of the restructured loan populations are incorporated in the determination of the ALLL. The evaluation of quantitative and qualitative information is performed through assessments of groups of assets that share similar risk characteristics and certain individual loans and leases that do not share similar risk characteristics with the collective group. Loans are grouped generally by product type and significant loan portfolios are assessed for credit losses using statistical models. The evaluation process is inherently imprecise and subjective as it requires significant management judgment based on underlying factors that are susceptible to change, sometimes materially and rapidly.

The methodology used to determine an estimate for the reserve for unfunded commitments is similar to that used to determine the funded component of the ALLL and is measured over the period there is a contractual obligation to extend credit that is not unconditionally cancellable. The reserve for unfunded commitments is adjusted for factors specific to binding commitments, including the probability of funding and exposure at default.

#### ***Valuation of Business Combination***

Assets acquired and liabilities assumed as part of the Acquisition are recorded at their fair value at the date of acquisition. The excess of purchase price over the fair value of assets acquired and liabilities assumed is recorded as goodwill. Determining fair value of identifiable assets, particularly intangibles, loans (including PCD loans) and liabilities acquired based on DCF analysis or other valuation techniques requires management to make estimates that are highly subjective in nature based on available information. The fair value of acquired loans from the Acquisition was based on a DCF methodology using contractual cash flows adjusted for key cash flow assumptions such as prepayment rate, default rate, loss severity rate, discount rate and market pricing. For additional information, see "*Notes to Consolidated Financial Statements – Note 2. Business Acquisition.*"



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### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

For a comprehensive discussion regarding quantitative and qualitative disclosures about market risk, see “*Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk.*”

### Item 8. Financial Statements and Supplementary Data

[Consolidated Financial Statements of LendingClub Corporation](#)

[Report of Independent Registered Public Accounting Firm](#)

[Consolidated Balance Sheets](#)

[Consolidated Statements of Operations](#)

[Consolidated Statements of Comprehensive Income \(Loss\)](#)

[Consolidated Statements of Changes in Stockholders’ Equity](#)

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of LendingClub Corporation:

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of LendingClub Corporation and subsidiaries (the “Company”) as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), changes in stockholders’ equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company’s internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 11, 2022, expressed an unqualified opinion on the Company’s internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### 1) Loans acquired in the Radius Bank acquisition – Refer to “*Note 2. Business Acquisition*” to the consolidated financial statements

##### Critical Audit Matter Description

The Company completed the acquisition of Radius Bancorp, Inc. (Radius) on February 1, 2021. Total assets and liabilities acquired were approximately \$2.7 billion and \$2.5 billion respectively. The acquisition date fair value of the acquired loans (including Purchased Credit Deteriorated Assets (PCD) loans) was approximately \$1.6 billion. These PCD assets are acquired financial assets (or groups of financial assets with similar risk characteristics) that as of the date of acquisition have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by an acquirer’s assessment.

The fair value of acquired loans portfolio was based on a discounted cash flow methodology using contractual cash flows adjusted for key cash flow assumptions such as prepayment rate, default rate, loss severity rate and discount rate as well as market loan sale data.

The assessment of the fair value estimates encompassed the evaluation of the fair value methodologies for acquired loans, including the identification of PCD loans and the methodologies used to estimate their key assumptions. Given the significance of the estimates and the subjective nature of the judgment applied by management, auditing the estimated fair values involved a high degree of auditor judgment and required specialized knowledge and significant effort, including the need to involve valuation specialists.

##### How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the assessment of the fair value estimates of the acquired loans included the following, among others:

- We evaluated the reasonableness of valuation techniques utilized by the Company and assessed if the techniques are appropriate in relation to the Company's business, industry and environment.
- We tested the effectiveness of internal controls over acquisition initial measurement, valuation assumptions, inputs and methods utilized by the Company.
- We evaluated the Company's process to develop the fair value estimates by testing certain sources of data and key assumptions and considered the accuracy and completeness of such data and assumptions.
- We involved valuation specialists with industry knowledge and experience who assisted in:
  - Reviewing the Company's methodology to develop the fair value estimates for compliance with U.S. generally accepted accounting principles.
  - Assessing reasonableness of the valuation assumptions used in the fair value analysis and whether the valuation assumptions were consistent with what market participants would use in pricing the acquired loans.
  - Performing independent valuation for a selection of acquired loans.
  - Evaluating whether the fair value model used was appropriate considering the circumstances and valuation premise identified (e.g., the assumptions, methods, and circumstances in aggregate form an appropriate model).
- We tested the inputs into the fair value estimates including the reasonableness of the identification of PCD loans.

**2) Allowance for loans and lease losses – Consumer Loans – Refer to “*Note 6. Loans and Leases Held for Investment, Net of Allowance for Loan and Lease Losses,*” to the consolidated financial statements**

Critical Audit Matter Description

The allowance for credit losses (ACL) on consumer loans represents the Company's estimate of expected lifetime credit losses over the contractual life of the loan. The determination of the ACL is based on periodic evaluation of the consumer loan portfolio considering a number of underlying factors, including key assumptions and evaluation of quantitative and qualitative information. Estimates of expected future loan losses are determined using statistical models and management's judgement.

Expected credit losses are statistically modeled using a discounted cash flow approach and known and estimated data such as current probability and timing of default, loss rate and recovery exposure at default, timing and amount of estimated prepayments, and relevant risk characteristics to estimate the shortfall in contractual cash flows for each loan pool over the remaining life of the pools.

Qualitative adjustments to the modeled estimate of expected credit losses are also considered to address certain identified elements that are not directly captured by the statistically modeled expected credit loss.

We identified the allowance for loan losses relating to consumer loans as a critical audit matter given the subjective nature of estimating the losses, auditing the balance involved a high degree of auditor judgment and an increased extent of effort including the need to involve our credit specialists to evaluate the reasonableness of qualitative assumptions, management's models and interpretation of results.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the models and assumptions used by management to estimate the allowance for loan losses included the following, among others:

- We tested the effectiveness of the controls over the determination of the allowance for loan losses including those related to the models and significant management assumptions.
- We evaluated the reasonableness of aggregation of the current loan data and historical loan data established by the Company and its appropriateness in supporting the Company's estimate.
- We assessed the reasonableness of qualitative adjustments considered based on market conditions and loan portfolio and significant assumptions in context of applicable financial reporting framework.
- We evaluated the appropriateness of the Company's accounting policies and methodologies involved in the application of the applicable accounting standards.
- We involved an internal credit specialist to evaluate the reasonableness of significant assumptions and methods as utilized by the Company in their estimation for loan losses, including key assumptions, statistical models, and judgments.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California  
February 11, 2022

We have served as the Company's auditor since 2013.

**LENDINGCLUB CORPORATION**  
**Consolidated Balance Sheets**  
(In Thousands, Except Share and Per Share Amounts)

December 31,	2021	2020
<b>Assets</b>		
Cash and due from banks	\$ 35,670	\$ 5,197
Interest-bearing deposits in banks	651,456	519,766
Total cash and cash equivalents	687,126	524,963
Restricted cash <sup>(1)</sup>	76,460	103,522
Securities available for sale at fair value (\$256,170 and \$159,164 at amortized cost, respectively)	263,530	142,226
Loans held for sale (includes \$142,370 and \$121,902 at fair value, respectively) <sup>(1)</sup>	391,248	121,902
Loans and leases held for investment	2,899,126	—
Allowance for loan and lease losses	(144,389)	—
Loans and leases held for investment, net	2,754,737	—
Retail and certificate loans held for investment at fair value <sup>(1)</sup>	229,719	636,686
Other loans held for investment at fair value <sup>(1)</sup>	21,240	49,954
Property, equipment and software, net	97,996	96,641
Goodwill	75,717	—
Other assets <sup>(1)</sup>	302,546	187,399
<b>Total assets</b>	<b>\$ 4,900,319</b>	<b>\$ 1,863,293</b>
<b>Liabilities and Equity</b>		
Deposits:		
Interest-bearing	\$ 2,919,203	\$ —
Noninterest-bearing	216,585	—
Total deposits	3,135,788	—
Short-term borrowings	27,780	104,989
Advances from Paycheck Protection Program Liquidity Facility (PPPLF)	271,933	—
Retail notes, certificates and secured borrowings at fair value <sup>(1)</sup>	229,719	636,774
Payable on Structured Program borrowings <sup>(1)</sup>	65,451	152,808
Other long-term debt	15,455	—
Other liabilities <sup>(1)</sup>	303,951	244,551
Total liabilities	4,050,077	1,139,122
Equity		
Series A Preferred stock, \$0.01 par value; 1,200,000 shares authorized; 0 and 43,000 shares issued and outstanding, respectively	—	—
Common stock, \$0.01 par value; 180,000,000 shares authorized; 101,043,924 and 88,149,510 shares issued and outstanding, respectively	1,010	881
Additional paid-in capital	1,609,820	1,508,020
Accumulated deficit	(767,634)	(786,214)
Accumulated other comprehensive income	7,046	1,484
Total equity	850,242	724,171
<b>Total liabilities and equity</b>	<b>\$ 4,900,319</b>	<b>\$ 1,863,293</b>

<sup>(1)</sup> Includes amounts in variable interest entities (VIEs) presented separately in the table below.

**LENDINGCLUB CORPORATION**  
**Consolidated Balance Sheets**  
(In Thousands, Except Share and Per Share Amounts)

The following table presents the assets and liabilities of consolidated VIEs, which are included on the Consolidated Balance Sheets (Balance Sheet) above. The assets in the table below may only be used to settle obligations of consolidated VIEs and are in excess of those obligations. Additionally, the assets and liabilities in the table below include third-party assets and liabilities of consolidated VIEs only and exclude intercompany balances that eliminate in consolidation.

December 31,	2021	2020
<b>Assets of consolidated VIEs, included in total assets above</b>		
Restricted cash	\$ 13,462	\$ 15,983
Loans held for sale at fair value	41,734	98,190
Retail and certificate loans held for investment at fair value	10,281	52,620
Other loans held for investment at fair value	20,929	50,102
Other assets	584	1,270
<b>Total assets of consolidated VIEs</b>	<b>\$ 86,990</b>	<b>\$ 218,165</b>
<b>Liabilities of consolidated VIEs, included in total liabilities above</b>		
Retail notes, certificates and secured borrowings at fair value	\$ 10,281	\$ 52,620
Payable on Structured Program borrowings	65,451	152,808
Other liabilities	467	729
<b>Total liabilities of consolidated VIEs</b>	<b>\$ 76,199</b>	<b>\$ 206,157</b>

*See Notes to Consolidated Financial Statements.*

**LENDINGCLUB CORPORATION**  
**Consolidated Statements of Operations**  
(In Thousands, Except Share and Per Share Amounts)

Year Ended December 31,	2021	2020	2019
<b>Non-interest income <sup>(1)</sup>:</b>			
Marketplace revenue	\$ 578,580	\$ 245,314	\$ 646,735
Other non-interest income	27,219	13,442	13,831
<b>Total non-interest income</b>	<b>\$ 605,799</b>	<b>\$ 258,756</b>	<b>\$ 660,566</b>
<b>Interest income <sup>(1)</sup>:</b>			
Interest on loans held for sale	29,540	72,876	109,493
Interest and fees on loans and leases held for investment	188,977	—	—
Interest on retail and certificate loans held for investment at fair value	57,684	115,952	214,395
Interest on other loans held for investment at fair value	4,436	7,688	1,104
Interest on securities available for sale	11,025	12,125	14,351
Other interest income	1,170	1,053	6,002
<b>Total interest income</b>	<b>292,832</b>	<b>209,694</b>	<b>345,345</b>
<b>Interest expense <sup>(1)</sup>:</b>			
Interest on deposits	7,228	—	—
Interest on short-term borrowings	3,677	17,837	26,826
Interest on retail notes, certificates and secured borrowings	57,684	115,952	214,395
Interest on Structured Program borrowings	9,638	16,204	5,070
Interest on other long-term debt	1,774	373	1,013
<b>Total interest expense</b>	<b>80,001</b>	<b>150,366</b>	<b>247,304</b>
<b>Net interest income <sup>(1)</sup></b>	<b>212,831</b>	<b>59,328</b>	<b>98,041</b>
<b>Total net revenue <sup>(1)</sup></b>	<b>818,630</b>	<b>318,084</b>	<b>758,607</b>
<b>Provision for credit losses <sup>(1)</sup></b>	<b>138,800</b>	<b>3,382</b>	<b>—</b>
<b>Non-interest expense <sup>(1)</sup>:</b>			
Compensation and benefits	288,390	252,517	333,628
Marketing	156,142	51,518	235,337
Equipment and software	39,490	26,842	24,927
Occupancy	24,249	27,870	29,367
Depreciation and amortization	44,285	54,030	59,152
Professional services	47,572	41,780	43,010
Other non-interest expense	61,258	47,762	64,077
<b>Total non-interest expense</b>	<b>661,386</b>	<b>502,319</b>	<b>789,498</b>
<b>Income (Loss) before income tax benefit</b>	<b>18,444</b>	<b>(187,617)</b>	<b>(30,891)</b>
Income tax benefit	136	79	201
<b>Consolidated net income (loss)</b>	<b>18,580</b>	<b>(187,538)</b>	<b>(30,690)</b>
Less: Income attributable to noncontrolling interests	—	—	55
<b>LendingClub net income (loss)</b>	<b>\$ 18,580</b>	<b>\$ (187,538)</b>	<b>\$ (30,745)</b>

**LENDINGCLUB CORPORATION**  
**Consolidated Statements of Operations**  
(In Thousands, Except Share and Per Share Amounts)

Year Ended December 31,	2021	2020	2019
<b>Net income (loss) per share: <sup>(2)</sup></b>			
Basic EPS – common stockholders	\$ 0.19	\$ (2.63)	\$ (0.35)
Diluted EPS – common stockholders	\$ 0.18	\$ (2.63)	\$ (0.35)
Weighted-average common shares – Basic	97,486,754	77,934,302	87,278,596
Weighted-average common shares – Diluted	102,147,353	77,934,302	87,278,596
Basic EPS – preferred stockholders	\$ 0.19	\$ 1.39	\$ 0.00
Diluted EPS – preferred stockholders	\$ 0.00	\$ 1.39	\$ 0.00
Weighted-average common shares, as converted – Basic	653,118	12,505,393	—
Weighted-average common shares, as converted – Diluted	—	12,505,393	—

<sup>(1)</sup> Prior period amounts have been reclassified to conform to the current period presentation. See “Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies” for additional information.

<sup>(2)</sup> See “Notes to Consolidated Financial Statements – Note 4. Net Income (Loss) Per Share” for additional information.

See Notes to Consolidated Financial Statements.

**LENDINGCLUB CORPORATION**  
**Consolidated Statements of Comprehensive Income (Loss)**  
(In Thousands)

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
LendingClub net income (loss)	\$ 18,580	\$ (187,538)	\$ (30,745)
Other comprehensive income (loss), before tax:			
Net unrealized gain (loss) on securities available for sale	5,562	2,044	(526)
<b>Other comprehensive income (loss), before tax</b>	<b>5,562</b>	<b>2,044</b>	<b>(526)</b>
Income tax effect	—	(5)	216
<b>Other comprehensive income (loss), net of tax</b>	<b>5,562</b>	<b>2,049</b>	<b>(742)</b>
Less: Other comprehensive loss attributable to noncontrolling interests	—	—	(20)
<b>LendingClub other comprehensive income (loss), net of tax</b>	<b>5,562</b>	<b>2,049</b>	<b>(722)</b>
<b>LendingClub comprehensive income (loss)</b>	<b>24,142</b>	<b>(185,489)</b>	<b>(31,467)</b>
Comprehensive loss attributable to noncontrolling interests	—	—	(20)
<b>Total comprehensive income (loss)</b>	<b>\$ 24,142</b>	<b>\$ (185,489)</b>	<b>\$ (31,487)</b>

*See Notes to Consolidated Financial Statements.*



**LENDINGCLUB CORPORATION**  
**Consolidated Statements of Changes in Stockholders' Equity**  
(In Thousands, Except Share Data)

LendingClub Corporation Stockholders												
	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total LendingClub Stockholders' Equity	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount		Shares	Amount					
<b>Balance at December 31, 2018</b>	—	\$ —	85,928,127	\$ 864	\$ 1,405,392	456,540	\$ (19,485)	\$ 157	\$ (517,727)	\$ 869,201	\$ 1,780	\$ 870,981
Stock-based compensation	—	—	—	—	79,944	—	—	—	—	79,944	—	79,944
Net issuances under equity incentive plans, net of tax <sup>(1)</sup>	—	—	2,665,309	26	(19,864)	4,851	(65)	—	—	(19,903)	—	(19,903)
ESPP purchase shares	—	—	163,970	2	2,410	—	—	—	—	2,412	—	2,412
Net unrealized loss on securities available for sale, net of tax	—	—	—	—	—	—	—	(722)	—	(722)	(20)	(742)
Dividends paid and return of capital to noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(1,815)	(1,815)
Net loss	—	—	—	—	—	—	—	—	(30,745)	(30,745)	55	(30,690)
<b>Balance at December 31, 2019</b>	—	\$ —	88,757,406	\$ 892	\$ 1,467,882	461,391	\$ (19,550)	\$ (565)	\$ (548,472)	\$ 900,187	\$ —	\$ 900,187
Stock-based compensation	—	—	—	—	66,626	—	—	—	—	66,626	—	66,626
Net issuances under equity incentive plans, net of tax <sup>(2)</sup>	—	—	3,692,185	36	(6,914)	5,658	(71)	—	—	(6,949)	—	(6,949)
Net issuances of preferred stock in exchange for common stock <sup>(3)</sup>	43,000	—	(4,300,081)	(43)	43	—	—	—	(50,204)	(50,204)	—	(50,204)
Retirement of treasury stock	—	—	—	(4)	(19,617)	(467,049)	19,621	—	—	—	—	—
Net unrealized gain on securities available for sale, net of tax	—	—	—	—	—	—	—	2,049	—	2,049	—	2,049
Net loss	—	—	—	—	—	—	—	—	(187,538)	(187,538)	—	(187,538)
<b>Balance at December 31, 2020</b>	43,000	\$ —	88,149,510	\$ 881	\$ 1,508,020	—	\$ —	\$ 1,484	\$ (786,214)	\$ 724,171	\$ —	\$ 724,171
Stock-based compensation	—	—	—	—	69,762	—	—	—	—	69,762	—	69,762
Net issuances under equity incentive plans, net of tax <sup>(2)</sup>	—	—	4,833,300	48	(9,343)	4,251	(92)	—	—	(9,387)	—	(9,387)
Net issuances of stock related to acquisition <sup>(4)</sup>	—	—	3,761,114	38	41,424	—	—	—	—	41,462	—	41,462
Exchange of preferred stock for common stock	(43,000)	—	4,300,000	43	(43)	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	(4,251)	92	—	—	92	—	92
Net unrealized gain on securities available for sale, net of tax	—	—	—	—	—	—	—	5,562	—	5,562	—	5,562
Net income	—	—	—	—	—	—	—	—	18,580	18,580	—	18,580
<b>Balance at December 31, 2021</b>	—	\$ —	101,043,924	\$ 1,010	\$ 1,609,820	—	\$ —	\$ 7,046	\$ (767,634)	\$ 850,242	\$ —	\$ 850,242

(1) Includes shares purchased by the Company in lieu of issuing fractional shares in connection with a 1-for-5 reverse stock split effective on July 5, 2019.

(2) Includes shares that were transferred to the Company to satisfy payment of all or a portion of the exercise price in connection with the exercise of stock options.

(3) Includes a payment of \$50.2 million that was recorded as a deemed dividend within accumulated deficit related to the beneficial conversion feature of the Series A Preferred Stock issued on March 20, 2020.

(4) Stock issued as part of the consideration paid related to the Acquisition. See “Notes to Consolidated Financial Statements – Note 2. Business Acquisition.”

See Notes to Consolidated Financial Statements.

**LENDINGCLUB CORPORATION**  
**Consolidated Statements of Cash Flows**  
(in Thousands)

Year Ended December 31,	2021	2020	2019
<b>Cash Flows from Operating Activities<sup>(1)</sup>:</b>			
Consolidated net income (loss)	\$ 18,580	\$ (187,538)	\$ (30,690)
Adjustments to reconcile consolidated net income (loss) to net cash provided by (used for) operating activities:			
Net fair value adjustments	(3,986)	105,002	144,273
Provision for credit losses	138,800	3,382	—
Change in fair value of loan servicing assets	54,108	58,730	58,172
Stock-based compensation, net	66,759	61,533	73,639
Depreciation, amortization, and accretion	5,575	56,526	62,151
Gain on sales of loans	(70,116)	(30,812)	(67,716)
Other, net	8,654	12,506	5,829
Net change to loans held for sale	4,856	435,245	(440,192)
Net change in operating assets and liabilities:			
Other assets	(9,733)	34,483	1,499
Other liabilities	26,372	(131,026)	(77,609)
Net cash provided by (used for) operating activities	239,869	418,031	(270,644)
<b>Cash Flows from Investing Activities<sup>(1)</sup>:</b>			
Acquisition of company	(145,344)	—	—
Cash received from acquisition	668,236	—	—
Net change in loans and leases	(1,517,132)	7,151	9,150
Net decrease in retail and certificate loans	437,870	411,428	602,678
Purchases of securities available for sale	(100,474)	(53,736)	(144,481)
Proceeds from sales of securities available for sale	106,192	6,217	12,548
Proceeds from maturities and paydowns of securities available for sale	143,402	225,458	223,980
Purchases of property, equipment and software, net	(34,413)	(31,147)	(50,668)
Other investing activities	(12,747)	400	561
Net cash (used for) provided by investing activities	(454,410)	565,771	653,768
<b>Cash Flows from Financing Activities<sup>(1)</sup>:</b>			
Net change in demand deposits and savings accounts	1,126,659	—	—
Proceeds from PPPLF	325,194	—	—
Repayment on PPPLF	(474,223)	—	—
Proceeds from issuance of retail notes and certificates	—	314,995	632,962
Principal payments on retail notes and certificates	(438,032)	(729,405)	(1,259,203)
Principal payments on Structured Program borrowings	(90,187)	(73,710)	(58,025)
Proceeds from issuance of notes and certificates from Structured Program transactions	—	186,190	42,500
Principal payments on short-term borrowings	(87,640)	(1,662,199)	(2,801,824)
Principal payments on long-term debt	(2,834)	(14,419)	(13,651)
Proceeds from short-term borrowings	—	1,195,261	2,943,948
Deemed dividend paid to preferred stockholder	—	(50,204)	—
Other financing activities	(9,295)	(8,948)	(26,767)
Net cash provided by (used for) financing activities	349,642	(842,439)	(540,060)
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>135,101</b>	<b>141,363</b>	<b>(156,936)</b>
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Period</b>	<b>628,485</b>	<b>487,122</b>	<b>644,058</b>
<b>Cash, Cash Equivalents and Restricted Cash, End of Period</b>	<b>\$ 763,586</b>	<b>\$ 628,485</b>	<b>\$ 487,122</b>

**LENDINGCLUB CORPORATION**  
**Consolidated Statements of Cash Flows**  
(in Thousands)

Year Ended December 31,	2021	2020	2019
<b>Supplemental Cash Flow Information:</b>			
Cash paid for interest	\$ 77,334	\$ 143,840	\$ 254,585
Cash paid for operating leases included in the measurement of lease liabilities	\$ 20,546	\$ 16,679	\$ 16,816
Non-cash investing activity <sup>(2)</sup> :			
Loans and leases held for investment transferred to loans held for sale	\$ 402,960	\$ —	\$ —
Net securities retained from Structured Program transactions	\$ —	\$ 43,458	\$ 197,267
Accruals for property, equipment and software	\$ —	\$ 686	\$ 1,745
Non-cash investing and financing activity:			
Transfer of whole loans to redeem certificates	\$ —	\$ 17,414	\$ 122,330
Net issuances of stock related to acquisition	\$ 41,462	\$ —	\$ —
Non-cash financing activity:			
Exchange of common stock for preferred stock	\$ —	\$ 207,244	\$ —
Derecognition of payable on Structured Program borrowings	\$ —	\$ —	\$ 200,881

<sup>(1)</sup> Prior period amounts have been reclassified to conform to the current period presentation. See “Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies” for additional information.

<sup>(2)</sup> See “Notes to Consolidated Financial Statements – Note 8. Fair Value of Assets and Liabilities” for other non-cash investing activity.

The following presents cash, cash equivalents and restricted cash by category within the Balance Sheet:

	December 31, 2021	December 31, 2020
Cash and cash equivalents	\$ 687,126	\$ 524,963
Restricted cash	76,460	103,522
Total cash, cash equivalents and restricted cash	\$ 763,586	\$ 628,485

See Notes to Consolidated Financial Statements.

## LENDINGCLUB CORPORATION

### Notes to Consolidated Financial Statements

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

## 1. Summary of Significant Accounting Policies

### **Basis of Presentation**

On February 1, 2021, LendingClub Corporation (LendingClub) completed the acquisition of Radius Bancorp, Inc. (Radius), whereby LendingClub became a bank holding company and formed LendingClub Bank, National Association (LC Bank) as its wholly-owned subsidiary. The Company operates the vast majority of its business through LC Bank, as a lender and originator of loans and as a regulated bank in the United States.

All intercompany balances and transactions have been eliminated. These consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) and, in the opinion of management, contain all adjustments, consisting of only normal recurring adjustments, necessary for the fair statement of the results and financial position for the periods presented. These accounting principles require management to make certain estimates and assumptions that affect the amounts in the accompanying financial statements. These estimates and assumptions are inherently subjective in nature and actual results may differ from these estimates and assumptions, and the differences could be material.

The acquisition of Radius (the Acquisition) significantly changed the presentation of the Company's financial statements, which are now structured according to the presentation requirements for bank holding companies under Article 9 of the United States Securities and Exchange Commission's (SEC) Regulation S-X. Prior period amounts in the financial statements and related footnotes have been reclassified to conform to the current period presentation. See "Note 2. Business Acquisition" which illustrates the reclassification adjustments made to align with the current presentation.

### **Significant Accounting Policies**

#### ***Cash and Cash Equivalents***

Cash and cash equivalents have original maturities of three months or less and include cash on hand, cash items in transit, and amounts due from or held with other depository institutions, primarily with the Federal Reserve Bank (FRB).

#### ***Restricted Cash***

Cash items held with other depository institutions in which the ability to withdraw funds is restricted by contractual provisions is classified as restricted cash. Such amounts include: (i) cash pledged as security related to LendingClub's issuing bank activities and transactions with certain investors; and (ii) cash received from borrowers on loans owned and not yet distributed to investors.

#### ***Securities***

Debt securities purchased and asset-backed securities retained from the sale of loans are classified as available for sale (AFS) securities. AFS securities represent investment securities with readily determinable fair values that the Company: (i) does not hold for trading purposes and (ii) does not have the positive intent and ability to hold to maturity. AFS securities are measured at fair value, with unrealized gains and losses reported in "Accumulated other comprehensive income" within the equity section of the Balance Sheet. The amount reported in "Accumulated other comprehensive income" is net of any valuation allowance and applicable income taxes.

Management evaluates whether debt AFS securities with unrealized losses are impaired on a quarterly basis. For any security that has declined in fair value below its amortized cost basis, the Company recognizes an impairment loss in current period earnings if management has the intent to sell the security or if it is more likely than not it will

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be required to sell the security before recovery of its amortized cost basis. The assessment of impairment also considers whether the decline in fair value below the security's amortized cost basis is attributable to credit-related factors. If credit-related factors exist, credit-related impairment has occurred regardless of the Company's intent to hold the security until it recovers. The credit-related portion of impairment is recognized as provision for credit loss expense in earnings with a corresponding valuation allowance for AFS securities on the Balance Sheet, to the extent the allowance does not reduce the value of the security below its fair value.

AFS securities where the expected cash flows are significantly lower than that of the contractual future cash flows at the time of acquisition are considered to be purchased with credit deterioration (PCD). The discounted differential in expected and contractual cash flows is included with the purchase price of the asset to determine amortized cost of the security with an equal and offsetting valuation allowance for credit losses.

Equity securities that do not have readily determinable fair values are generally recorded at cost adjusted for impairment, if any. These securities include FRB stock and Federal Home Loan Bank stock and are reported as "Nonmarketable equity investments" in "Other assets" on the Balance Sheet.

#### ***Loans and Leases***

The Company initially classifies loans and leases as either held for sale (HFS) or held for investment (HFI) based on management's assessment of its intent and ability to hold the loans for the foreseeable future or until maturity. Management's intent and ability with respect to certain loans may change from time to time. In order to reclassify loans to HFS, management must have the intent to sell the loans and the ability to reasonably identify the specific loans to be sold.

HFI loans, with the exception of HFI loans accounted for under the fair value option, are measured at historical cost and reported at their outstanding principal balances net of any charge-offs, unamortized deferred fees and costs on originated loans, and for purchased loans, net of any unamortized premiums and discounts. Leases are recorded at the discounted amounts of lease payments receivable plus the estimated residual value of the leased asset, net of unearned income and unamortized deferred fees and costs. Lease payments receivable reflect contractual lease payments adjusted for renewal or termination options that the Company believes the customer is reasonably certain to exercise. Unearned income, deferred fees and costs, and discounts and premiums are accreted and amortized to interest income over the contractual life of the loan using its effective interest rate. HFI loans measured at fair value under the Company's election of the fair value option include retail and certificate loans and the related notes and certificates. Fees and costs for loans accounted for under the fair value option are recognized in earnings at the inception of the loan and are not deferred. Due to the payment dependent feature of the notes and certificates, changes in the fair value of the notes and certificates are offset by changes in the fair values of related loans, resulting in no net effect on the Company's earnings.

Loans initially classified as HFS are reported at their fair value with the Company's election of the fair value option. Origination fees are recognized in earnings within "Marketplace revenue" on the Consolidated Statements of Operations (Income Statement) at the time of loan origination. Changes in the fair value are recorded in "Net fair value adjustments" included in "Marketplace revenue" on the Income Statement. In certain circumstances, the Company may transfer loans from HFI to HFS. At the time of transfer, these loans are valued at the lower of amortized cost or fair value.

#### ***Accrued Interest Income and Non-Accrual Policy***

Interest income is accrued as earned. The accrual of interest income is discontinued, and the loan or lease is placed on nonaccrual status at 90 days past due or when reasonable doubt exists as to timely collection. Past due status is based on the contractual terms of the loan or lease. When a loan or lease is placed on nonaccrual status, all income previously accrued but not collected is reversed against the current period's interest income. Because the Company has a nonaccrual policy which results in the timely reversal of past-due accrued interest, it does not record an allowance for credit losses (ACL) on accrued interest receivable. Interest collections on nonaccrual loans and leases

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for which the ultimate collectability of principal is uncertain are applied as principal reductions; otherwise, such collections are credited to income when received. Nonaccrual loans and leases are returned to accrual status when there no longer exists concern over collectability, the borrower has demonstrated, over time, both the intent and ability to repay and the loan or lease has been brought current and future payments are reasonably assured. HFI loans accounted for under the fair value option and HFS loans are not reported as nonaccrual.

#### *Allowance for Credit Losses*

The ACL represents management's estimate of expected credit losses in the loan and lease portfolio, excluding loans accounted for under the fair value option. The ACL is measured based on a lifetime expected loss model, which does not require a loss event to occur before a credit loss is recognized. Under the lifetime expected credit loss model, the Company estimates the allowance based on relevant available information related to past events, current conditions, and reasonable and supportable forecasts of future economic conditions. The ACL is estimated using a discounted cash flow (DCF) approach where effective interest rates are used to calculate the net present value of expected cash flows. The effective interest rate is calculated based on the periodic interest income received from the loan's contractual cash flows and the net investment in the loan, which includes deferred origination fees and costs, to provide a constant rate of return over the term.

The Company evaluates its estimate of expected credit losses each reporting period and records any additions to the allowance on the Income Statement as "Provision for credit losses." Amounts determined to be uncollectible are charged-off to the allowance. Estimates of expected credit losses include expected recoveries of amounts previously charged-off and amounts expected to be charged-off. If amounts previously charged off are subsequently expected to be collected, the Company may recognize a negative allowance, which is limited to the amount that was previously charged off.

Under applicable accounting guidance, for reporting purposes, the loan and lease portfolio is categorized by portfolio segment. A portfolio segment is defined as the level at which an entity develops and documents a systematic methodology to determine the ACL. The Company's two portfolio segments are consumer and commercial. The Company further disaggregates its portfolio segments into various classes of financing receivables based on their underlying risk characteristics. The classes within the consumer portfolio segment are unsecured consumer, secured consumer and residential mortgages. The classes within the commercial portfolio segment are commercial and industrial, commercial real estate, and equipment finance.

The ACL is measured on a collective basis when loans share similar risk characteristics. Relevant risk characteristics for the consumer portfolio include product type, risk rating, loan term, and monthly vintage. Relevant risk characteristics for the commercial portfolio include product type, risk rating and PCD status. Loans measured on a collective basis generally have an ACL comprised of a quantitative, or modeled, component that is supplemented by a framework of qualitative factors, as discussed below.

The Company will continue to monitor its loan pools on an ongoing basis and adjust accordingly as the risk characteristics of the financial assets may change over time. If a given financial asset does not share similar risk characteristics with other financial assets, the Company shall measure expected credit losses on an individual, rather than on a collective basis. Loans evaluated on an individual basis generally have an ACL that is measured in reference to any collateral securing the loan and/or expected cash flows which are specific to the borrower.

#### *Allowance Calculation Methodology*

The Company generally estimates expected credit losses over the contractual term of its loans. The contractual term is adjusted for estimated prepayments when appropriate. Expected renewals and extensions do not adjust the contractual term unless the extension or renewal option is through a troubled debt restructuring (TDR) that is reasonably expected to occur or represents an unconditionally cancellable option held by the borrower.

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The quantitative, or modeled, component of the ACL is primarily based on statistical models that use known or estimated data as of the balance sheet date and forecasted data over the reasonable and supportable period. Known and estimated data include current probability and timing of default, loss rate and recovery exposure at default, timing and amount of estimated prepayments, timing and amount of expected draws (for unfunded lending commitments), and relevant risk characteristics. Certain of the Company's commercial portfolios have limited internal historical loss data and use external credit loss information, including historical charge-off and balance data for peer banking institutions.

The Company obtains historical and forecast macroeconomic information to inform its view of the long-term condition of the economy. Forward-looking macroeconomic factors considered in the Company's macroeconomic variable integrated statistical models include gross domestic product (GDP), unemployment rate, unemployment insurance claims, housing prices, and retail sales. Forward-looking macroeconomic factors are incorporated into the Company's models for a two-year reasonable and supportable economic forecast period followed by a one-year reversion period during which expected credit losses are expected to revert back on a straight-line basis to historical losses unadjusted for economic conditions. The reasonable and supportable economic forecast period and reversion methodology are accounting estimates which may change in future periods as a result of changes to the current macroeconomic environment.

The Company's statistical models produce expected cash flows, which are then discounted at the effective interest rate to derive net present value. The effective interest rate is calculated based on the periodic interest income received from the loan's contractual cash flows and the net investment in the loan, which includes deferred origination fees and costs, to provide a constant rate of return over the term. This net present value is then compared to the amortized cost basis to derive the expected credit losses. As a result, the quantitative, or modeled, portion of ACL is estimated using a DCF approach.

The Company also considers the need for qualitative adjustments to the modeled estimate of expected credit losses. For this purpose, the Company established a qualitative factor framework to periodically assess qualitative adjustments to address certain identified elements that are not directly captured by the statistically modeled expected credit loss. These factors may include the impact of risk rating downgrades, changes in credit policies, problem loan trends, identification of new risks not incorporated into the modeling framework, credit concentrations, changes in lending management, non-modeled macroeconomic outlook and other external factors.

#### *Zero Credit Loss Expectation Exception*

The Company has a zero loss expectation when the loans, or portions thereof, are issued or guaranteed by certain U.S. government entities or agencies, as those entities or agencies have a long history of no defaults and the highest credit ratings issued by rating agencies. Loans held for investment, or portions thereof, which meet this criterion do not have an ACL.

#### *Reserve for Unfunded Lending Commitments*

The ACL includes an estimate for expected credit losses on off-balance sheet commitments to extend credit and unused lines of credit. The Company estimates these expected credit losses for the unfunded portion of the commitments that are not unconditionally cancellable depending on the likelihood that funding will occur. The reserve for unfunded lending commitments is reported in "Other liabilities" on the Balance Sheet.

#### *Individually Assessed Loans*

Loans that do not share similar risk characteristics with other financial assets, including those whose terms have been modified in a TDR and collateral-dependent loans, are individually assessed for purposes of measuring expected credit losses using the DCF approach.

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For loans that are determined to be collateral dependent, the ACL is determined based on the fair value of the collateral. Loans are considered collateral dependent when the borrower is experiencing financial difficulty and repayment of the loan is expected to be substantially satisfied through sale or operation of the collateral. For such loans, the ACL is calculated as the difference between the amortized cost basis and the fair value of the underlying collateral less costs to sell, if applicable.

#### *Purchased Credit Deteriorated Assets*

PCD assets are acquired financial assets (or groups of financial assets with similar risk characteristics) that as of the date of acquisition have experienced a more-than-insignificant deterioration in credit quality since origination, as determined by an acquirer's assessment. The Company considers indicators such as loan rating, FICO score, days past due status, nonaccrual status, TDR status, charge-off status, bankruptcy, modifications or risk rating to determine whether an acquired asset meets the definition of PCD.

PCD assets are recorded on the acquisition date at their purchase price plus any related initial ACL, which results in a "gross-up" of the asset's initial amortized cost basis. Recognition of the initial ACL upon the acquisition of PCD assets does not impact net income. Changes in estimates of expected credit losses after acquisition are recognized through the provision for credit losses. Acquired non-PCD assets are accounted for in a manner similar to originated financial assets, whereby any initial ACL is recorded through the "Provision for credit losses" on the Income Statement.

#### *Charge-Offs*

Charge-offs are recorded when the Company determines that a loan balance is uncollectible or a loss-confirming event has occurred. Loss confirming events usually involve the receipt of specific adverse information about the borrower and may include borrower delinquency status, bankruptcy, foreclosure, or receipt of an asset valuation indicating a shortfall between the value of the collateral and the book value of the loan when that collateral asset is the sole source of repayment. A full or partial charge-off reduces the amortized cost basis of the loan and the related ACL. Unsecured personal loans are charged-off when a borrower is (i) contractually 120 days past due or (ii) two payments past due and has filed for bankruptcy or is deceased.

For acquired PCD loans where all or a portion of the loan balance had been charged off prior to acquisition, and for which active collection efforts are still underway, the ACL included as part of the grossed-up loan balance at acquisition is immediately charged off if required by the Company's existing charge off policy. Additionally, the Company is required to consider its existing policies in determining whether to charge off any financial assets, regardless of whether a charge-off was recorded by the predecessor company. The initial ACL recognized on PCD assets includes the gross-up of the loan balance reduced by immediate charge-offs for loans previously charged off by the acquired company or which meet the Company's charge-off policy on the date of acquisition. Charge-offs against the allowance related to such acquired PCD loans do not result in an income statement impact.

#### *Servicing Assets*

Servicing assets are capitalized as separate assets when loans are sold and servicing is retained. The Company records servicing assets at their estimated fair values. Servicing asset fair value is based on the excess of the contractual servicing fee over an estimated market servicing rate. When servicing assets are recognized from the sale of loans originated by the Company, the fair value of the servicing asset is included as a component of the gain or loss on the loan sale and reported within "Marketplace revenue" on the Income Statement. Subsequent changes in fair value are reported within "Servicing fees" in "Marketplace revenue" during the period in which the changes occur. Servicing assets are reported in "Other assets" on the Balance Sheet.



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#### *Fair Value of Assets and Liabilities*

Fair value is defined as the price that would be received to sell a financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the measurement date. Fair value is based on an exit price notion that maximizes the use of observable inputs and minimizes the use of unobservable inputs.

The Company measures certain assets and liabilities at fair value when permitted or mandated by accounting standards, when the Company has elected the fair value option, and to fulfill fair value disclosure requirements. Assets and liabilities are recorded at fair value on a recurring or nonrecurring basis. Assets and liabilities that are recorded at fair value on a recurring basis require a fair value measurement at each reporting period. Such assets include AFS securities, HFS and HFI loans in which the Company has elected the fair value option, and servicing assets.

The Company has elected the fair value option for certain loans and servicing assets and uses fair value measurements to record the assets on a recurring basis. The Company also uses fair value measurements for AFS securities.

The fair value hierarchy includes a three-level hierarchy that assigns the highest priority to unadjusted quoted prices in active markets and the lowest priority to unobservable inputs.

- Level 1 — Quoted market prices in active markets for identical assets or liabilities.
- Level 2 — Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly or indirectly.
- Level 3 — Unobservable inputs.

Unobservable inputs require greater judgment in measuring fair value. In instances where there is limited or no observable market data, fair value measurements for assets and liabilities are based primarily upon the Company's own estimates, and the measurements reflect information and assumptions that management believes a market participant would use in pricing the asset or liability.

#### *Property, Equipment and Software, net*

Property, equipment and software are carried at cost less accumulated depreciation and amortization. The Company uses the straight-line method of depreciation and amortization. Estimated useful lives range from three years to five years for furniture and fixtures, computer equipment, and software. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful life.

Internally developed software is capitalized when preliminary development efforts are successfully completed and it is probable that the project will be completed, and the software will be used as intended. Capitalized costs consist of salaries and compensation costs for employees, fees paid to third-party consultants who are directly involved in development efforts, and costs incurred for upgrades and enhancements to add functionality of the software. Other costs are expensed as incurred.

The Company evaluates impairments of its property, equipment and software whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the asset is not recoverable, measurement of an impairment loss is based on the fair value of the asset. When an impairment loss is recognized, the carrying amount of the asset is reduced to its estimated fair value.

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#### ***Goodwill and Other Intangible Assets***

Goodwill is recorded when the purchase price of an acquired business exceeds the fair value of the net assets acquired. Goodwill is assigned to the Company's reporting units at the acquisition date according to the expected economic benefits that the acquired business will provide to the reporting unit. A reporting unit is a business operating segment or a component of a business operating segment. The Company identifies its reporting units based on how the operating segments and reporting units are managed. Accordingly, the Company allocated goodwill to the LC Bank operating segment.

The goodwill of each reporting unit is tested for impairment annually or more frequently in certain circumstances. The Company's annual impairment testing is performed in the fourth quarter of each calendar year. Impairment exists when the carrying value of goodwill exceeds its estimated fair value. Adverse changes in impairment indicators such as lower than forecast financial performance, increased competition, increased regulatory oversight, or unplanned changes in operations could result in impairment.

The Company can elect to either qualitatively assess goodwill for impairment, or bypass the qualitative test and proceed directly to a quantitative test. If the Company performs a qualitative assessment of goodwill to test for impairment and concludes it is more likely than not that the estimated fair value of a reporting unit is greater than its carrying value, a quantitative test is not required. However, if we determine it is more likely than not that a reporting unit's fair value is less than its carrying amount, a quantitative assessment is performed to determine if goodwill impairment exists. Under the quantitative impairment assessment, the fair values of the Company's reporting units are determined using a combination of income and market-based approaches.

Other intangible assets with determinable lives are recorded at their fair value upon completion of a business acquisition or certain other transactions, and generally represent the value of customer contracts or relationships. Such assets are amortized over their useful lives in a manner that best reflects their economic benefit, which may include straight-line or accelerated methods of amortization. Other intangible assets are reviewed for impairment quarterly and when events or changes in circumstances indicate that their carrying amount may not be recoverable. The Company does not have indefinite-lived intangible assets other than goodwill. Intangible assets are reported in "Other assets" on the Balance Sheet.

#### ***Loss Contingencies***

Loss contingencies, including claims and legal actions arising in the ordinary course of business, are recorded as liabilities in "Other liabilities" on the Balance Sheet. Associated legal expense is recorded in "Other non-interest expense" for the losses associated with the securities class action lawsuits, as described in "Note 19. Commitments and Contingencies," on the Income Statement. Such liabilities and associated expenses are recorded when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated. The Company will also disclose a range of exposure to incremental loss when such amounts can be estimated and are reasonably possible to occur in future periods. In estimating the Company's exposure to loss contingencies, if an amount within the estimated range of loss is the best estimate, that amount will be accrued. However, if there is no amount within the estimated range of loss that is the best estimate, the Company will accrue the minimum amount within the range, and disclose the amount up to the high end of the range as an exposure to incremental loss, if such amount is considered reasonably possible. Such estimates are based on the best information available at the time. As additional information becomes available, the Company reassesses the potential liability and records an adjustment to its estimate in the period in which the adjustment is probable and an amount or range can be reasonably estimated. The determination of an expected contingent liability and associated litigation expense requires the Company to make assumptions related to the outcome of these matters. Due to the inherent uncertainties of loss contingencies, the Company's estimates may be different than the actual outcomes. Legal fees, including legal fees associated with loss contingencies, are recognized as incurred and included in "Professional services" expense on the Income Statement.

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#### ***Stock-based Compensation***

Stock-based compensation includes expense primarily associated with restricted stock units (RSUs) and performance-based restricted stock units (PBRsUs), as well as expense associated with stock issued related to acquisitions. Stock-based compensation expense is based on the grant date fair value of the award. The cost is generally recognized over the vesting period on a straight-line basis. Forfeitures are recognized as incurred.

#### ***Income Taxes***

The Company accounts for income taxes under the asset and liability method. Under this method, deferred tax assets and liabilities are determined on the basis of the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes these assets are more likely than not to be realized. In making such a determination, the Company considers the available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts that are more likely than not expected to be realized. If the Company determines that it is able to realize its deferred tax assets in the future in excess of the net recorded amount, the Company decreases the deferred tax asset valuation allowance, which reduces the provision for income taxes.

Uncertain tax positions are recognized only when the Company believes it is more likely than not that the tax position will be upheld on examination by the taxing authorities based on the merits of the position. The Company recognizes interest and penalties, if any, related to uncertain tax positions in "Income tax expense (benefit)" on the Income Statement.

#### ***Net Income (Loss) Per Share***

Basic net income (loss) per share (Basic EPS) attributable to common stockholders is computed by dividing net income (loss) attributable to LendingClub by the weighted-average number of common shares outstanding during the period. Diluted net income (loss) per share (Diluted EPS) is computed by dividing net income (loss) attributable to LendingClub by the weighted-average number of common shares outstanding during the period, adjusted for the effects of dilutive issuances of shares of common stock, which predominantly include incremental shares issued for outstanding RSUs, PBRsUs, and stock options. PBRsUs are included in dilutive shares to the extent the pre-established performance targets have been or are estimated to be satisfied as of the reporting date. The dilutive potential common shares are computed using the treasury stock method. The effects of outstanding RSUs, PBRsUs, and stock options are excluded from the computation of Diluted EPS in periods in which the effect would be antidilutive. For periods with more than one class of common shares, the Company computes Basic and Diluted EPS using the two-class method, which is an allocation of net income (loss) among the holders of each class of common shares.

#### ***Beneficial Conversion Feature***

The Company accounts for the beneficial conversion feature (BCF) on its Series A Preferred Stock in accordance with ASC 470-20, *Debt with Conversion and Other Options*. The Company accretes the BCF discount from the date of issuance to the earliest conversion date, which was March 20, 2020. All of the BCF discount was accreted and recognized as a deemed dividend in "Accumulated deficit" on the Balance Sheet.

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#### ***Consolidation of Variable Interest Entities***

A VIE is a legal entity that has either a total equity investment that is insufficient to finance its activities without additional subordinated financial support or whose equity investors lack the characteristics of a controlling financial interest. The Company's variable interest arises from contractual, ownership or other monetary interests in the entity, which change with fluctuations in the fair value of the entity's net assets. A VIE is consolidated by its primary beneficiary, the party that has both the power to direct the activities that most significantly impact the VIE's economic performance, and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company consolidates a VIE when it is deemed to be the primary beneficiary. The Company assesses whether or not it is the primary beneficiary of a VIE on an ongoing basis.

#### ***Transfers of Financial Assets***

The Company accounts for transfers of financial assets as sales when it has surrendered control over the transferred assets. Control is generally considered to have been surrendered when the transferred assets have been legally isolated from the Company, the transferee has the right to pledge or exchange the assets without any significant constraints, and the Company has not entered into a repurchase agreement, does not hold unconditional call options and has not written put options on the transferred assets. In assessing whether control has been surrendered, the Company considers whether the transferee would be a consolidated affiliate and the impact of all arrangements or agreements made contemporaneously with, or in contemplation of the transfer, even if they were not entered into at the time of transfer. The Company measures gain or loss on sale of financial assets as the net proceeds received on the sale less the carrying amount of the loans sold. The net proceeds of the sale represent the fair value of any assets obtained or liabilities incurred as part of the transaction, including, but not limited to servicing assets, retained securities, and recourse obligations.

Transfers of financial assets that do not qualify for sale accounting are reported as secured borrowings. Accordingly, the related assets remain on the Company's Balance Sheet and continue to be reported and accounted for as if the transfer had not occurred. Cash proceeds from these transfers are reported as liabilities, with related interest expense recognized over the life of the related assets.

#### ***Adoption of New Accounting Standards***

The Company did not adopt any new accounting standards during the year ended December 31, 2021.

#### ***New Accounting Standards Not Yet Adopted***

In March 2020, the FASB issued Accounting Standards Update (ASU) 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*, which, if certain criteria are met, provides optional expedients and exceptions for applying generally accepted accounting principles to transactions affected by reference rate reform. These transactions include contract modifications, hedging relationships, and sale or transfer of debt securities classified as held-to-maturity. The provisions of the new standard may be adopted as of the beginning of the reporting period when the election is made until December 31, 2022. The Company is evaluating the impact this ASU and is not expected to have a material impact on its financial position, results of operations, cash flows and disclosures. The Company has not elected an adoption date.

In August 2020, the FASB issued ASU 2020-06, *Debt with Conversion and Other Options (Subtopic 470-20) and Derivatives and Hedging-Contracts in Entity's Own Equity (Subtopic 815-40): Accounting for Convertible Instruments and Contracts in an Entity's Own Equity*, which simplifies the accounting for certain financial instruments with characteristics of liabilities and equity including convertible instruments and contracts on an entity's own equity. The guidance allows for either full or modified retrospective adoption for fiscal periods beginning after December 15, 2021. The Company plans to adopt this ASU in the first quarter of 2022 under the

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modified retrospective approach. As a result of the adoption, the deemed dividend recorded in 2020 related to the beneficial conversation feature of the convertible preferred stock will be reclassified from accumulated deficit to additional paid in capital within equity. The Company is evaluating its disclosure around this transaction under the ASU. This ASU is not expected to have a material impact on its financial position, results of operations and cash flows.

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## 2. Business Acquisition

On February 1, 2021, the Company completed the Acquisition. Upon closing, LendingClub acquired all outstanding voting equity interests of Radius in exchange for total consideration as follows:

Cash paid	\$	140,256
Fair value of common stock issued <sup>(1)</sup>		40,808
Consideration related to share-based payments <sup>(2)</sup>		5,742
<b>Total consideration paid</b>	<b>\$</b>	<b>186,806</b>

<sup>(1)</sup> Calculated using the closing stock price of \$10.85 on January 29, 2021, the most recent trading day preceding the Acquisition, multiplied by 3,761,114 shares issued pursuant to the Plan of Merger.

<sup>(2)</sup> In connection with the Acquisition, LendingClub agreed to convert equity awards held by Radius employees into cash and LendingClub awards pursuant to the Plan of Merger.

The Acquisition was accounted for as a purchase business combination. Accordingly, the assets acquired and liabilities assumed are presented at their fair values determined as of the Acquisition date. Determining fair value of identifiable assets, particularly intangibles, loans (including PCD loans), and liabilities acquired and assumed based on DCF analysis or other valuation techniques requires management to make estimates that are highly subjective in nature based on available information. The fair value of acquired loans was based on a DCF methodology using contractual cash flows adjusted for key cash flow assumptions such as prepayment rate, default rate, loss severity rate, discount rate and market pricing.

The following table presents an allocation of the total consideration paid to the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed:

<b>Assets acquired:</b>		
Cash and due from banks	\$	18,184
Interest-bearing deposits in banks		650,052
Total cash and cash equivalents		668,236
Securities available for sale at fair value		259,037
Loans and leases held for investment		1,589,054
Allowance for loan and lease losses		(12,440)
Loans and leases held for investment, net		1,576,614
Property, equipment and software		1,926
Goodwill		75,717
Other assets		86,482
<b>Total assets</b>		<b>2,668,012</b>
<b>Liabilities assumed:</b>		
Non-interest bearing deposits		146,187
Interest-bearing deposits		1,862,272
Total deposits		2,008,459
Short-term borrowings		9,870
Advances from PPPLF		420,962
Other long-term debt		18,630
Other liabilities		23,285
<b>Total liabilities</b>		<b>2,481,206</b>
<b>Total consideration paid</b>	<b>\$</b>	<b>186,806</b>

## LENDINGCLUB CORPORATION

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The purchase price exceeded the estimated fair value of the tangible and identifiable intangible assets acquired and liabilities assumed and, as a result of the purchase allocation, the Company recorded goodwill of \$75.7 million, which is not deductible for tax purposes. The goodwill recognized is attributable primarily to strategic and financial benefits of the Acquisition, including increased resiliency with access to stable, low-cost deposit funding replacing higher-cost and more volatile third-party warehouse funding; increased and more stable revenue driven by increased net interest income from loans HFI; expense benefits by capturing the fees that were historically paid to the Company's third-party issuing banks; and the ability to attract new members and deepen relationships with existing members through the addition of banking services.

The carrying amounts of cash, AFS securities, short-term borrowings, advances from PPPLF, and certain other assets and liabilities were determined to be a reasonable estimate of the fair value of such items. The following is a description of the methods used to determine the fair values of significant assets and liabilities.

*Securities available for sale:* The Company acquired a debt securities portfolio containing U.S. agency residential mortgage-backed securities, municipal securities, U.S. agency securities, commercial mortgage-backed securities and other asset-backed securities. The Acquisition date fair value of the securities was based on third-party dealer quotes which reflect exit prices pursuant to the guidance on fair value measurement.

*Loans and leases held for investment:* Fair values for loans and leases were primarily based on a discounted cash flow methodology that considered contractual terms, credit loss expectations, market interest rates, and other market factors such as liquidity from the perspective of a market participant. Loan portfolios were pooled together according to similar characteristics such as product type, lien position, risk grade, credit deterioration status, FICO score, and collateral type. Loan pools were treated in the aggregate when applying various valuation techniques. The contractual terms, default rates, loss given default rates, loss severity and recovery lag, and prepayment rates were the key assumptions embedded into the estimated cash flow valuation. These assumptions were informed by internal data on loan characteristics, historical loss experience, and current and forecasted economic conditions. The discount rates used are based on current market rates for new originations of comparable loans and include adjustments for liquidity. All of the merged loans were marked to fair value as of the Acquisition date and, therefore, there was no carryover of the ACL that had previously been recorded by Radius. Immediately following the Acquisition, the Company recorded an ACL on non-PCD loans of \$6.9 million through an increase to the provision for credit losses. The initial ACL for PCD loans of \$12.4 million was recorded through an adjustment to the amortized cost basis of the loans.

*Core deposit intangible:* This intangible asset represents the value of the relationships with certain deposit clients and is included in "Other assets" on the Balance Sheet. The fair value was estimated based on an after-tax cost savings method of the income approach. Under this method, fair value is equal to the present value of the after-tax cost savings or differential cash flows generated by the acquired deposit base. Cost savings is defined as the difference between the effective cost of funds on deposits and the cost of an equal amount of funds from an alternative source. Deposits were pooled by product type and channel. The discount rates used for Core Deposit Intangible (CDI) assets are based on current market participant rates. The CDI is being amortized over 10 years based upon the estimated economic benefits received.

*Other Investments:* The fair value of an investment in a private entity that was sold after the Acquisition was determined based upon the price expected to be received in the subsequent sale. This investment was included in "Other assets" on the Balance Sheet.

*Interest-bearing deposits:* In determining the fair value of certificates of deposit, the cash flows of the contractual interest payments during the specific period of the certificates of deposit and scheduled principal payout were discounted to present value at market-based interest rates.

*Subordinated debt:* The fair value of subordinated debt was determined by using a DCF method using a market participant discount rate for similar instruments. Subordinated debt is included in "Other long-term debt" on the Balance Sheet.

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The Company incurred approximately \$16 million of expenses, primarily included in “Professional services” on the Income Statement, in connection with the Acquisition.

The table below presents certain unaudited pro forma financial information for illustrative purposes only, for the years ended December 31, 2021 and 2020, as if the Acquisition took place on January 1, 2020. The pro forma information combines the historical results of Radius with the Company’s, adjusting for the estimated impact of certain fair value adjustments for the respective periods. The pro forma information does not reflect changes to the provision for credit losses resulting from recording loan assets as fair value, cost savings, or business synergies. As a result, actual amounts would have differed from the unaudited pro forma information presented and the differences could be significant.

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>
Total net revenue	\$ 825,701	\$ 392,377
Consolidated net income (loss)	\$ 11,644	\$ (190,120)

For the year ended December 31, 2021, total net revenue of \$73.6 million from the Acquisition is included on the Income Statement.



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**Summary of Reclassification Adjustments**

The classification of the items presented by the Company in its consolidated financial statements under GAAP has been adjusted to align with the presentation requirements under Article 9 of the SEC's Regulation S-X for bank holding companies. The presentation shown below is reflective of what is used by the combined company under GAAP.

	As of December 31, 2020		
	LendingClub Historical Presentation	Reclassification Adjustments	LendingClub Reclassified Amounts
<b>Assets</b>			
Cash and cash equivalents	\$ 524,963	\$ (524,963)	\$ —
Cash and due from banks	—	5,197	5,197
Interest bearing deposits in banks	—	519,766	519,766
Total cash and cash equivalents	—	524,963	524,963
Restricted cash	103,522	—	103,522
Securities available for sale at fair value	142,226	—	142,226
Loans held for investment at fair value	636,686	(636,686)	—
Loans held for investment by the Company at fair value	49,954	(49,954)	—
Loans held for sale by the Company at fair value	121,902	(121,902)	—
Loans held for sale at fair value	—	121,902	121,902
Retail and certificate loans held for investment at fair value	—	636,686	636,686
Other loans held for investment at fair value	—	49,954	49,954
Accrued interest receivable	5,205	(5,205)	—
Property, equipment and software, net	96,641	—	96,641
Operating lease assets	74,037	(74,037)	—
Intangible assets, net	11,427	(11,427)	—
Other assets	96,730	90,669	187,399
<b>Total assets</b>	<b>\$ 1,863,293</b>	<b>\$ —</b>	<b>\$ 1,863,293</b>
<b>Liabilities and Equity</b>			
Accounts payable	\$ 3,698	\$ (3,698)	\$ —
Accrued interest payable	4,572	(4,572)	—
Operating lease liabilities	94,538	(94,538)	—
Accrued expenses and other liabilities	101,457	(101,457)	—
Payable to investors	40,286	(40,286)	—
Credit facilities and securities sold under repurchase agreements	104,989	(104,989)	—
Short-term borrowings	—	104,989	104,989
Retail notes, certificates and secured borrowings at fair value	636,774	—	636,774
Payable on Structured Program borrowings	152,808	—	152,808
Other liabilities	—	244,551	244,551
<b>Total liabilities</b>	<b>1,139,122</b>	<b>—</b>	<b>1,139,122</b>
<b>Equity</b>			
Common stock	881	—	881
Additional paid-in capital	1,508,020	—	1,508,020
Accumulated deficit	(786,214)	—	(786,214)
Accumulated other comprehensive income	1,484	—	1,484
<b>Total equity</b>	<b>724,171</b>	<b>—</b>	<b>724,171</b>
<b>Total liabilities and equity</b>	<b>\$ 1,863,293</b>	<b>\$ —</b>	<b>\$ 1,863,293</b>

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	Year Ended December 31, 2020		
	LendingClub Historical Presentation	Reclassification Adjustments	LendingClub Reclassified Amounts
<b>Net Revenue</b>			
Transaction fees	\$ 207,640	\$ (207,640)	\$ —
Interest income	209,694	(209,694)	—
Interest expense	(141,503)	141,503	—
Net fair value adjustments	(117,247)	117,247	—
<b>Net interest income and fair value adjustments</b>	<b>(49,056)</b>	<b>49,056</b>	<b>—</b>
Investor fees	111,864	(111,864)	—
Gain on sales of loans	30,812	(30,812)	—
<b>Net investor revenue</b>	<b>93,620</b>	<b>(93,620)</b>	<b>—</b>
Other revenue	13,442	(13,442)	—
<b>Total net revenue</b>	<b>314,702</b>	<b>(314,702)</b>	<b>—</b>
<b>Non-interest income</b>			
Marketplace revenue <sup>(1)</sup>	—	245,314	245,314
Other non-interest income	—	13,442	13,442
<b>Total non-interest income</b>	<b>—</b>	<b>258,756</b>	<b>258,756</b>
<b>Interest income</b>			
Interest on loans held for sale	—	72,876	72,876
Interest on retail and certificate loans held for investment at fair value	—	115,952	115,952
Interest on other loans held for investment at fair value	—	7,688	7,688
Interest on securities available for sale	—	12,125	12,125
Other interest income	—	1,053	1,053
<b>Total interest income</b>	<b>—</b>	<b>209,694</b>	<b>209,694</b>
<b>Interest expense</b>			
Interest on short-term borrowings	—	17,837	17,837
Interest on retail notes, certificates and secured borrowings	—	115,952	115,952
Interest on Structured Program borrowings	—	16,204	16,204
Interest on other long-term debt	—	373	373
<b>Total interest expense<sup>(2)</sup></b>	<b>—</b>	<b>150,366</b>	<b>150,366</b>
<b>Net interest income</b>	<b>—</b>	<b>59,328</b>	<b>59,328</b>
<b>Total net revenue<sup>(3)</sup></b>	<b>—</b>	<b>318,084</b>	<b>318,084</b>
Provision for credit losses <sup>(3)</sup>	—	3,382	3,382
<b>Operating expenses</b>			
Sales and marketing	79,055	(79,055)	—
Origination and servicing	71,193	(71,193)	—
Engineering and product development	139,050	(139,050)	—
Other general and administrative	213,021	(213,021)	—
<b>Total operating expenses</b>	<b>502,319</b>	<b>(502,319)</b>	<b>—</b>
<b>Non-interest expense</b>			
Compensation and benefits	—	252,517	252,517
Marketing	—	51,518	51,518
Equipment and software	—	26,842	26,842
Occupancy	—	27,870	27,870
Depreciation and amortization	—	54,030	54,030
Professional services	—	41,780	41,780
Other non-interest expense	—	47,762	47,762
<b>Total non-interest expense</b>	<b>—</b>	<b>502,319</b>	<b>502,319</b>
<b>Loss before income tax expense</b>	<b>(187,617)</b>	<b>—</b>	<b>(187,617)</b>
Income tax benefit	(79)	—	(79)
<b>Consolidated net loss</b>	<b>\$ (187,538)</b>	<b>\$ —</b>	<b>\$ (187,538)</b>

<sup>(1)</sup> See “Note 3. Marketplace Revenue” for additional detail.

<sup>(2)</sup> The increase in total interest expense relates to valuation adjustments on Structured Program borrowings reclassified from net fair value adjustments to interest expense.

<sup>(3)</sup> The increase in total net revenue from the historical presentation relates to credit valuation adjustments on AFS securities reclassified from net fair value adjustments to provision for credit losses.

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	Year Ended December 31, 2019		
	LendingClub Historical Presentation	Reclassification Adjustments	LendingClub Reclassified Amounts
<b>Net Revenue</b>			
Transaction fees	\$ 598,760	\$ (598,760)	\$ —
Interest income	345,345	(345,345)	—
Interest expense	(246,587)	246,587	—
Net fair value adjustments	(144,990)	144,990	—
<b>Net interest income and fair value adjustments</b>	<b>(46,232)</b>	<b>46,232</b>	<b>—</b>
Investor fees	124,532	(124,532)	—
Gain on sales of loans	67,716	(67,716)	—
<b>Net investor revenue</b>	<b>146,016</b>	<b>(146,016)</b>	<b>—</b>
Other revenue	13,831	(13,831)	—
<b>Total net revenue</b>	<b>758,607</b>	<b>(758,607)</b>	<b>—</b>
<b>Non-interest income</b>			
Marketplace revenue <sup>(1)</sup>	—	646,735	646,735
Other non-interest income	—	13,831	13,831
<b>Total non-interest income</b>	<b>—</b>	<b>660,566</b>	<b>660,566</b>
<b>Interest income</b>			
Interest on loans held for sale	—	109,493	109,493
Interest on retail and certificate loans held for investment at fair value	—	214,395	214,395
Interest on other loans held for investment at fair value	—	1,104	1,104
Interest on securities available for sale	—	14,351	14,351
Other interest income	—	6,002	6,002
<b>Total interest income</b>	<b>—</b>	<b>345,345</b>	<b>345,345</b>
<b>Interest expense</b>			
Interest on short-term borrowings	—	26,826	26,826
Interest on retail notes, certificates and secured borrowings	—	214,395	214,395
Interest on Structured Program borrowings	—	5,070	5,070
Interest on other long-term debt	—	1,013	1,013
<b>Total interest expense<sup>(2)</sup></b>	<b>—</b>	<b>247,304</b>	<b>247,304</b>
<b>Net interest income</b>	<b>—</b>	<b>98,041</b>	<b>98,041</b>
<b>Total net revenue</b>	<b>—</b>	<b>758,607</b>	<b>758,607</b>
Provision for credit losses	—	—	—
<b>Operating expenses</b>			
Sales and marketing	279,423	(279,423)	—
Origination and servicing	103,403	(103,403)	—
Engineering and product development	168,380	(168,380)	—
Other general and administrative	238,292	(238,292)	—
<b>Total operating expenses</b>	<b>789,498</b>	<b>(789,498)</b>	<b>—</b>
<b>Non-interest expense</b>			
Compensation and benefits	—	333,628	333,628
Marketing	—	235,337	235,337
Equipment and software	—	24,927	24,927
Occupancy	—	29,367	29,367
Depreciation and amortization	—	59,152	59,152
Professional services	—	43,010	43,010
Other non-interest expense	—	64,077	64,077
<b>Total non-interest expense</b>	<b>—</b>	<b>789,498</b>	<b>789,498</b>
<b>Loss before income tax expense</b>	<b>(30,891)</b>	<b>—</b>	<b>(30,891)</b>
Income tax benefit	(201)	—	(201)
<b>Consolidated net loss</b>	<b>(30,690)</b>	<b>—</b>	<b>(30,690)</b>
Less: Income attributable to noncontrolling interests	55	—	55
<b>LendingClub net loss</b>	<b>\$ (30,745)</b>	<b>\$ —</b>	<b>\$ (30,745)</b>

(1) See "Note 3. Marketplace Revenue" for additional detail.

(2) The increase in total interest expense relates to valuation adjustments on Structured Program borrowings reclassified from net fair value adjustments to interest expense.

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**3. Marketplace Revenue**

Marketplace revenue consists of (i) origination fees, (ii) servicing fees, (iii) gain (loss) on sales of loans and (iv) net fair value adjustments, as described below.

*Origination Fees:* Origination fees are primarily fees earned related to originating and issuing unsecured personal loans that are held for sale.

*Servicing Fees:* The Company receives servicing fees to compensate it for servicing loans on behalf of investors, including managing payments and collections from borrowers and payments to those investors. The amount of servicing fee revenue earned is predominantly affected by the servicing rates paid by investors and the outstanding principal balance of loans serviced for investors. Servicing fee revenue related to loans sold also includes the associated change in fair value of servicing assets.

*Gain (Loss) on Sales of Loans:* In connection with loan sales the Company recognizes a gain or loss on the sale of loans based on the level to which the contractual servicing fee is above or below an estimated market rate of servicing. Additionally, the Company recognizes transaction costs, if any, as a loss on sale of loans.

*Net Fair Value Adjustments:* The Company records fair value adjustments on loans that are recorded at fair value, including gains or losses from sale prices in excess of or less than the loan principal amount sold.

The following table presents components of marketplace revenue for the years presented:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Origination fees	\$ 416,839	\$ 207,640	\$ 598,760
Servicing fees	87,639	111,864	124,532
Gain on sales of loans	70,116	30,812	67,716
Net fair value adjustments <sup>(1)</sup>	3,986	(105,002)	(144,273)
<b>Total marketplace revenue</b>	<b>\$ 578,580</b>	<b>\$ 245,314</b>	<b>\$ 646,735</b>

<sup>(1)</sup> Certain prior period valuation adjustments on AFS securities and Structured Program borrowings were reclassified from net fair value adjustments to provision for credit losses and interest expense, respectively, to conform to the current period presentation.

***Revenue from Contracts with Customers***

The Company's revenue from contracts with customers includes (i) transaction fees received from issuing bank partners and (ii) referral fees from third-party companies. Transaction fees are presented as a component of "Origination fees" in "Marketplace revenue" and referral fees are presented as a component of "Other non-interest income" on the Income Statement.

*Transaction Fees:* The Company has a single performance obligation to provide customers access to the Company's platform. Transaction fees are considered revenue from contracts with customers, including issuing banks and education and patient service providers. The Company recognizes transaction fee revenue each time a loan is facilitated by the Company, who provides loan application processing and loan facilitation services, resulting in a loan issued by the customers.

Transaction fees are based on the initial principal amount of the loans facilitated by the Company and paid by the issuing banks and education and patient service providers each time a loan is issued by the issuing banks. Transaction fees to which the Company expects to be entitled are variable consideration because loan volume originated over the contractual term is not known at the contract's inception.

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**Referral Fees:** The Company is entitled to receive referral fees from third-party companies when customers referred by the Company consider or purchase products or services from such third-party companies. Referral contracts contain a single performance obligation. The Company recognizes referral fees for each distinct instance when the criteria for receiving the referral fee has been satisfied.

Upon the Acquisition, the Company's principal sources of revenue are marketplace revenue and interest income on loans, which are outside the scope of ASC 606, *Revenue from Contracts with Customers*. The remainder of the Company's revenue is classified as non-interest income and is earned from a variety of sources, such as referral revenue and other non-interest income.

The following table presents the Company's revenue from contracts with customers, disaggregated by revenue source for services transferred over time, for the years presented:

Year Ended December 31,	2021	2020	2019
Transaction fees	\$ 32,673	\$ 207,640	\$ 598,760
Referral fees	14,234	5,011	5,474
Total revenue from contracts with customers	\$ 46,907	\$ 212,651	\$ 604,234

#### 4. Net Income (Loss) Per Share

The following table details the computation of the Company's basic and diluted EPS of common stock and Series A Preferred Stock:

Year Ended December 31,	2021		2020		2019
	Common Stock	Preferred Stock <sup>(1)</sup>	Common Stock	Preferred Stock <sup>(1)</sup>	Common Stock
<b>Basic EPS:</b>					
Allocation of undistributed LendingClub net income (loss)	\$ 18,456	\$ 124	\$ (154,664)	\$ (32,874)	\$ (30,745)
Deemed dividend	—	—	(50,204)	50,204	—
Net income (loss) attributable to stockholders	\$ 18,456	\$ 124	\$ (204,868)	\$ 17,330	\$ (30,745)
Weighted-average common shares – Basic	97,486,754	653,118	77,934,302	12,505,393	87,278,596
Basic EPS	\$ 0.19	\$ 0.19	\$ (2.63)	\$ 1.39	\$ (0.35)
<b>Diluted EPS:</b>					
Allocation of undistributed LendingClub net income (loss)	\$ 18,580	\$ —	\$ (154,664)	\$ (32,874)	\$ (30,745)
Deemed dividend	—	—	(50,204)	50,204	—
Net income (loss) attributable to stockholders	\$ 18,580	\$ —	\$ (204,868)	\$ 17,330	\$ (30,745)
Weighted-average common shares – Diluted	102,147,353	—	77,934,302	12,505,393	87,278,596
Diluted EPS	\$ 0.18	\$ 0.00	\$ (2.63)	\$ 1.39	\$ (0.35)

<sup>(1)</sup> Presented on an as-converted basis.

In February 2020, the Company entered into an exchange agreement with its largest stockholder, Shanda Asset Management Holdings Limited and its affiliates (Shanda), pursuant to which, on March 20, 2020, Shanda exchanged all of 19,562,881 shares of LendingClub common stock, par value of \$0.01 per share, held by it for (i) 195,628 newly issued shares of mandatorily convertible, non-voting, Series A Preferred Stock, par value of \$0.01 per share, and (ii) a one-time cash payment of \$50.2 million. The Series A Preferred Stock is considered a separate class of common shares for purposes of calculating EPS because it participates in earnings similar to

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common stock and does not receive any significant preferences over the common stock. As a result of the preferred stock outstanding during 2020 and the first quarter of 2021, Basic and Diluted EPS were computed using the two-class method, which is a net income (loss) allocation that determines EPS for each class of common stock according to dividends declared and participation rights in undistributed income (loss). Shanda sold the remainder of its preferred stock during the first quarter of 2021 and, therefore, there were no shares of preferred stock outstanding as of March 31, 2021.

The following table summarizes the weighted-average common shares that were excluded from the Company's diluted EPS computation because their effect would have been anti-dilutive for the periods presented:

Year Ended December 31,	2021	2020	2019
Preferred stock	—	12,505,393	—
Stock options	—	221,949	455,627
RSUs and PBRsUs	—	299,747	59,812
Total	—	13,027,089	515,439

### 5. Securities Available for Sale

The amortized cost, gross unrealized gains and losses, credit valuation allowance, and fair value of AFS securities were as follows:

December 31, 2021	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Credit Valuation Allowance	Fair Value
U.S. agency residential mortgage-backed securities	\$ 125,985	\$ —	\$ (2,286)	\$ —	\$ 123,699
Asset-backed senior securities	28,057	72	—	—	28,129
U.S. agency securities	26,902	1	(731)	—	26,172
Other asset-backed securities	26,112	151	(130)	—	26,133
Commercial mortgage-backed securities	26,649	1	(552)	—	26,098
CLUB Certificate asset-backed securities	15,049	3,236	—	—	18,285
Asset-backed subordinated securities	4,119	7,643	—	—	11,762
Municipal securities	3,297	—	(45)	—	3,252
Total securities available for sale <sup>(1)(2)</sup>	\$ 256,170	\$ 11,104	\$ (3,744)	\$ —	\$ 263,530

December 31, 2020	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Credit Valuation Allowance	Fair Value
Asset-backed senior securities	\$ 75,332	\$ 67	\$ (27)	\$ —	\$ 75,372
CLUB Certificate asset-backed securities	54,525	576	(772)	(4,190)	50,139
Asset-backed subordinated securities	29,107	2,128	(174)	(14,546)	16,515
Other securities	200	—	—	—	200
Total securities available for sale <sup>(1)(2)</sup>	\$ 159,164	\$ 2,771	\$ (973)	\$ (18,736)	\$ 142,226

<sup>(1)</sup> As of December 31, 2021 and 2020, \$13.3 million and \$119.3 million, respectively, of the asset-backed securities related to Structured Program transactions at fair value are subject to restrictions on transfer pursuant to the Company's obligations as a "sponsor" under the U.S. Risk Retention Rules.

<sup>(2)</sup> As of December 31, 2021 and 2020, includes \$236.8 million and \$133.5 million, respectively, of securities pledged as collateral at fair value.

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The Company's AFS portfolio includes debt securities primarily obtained in the first quarter of 2021 upon the Acquisition and asset-backed securities related to the Company's Structured Program transactions.

A summary of AFS securities with unrealized losses for which a credit valuation allowance has not been recorded aggregated by period of continuous unrealized loss, is as follows:

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>December 31, 2021</b>						
U.S. agency residential mortgage-backed securities	\$ 123,668	\$ (2,286)	\$ —	\$ —	\$ 123,668	\$ (2,286)
U.S. agency securities	24,175	(731)	—	—	24,175	(731)
Other asset-backed securities	13,224	(130)	—	—	13,224	(130)
Commercial mortgage-backed securities	25,927	(552)	—	—	25,927	(552)
Municipal securities	3,252	(45)	—	—	3,252	(45)
Total securities with unrealized losses <sup>(1)</sup>	\$ 190,246	\$ (3,744)	\$ —	\$ —	\$ 190,246	\$ (3,744)

	Less than 12 months		12 months or longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>December 31, 2020</b>						
Asset-backed securities related to Structured Program transactions	\$ 26,678	\$ (855)	\$ 6,052	\$ (118)	\$ 32,730	\$ (973)
Total securities with unrealized losses <sup>(1)</sup>	\$ 26,678	\$ (855)	\$ 6,052	\$ (118)	\$ 32,730	\$ (973)

<sup>(1)</sup> The number of investment positions with unrealized losses at December 31, 2021 and 2020 totaled 145 and 55, respectively.

During 2020, the Company recorded a credit valuation allowance on those securities where there was a deterioration in future estimated cash flows. The Company also recorded unrealized losses on securities with fair value price reductions due to higher liquidity premiums observed as a result of market dislocation related to COVID-19.

The following tables present the activity in the credit valuation allowance for AFS securities, by major security type:

Credit Valuation Allowance	CLUB Certificate asset-backed securities		Asset-backed subordinated securities		Total	
Beginning balance as of December 31, 2020	\$	(4,190)	\$	(14,546)	\$	(18,736)
Reversal of credit loss expense		236		3,146		3,382
Reversal of allowance arising from PCD financial assets		3,954		11,400		15,354
Ending balance as of December 31, 2021	\$	—	\$	—	\$	—

Credit Valuation Allowance	CLUB Certificate asset-backed securities		Asset-backed subordinated securities		Total	
Beginning balance as of January 1, 2020	\$	—	\$	—	\$	—
Provision for credit loss expense		(236)		(3,146)		(3,382)
Allowance arising from PCD financial assets		(3,954)		(11,400)		(15,354)
Ending balance as of December 31, 2020	\$	(4,190)	\$	(14,546)	\$	(18,736)

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AFS securities purchased with credit deterioration were as follows:

	<b>Year Ended December 31, 2020</b>
Purchase price of PCD securities at acquisition	\$ 27,034
Credit valuation allowance on PCD securities at acquisition	15,354
Par value of acquired PCD securities at acquisition	\$ 42,388

There were no AFS securities purchased with credit deterioration during the year ended December 31, 2021.

The contractual maturities of AFS securities were as follows:

<b>December 31, 2021</b>	<b>Amortized Cost</b>	<b>Fair Value</b>	<b>Weighted- average Yield<sup>(1)</sup></b>
<b>Due after 5 years through 10 years:</b>			
U.S. agency residential mortgage-backed securities	\$ 710	\$ 703	
Other asset-backed securities	1,092	1,109	
Commercial mortgage-backed securities	4,204	4,092	
U.S. agency securities	1,998	1,992	
Municipal securities	627	620	
Total due after 5 years through 10 years	8,631	8,516	1.59 %
<b>Due after 10 years:</b>			
U.S. agency residential mortgage-backed securities	125,275	122,996	
Other asset-backed securities	25,020	25,024	
Commercial mortgage-backed securities	22,445	22,006	
U.S. agency securities	24,904	24,180	
Municipal securities	2,670	2,632	
Total due after 10 years	200,314	196,838	1.57 %
Asset-backed securities related to Structured Program transactions	47,225	58,176	18.89 %
Total securities available for sale	\$ 256,170	\$ 263,530	4.76 %

<sup>(1)</sup> The weighted-average yield is computed using the amortized cost at December 31, 2021.

Proceeds and gross realized gains and losses from AFS securities were as follows:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Proceeds	\$ 106,192	\$ 6,217	\$ 12,548
Gross realized gains	\$ 708	\$ 14	\$ 9
Gross realized losses	\$ (952)	\$ (3)	\$ (1)

**6. Loans and Leases Held for Investment, Net of Allowance for Loan and Lease Losses**

LendingClub records certain loans and leases HFI at amortized cost, whereas loans initially classified as HFS are recorded at fair value. Prior to the Acquisition and becoming a bank holding company, all loans were recorded at fair value. Therefore, the following disclosures apply to loans and leases HFI at amortized cost.



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Accrued interest receivable is excluded from the amortized cost basis of loans and leases HFI and is reported within “Other assets” on the Balance Sheet. Accrued interest within that caption related to loans and leases HFI was \$15.6 million as of December 31, 2021.

***Loans and Leases Held for Investment***

The Company defines its loans and leases HFI portfolio segments as (i) consumer and (ii) commercial. The following table presents the components of each portfolio segment by class of financing receivable:

	<b>December 31, 2021</b>
Unsecured personal	\$ 1,804,578
Residential mortgages	151,362
Secured consumer	65,976
Total consumer loans held for investment	2,021,916
Equipment finance <sup>(1)</sup>	149,155
Commercial real estate	310,399
Commercial and industrial <sup>(2)</sup>	417,656
Total commercial loans and leases held for investment	877,210
Total loans and leases held for investment	2,899,126
Allowance for loan and lease losses	(144,389)
Loans and leases held for investment, net <sup>(3)</sup>	\$ 2,754,737

<sup>(1)</sup> Comprised of sales-type leases for equipment. See “*Note 18. Leases*” for additional information.

<sup>(2)</sup> Includes \$268.3 million of pledged loans under the Paycheck Protection Program (PPP).

<sup>(3)</sup> As of December 31, 2021, the Company had \$149.2 million in loans pledged as collateral under the FRB Discount Window.

<b>December 31, 2021</b>	<b>Gross</b>	<b>ALLL</b>	<b>Net</b>	<b>Allowance Ratios <sup>(1)</sup></b>
Total consumer loans held for investment	\$ 2,021,916	\$ 128,812	\$ 1,893,104	6.4 %
Total commercial loans and leases held for investment <sup>(2)</sup>	877,210	15,577	861,633	1.8 %
Total loans and leases held for investment <sup>(2)</sup>	\$ 2,899,126	\$ 144,389	\$ 2,754,737	5.0 %

<sup>(1)</sup> Calculated as the ratio of allowance for loan and lease losses (ALLL) to loans and leases HFI.

<sup>(2)</sup> Excluding the \$268.3 million of PPP loans, the ALLL represented 2.6% of commercial loans and leases HFI and 5.5% of total loans and leases HFI. PPP loans are guaranteed by the Small Business Administration (SBA) and, therefore, the Company determined no ACL is required on these loans.

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The activity in the ACL by portfolio segment was as follows:

<b>Year Ended December 31, 2021</b>	<b>Consumer</b>		<b>Commercial</b>		<b>Total</b>
Allowance for loan and lease losses, beginning of period	\$	—	\$	—	\$ —
Credit loss expense for loans and leases held for investment <sup>(1)</sup>		136,789		4,162	140,951
Initial allowance for PCD loans acquired during the period <sup>(2)</sup>		603		11,837	12,440
Charge-offs <sup>(3)</sup>		(8,789)		(1,663)	(10,452)
Recoveries		209		1,241	1,450
Allowance for loan and lease losses, end of period	\$	128,812	\$	15,577	\$ 144,389
Reserve for unfunded lending commitments, beginning of period	\$	—	\$	—	\$ —
Credit loss expense for unfunded lending commitments		—		1,231	1,231
Reserve for unfunded lending commitments, end of period <sup>(4)</sup>	\$	—	\$	1,231	\$ 1,231

<sup>(1)</sup> Includes \$6.9 million of credit loss expense for Radius loans at acquisition.

<sup>(2)</sup> For acquired PCD loans, an ACL of \$30.4 million was required with a corresponding increase to the amortized cost basis as of the acquisition date. For PCD loans where all or a portion of the loan balance had been previously written-off, or would be subject to write-off under the Company's charge-off policy, an ACL of \$18.0 million included as part of the grossed-up loan balance at acquisition was immediately written-off. The net impact to the allowance for PCD assets on the acquisition date was \$12.4 million.

<sup>(3)</sup> Unsecured personal loans are charged-off when a borrower is (i) contractually 120 days past due or (ii) two payments past due and has filed for bankruptcy or is deceased.

<sup>(4)</sup> Relates to \$110.8 million of unfunded commitments.

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**Consumer Lending Credit Quality Indicators**

The Company evaluates the credit quality of its consumer loan portfolio based on the aging status of the loan and by payment activity. Loan delinquency reporting is based upon borrower payment activity relative to the contractual terms of the loan. The following table presents the classes of financing receivables within the consumer portfolio segment by credit quality indicator based on delinquency status and origination year:

December 31, 2021	Term Loans and Leases by Origination Year							Within Revolving Period	Total
	2021	2020	2019	2018	2017	Prior			
<b>Unsecured personal</b>									
Current	\$ 1,796,678	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,796,678
30-59 days past due	3,624	—	—	—	—	—	—	—	3,624
60-89 days past due	2,600	—	—	—	—	—	—	—	2,600
90 or more days past due	1,676	—	—	—	—	—	—	—	1,676
Total unsecured personal	1,804,578	—	—	—	—	—	—	—	1,804,578
<b>Residential mortgages</b>									
Current	36,732	37,620	26,798	7,277	2,682	37,685	1,265	—	150,059
30-59 days past due	—	—	—	—	—	142	—	—	142
60-89 days past due	—	—	—	—	92	—	—	—	92
90 or more days past due	—	—	—	—	251	818	—	—	1,069
Total residential mortgages	36,732	37,620	26,798	7,277	3,025	38,645	1,265	—	151,362
<b>Secured consumer</b>									
Current	62,731	—	—	—	—	—	10	—	62,741
30-59 days past due	171	—	—	—	—	—	—	—	171
60-89 days past due	53	—	—	—	—	—	—	—	53
90 or more days past due	—	—	—	2,629	382	—	—	—	3,011
Total secured consumer	62,955	—	—	2,629	382	—	10	—	65,976
<b>Total consumer loans held for investment</b>	<b>\$ 1,904,265</b>	<b>\$ 37,620</b>	<b>\$ 26,798</b>	<b>\$ 9,906</b>	<b>\$ 3,407</b>	<b>\$ 38,645</b>	<b>\$ 1,275</b>	<b>\$ —</b>	<b>\$ 2,021,916</b>

**Commercial Lending Credit Quality Indicators**

The Company evaluates the credit quality of its commercial loan portfolio based on regulatory risk ratings. The Company categorizes loans and leases into risk ratings based on relevant information about the quality and realizable value of collateral, if any, and the ability of borrowers to service their debts, such as current financial information, historical payment experience, credit documentation, public information, and current economic trends, among other factors. The Company analyzes loans and leases individually by classifying the loans and leases based on their associated credit risk and performs this analysis whenever credit is extended, renewed or modified, or when an observable event occurs indicating a potential decline in credit quality, and no less than annually for large balance loans. Risk rating classifications consist of the following:

*Pass* – Loans and leases that the Company believes will fully repay in accordance with the contractual loan terms.

*Special Mention* – Loans and leases with a potential weakness that deserves management’s close attention. If left uncorrected, these potential weaknesses may result in deterioration of the repayment prospects for the loan or the Company’s credit position at some future date.

*Substandard* – Loans and leases that are inadequately protected by the current sound worth and paying capacity of the obligator or of the collateral pledged, if any. Loans and leases so classified have a well-defined weakness or weaknesses that jeopardize the repayment and liquidation of the debt. They are characterized by the distinct possibility that the Company will sustain some loss if the deficiencies are not corrected. Normal payment from the borrower is in jeopardy, although loss of principal, while still possible, is not imminent.

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*Doubtful* – Loans and leases that have all the weaknesses inherent in those classified as Substandard, with the added characteristic that the weaknesses make collection or liquidation in full, on the basis of currently known facts, conditions, and values, highly questionable and improbable.

*Loss* – Loans and leases that are considered uncollectible and of little value.

The following table presents the classes of financing receivables within the commercial portfolio segment by risk rating and origination year:

December 31, 2021	Term Loans and Leases by Origination Year						Within Revolving Period	Total
	2021	2020	2019	2018	2017	Prior		
<b>Equipment finance</b>								
Pass	\$ 52,440	\$ 35,398	\$ 26,918	\$ 15,457	\$ 6,184	\$ 8,814	\$ —	\$ 145,211
Special mention	1,531	—	1,810	—	—	—	—	3,341
Substandard	—	—	—	603	—	—	—	603
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	—	—	—
Total equipment finance	53,971	35,398	28,728	16,060	6,184	8,814	—	149,155
<b>Commercial real estate</b>								
Pass	55,613	55,202	54,460	39,981	22,366	57,235	—	284,857
Special mention	—	8,397	—	1,366	1,018	7,242	—	18,023
Substandard	—	—	277	2,496	—	4,179	—	6,952
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	—	—	567	—	567
Total commercial real estate	55,613	63,599	54,737	43,843	23,384	69,223	—	310,399
<b>Commercial and industrial</b>								
Pass	241,368	108,574	24,106	7,874	14,756	8,058	599	405,335
Special mention	—	—	2,207	463	1,467	40	—	4,177
Substandard	—	1,122	862	1,858	1,525	1,571	87	7,025
Doubtful	—	—	—	—	—	—	—	—
Loss	—	—	—	52	4	1,063	—	1,119
Total commercial and industrial <sup>(1)</sup>	241,368	109,696	27,175	10,247	17,752	10,732	686	417,656
<b>Total commercial loans and leases held for investment</b>	<b>\$ 350,952</b>	<b>\$ 208,693</b>	<b>\$ 110,640</b>	<b>\$ 70,150</b>	<b>\$ 47,320</b>	<b>\$ 88,769</b>	<b>\$ 686</b>	<b>\$ 877,210</b>

<sup>(1)</sup> Includes \$268.3 million of PPP loans.

The following table presents an analysis of the past due loans and leases HFI within the commercial portfolio segment <sup>(1)</sup>:

December 31, 2021	30-59 Days	60-89 Days	90 or More Days	Total Days Past Due
Equipment finance	\$ —	\$ —	\$ —	\$ —
Commercial real estate	104	—	609	713
Commercial and industrial <sup>(1)</sup>	—	—	1,410	1,410
Total commercial loans and leases held for investment	\$ 104	\$ —	\$ 2,019	\$ 2,123

<sup>(1)</sup> Past due PPP loans are excluded from the table.

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***Nonaccrual Assets***

Nonaccrual loans and leases are those for which accrual of interest has been suspended. Loans and leases are generally placed on nonaccrual status when contractually past due 90 days or more, or earlier if management believes that the probability of collection does not warrant further accrual.

The following table presents nonaccrual loans and leases:

<b>December 31, 2021</b>	<b>Nonaccrual<sup>(1)</sup></b>	<b>Nonaccrual with no related ACL<sup>(2)</sup></b>
Unsecured personal	\$ 1,676	\$ —
Residential mortgages	1,373	1,373
Secured consumer	3,011	3,011
<b>Total nonaccrual consumer loans held for investment</b>	<b>6,060</b>	<b>4,384</b>
Equipment finance	603	—
Commercial real estate	989	989
Commercial and industrial	2,333	1,061
<b>Total nonaccrual commercial loans and leases held for investment</b>	<b>3,925</b>	<b>2,050</b>
<b>Total nonaccrual loans and leases held for investment</b>	<b>\$ 9,985</b>	<b>\$ 6,434</b>

(1) There were no loans that were 90 days or more past due and accruing as of December 31, 2021.

(2) Subset of total nonaccrual loans and leases.

<b>December 31, 2021</b>	<b>Nonaccrual</b>	<b>Nonaccrual Ratios <sup>(1)</sup></b>
Total nonaccrual consumer loans held for investment	\$ 6,060	0.3 %
Total nonaccrual commercial loans and leases held for investment	3,925	0.4 %
<b>Total nonaccrual loans and leases held for investment <sup>(2)(3)</sup></b>	<b>\$ 9,985</b>	<b>0.3 %</b>

(1) Calculated as the ratio of nonaccruing loans and leases to loans and leases HFI.

(2) The ALLL represented 1446% of nonaccrual loans and leases as of December 31, 2021.

(3) Nonaccruing loans and leases represented 0.4% of total loans and leases HFI, excluding PPP loans.

***Collateral-Dependent Assets***

Certain loans on non-accrual status and certain TDR loans may be considered collateral-dependent loans if the borrower is experiencing financial difficulty and repayment of the loan is expected to be substantially through sale or operation of the collateral. Expected credit losses for the Company's collateral-dependent loans are calculated as the difference between the amortized cost basis and the fair value of the underlying collateral less costs to sell, if applicable.

***Purchased Financial Assets with Credit Deterioration***

Acquired loans are recorded at their fair value, which may result in the recognition of a discount or premium. In addition, the purchase price of PCD loans is grossed-up upon acquisition for the initial estimate of ACL. Subsequent changes to the ACL are recorded as additions to or reversals of credit losses on the Income Statement.

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Acquired PCD loans were as follows:

	<b>December 31, 2021</b>	
Purchase price	\$	337,118
Allowance for credit losses <sup>(1)</sup>		30,378
Discount attributable to other factors		12,204
Par value	\$	379,700

<sup>(1)</sup> For acquired PCD loans, an ACL of \$30.4 million was required with a corresponding increase to the amortized cost basis as of the acquisition date. For PCD loans where all or a portion of the loan balance had been previously written-off, or would be subject to write-off under the Company's charge-off policy, an ACL of \$18.0 million included as part of the grossed-up loan balance at acquisition was immediately written-off. The net impact to the allowance for PCD assets on the acquisition date was \$12.4 million.

**7. Securitizations and Variable Interest Entities**

For additional information regarding the consolidation of VIEs, see "Note 1. Summary of Significant Accounting Policies."

***VIE Assets and Liabilities***

The following tables provide the classifications of assets and liabilities on the Balance Sheet for its transactions with consolidated and unconsolidated VIEs. Additionally, the assets and liabilities in the tables below exclude intercompany balances that eliminate in consolidation:

<b>December 31, 2021</b>	<b>Consolidated VIEs</b>		<b>Unconsolidated VIEs</b>		<b>Total</b>	
<b>Assets</b>						
Restricted cash	\$	13,462	\$	—	\$	13,462
Securities available for sale at fair value		—		58,177		58,177
Loans held for sale at fair value		41,734		—		41,734
Retail and certificate loans held for investment at fair value		10,281		—		10,281
Other loans held for investment at fair value		20,929		—		20,929
Other assets		584		17,156		17,740
<b>Total assets</b>	<b>\$</b>	<b>86,990</b>	<b>\$</b>	<b>75,333</b>	<b>\$</b>	<b>162,323</b>
<b>Liabilities</b>						
Retail notes, certificates and secured borrowings at fair value	\$	10,281	\$	—	\$	10,281
Payable on Structured Program borrowings		65,451		—		65,451
Other liabilities		467		—		467
<b>Total liabilities</b>		<b>76,199</b>		<b>—</b>		<b>76,199</b>
<b>Total net assets</b>	<b>\$</b>	<b>10,791</b>	<b>\$</b>	<b>75,333</b>	<b>\$</b>	<b>86,124</b>

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December 31, 2020	Consolidated VIEs		Unconsolidated VIEs		Total
<b>Assets</b>					
Restricted cash	\$	15,983	\$	—	\$ 15,983
Securities available for sale at fair value		—		142,026	142,026
Loans held for sale at fair value		98,190		—	98,190
Retail and certificate loans held for investment at fair value		52,620		—	52,620
Other loans held for investment at fair value		50,102		—	50,102
Other assets		1,270		32,865	34,135
<b>Total assets</b>	<b>\$</b>	<b>218,165</b>	<b>\$</b>	<b>174,891</b>	<b>\$ 393,056</b>
<b>Liabilities</b>					
Retail notes, certificates and secured borrowings at fair value	\$	52,620	\$	—	\$ 52,620
Payable on Structured Program borrowings		152,808		—	152,808
Other liabilities		729		—	729
<b>Total liabilities</b>		<b>206,157</b>		<b>—</b>	<b>206,157</b>
<b>Total net assets</b>	<b>\$</b>	<b>12,008</b>	<b>\$</b>	<b>174,891</b>	<b>\$ 186,899</b>

**Unconsolidated VIEs**

The Company's transactions with unconsolidated VIEs include Structured Program transactions. The Company has various forms of involvement with VIEs, including servicing of loans and holding senior or subordinated residual interests in the VIEs.

The following tables present total unconsolidated VIEs with which the Company has significant continuing involvement, but is not the primary beneficiary:

December 31, 2021	Total VIE Assets		Securities Available for Sale		Other Assets		Net Assets	
Carrying value	\$	1,386,279	\$	58,177	\$	17,156	\$	75,333
Total exposure		N/A	\$	58,177	\$	17,156	\$	75,333

December 31, 2020	Total VIE Assets		Securities Available for Sale		Other Assets		Net Assets	
Carrying value	\$	3,233,416	\$	142,026	\$	32,865	\$	174,891
Total exposure		N/A	\$	142,026	\$	32,865	\$	174,891

N/A – Not applicable

“Total VIE Assets” represents the remaining principal balance of loans held by unconsolidated VIEs. “Net Assets” continue to decline due to the ongoing paydown of loan balances from prior Structured Program transactions. “Securities Available for Sale” and “Other Assets” are the balances on the Balance Sheet related to its involvement with the unconsolidated VIEs. “Other Assets” primarily includes the Company's servicing assets and servicing receivables. “Total Exposure” refers to the Company's maximum exposure to loss from its involvement with unconsolidated VIEs. It represents estimated loss that would be incurred under severe, hypothetical circumstances, for which the Company believes the possibility is extremely remote, such as where the value of interests and any associated collateral declines to zero. Accordingly, this required disclosure is not an indication of expected losses.

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The following table summarizes activity related to the Unconsolidated Trusts and Certificate Program trusts, with the transfers accounted for as a sale on the Company's consolidated financial statements:

Year Ended December 31,	2021		2020	
	Unconsolidated Trusts	Unconsolidated Certificate Program Trusts	Unconsolidated Trusts	Unconsolidated Certificate Program Trusts
Principal derecognized from loans securitized or sold <sup>(1)</sup>	\$ —	\$ —	\$ 255,203	\$ 971,738
Net gains (losses) recognized from loans securitized or sold	\$ —	\$ —	\$ (20)	\$ 7,897
Fair value of asset-backed senior and subordinated securities, and CLUB Certificate asset-backed securities retained upon settlement <sup>(2)</sup>	\$ —	\$ —	\$ 12,707	\$ 35,836
Cash proceeds from loans securitized or sold	\$ —	\$ —	\$ 237,764	\$ 598,694
Cash proceeds from servicing and other administrative fees on loans securitized or sold	\$ 9,141	\$ 14,445	\$ 17,684	\$ 26,822
Cash proceeds for interest received on senior securities and subordinated securities	\$ 2,978	\$ 6,158	\$ 4,559	\$ 8,251

<sup>(1)</sup> Includes non-cash purchase and sale of loans requested by investors to facilitate a Structured Program transaction during the third quarter of 2020.

<sup>(2)</sup> For Structured Program transactions, the Company retained asset-backed senior securities of \$26.3 million, CLUB Certificate asset-backed securities of \$18.3 million, and asset-backed subordinated securities of \$4.0 million for the year ended December 31, 2020.

The Company and other investors in the subordinated interests issued by trusts and Certificate Program trusts have rights to cash flows only after the investors holding the senior securities issued by the trusts have first received their contractual cash flows. The investors and the trusts have no direct recourse to the Company's assets, and holders of the securities issued by the trusts can look only to the assets of the securitization trusts that issued their securities for payment. The beneficial interests held by the Company are subject principally to the credit and prepayment risk stemming from the underlying unsecured personal loans.

***Off-Balance Sheet Loans***

Off-balance sheet loans pursuant to unconsolidated VIE's primarily relate to Structured Program transactions for which the Company has some form of continuing involvement, including as servicer.

As of December 31, 2021, the aggregate unpaid principal balance of the off-balance sheet loans related to Structured Program transactions was \$1.3 billion, of which \$35.0 million was attributable to off-balance sheet loans that were 31 days or more past due. As of December 31, 2020, the aggregate unpaid principal balance of the off-balance sheet loans related to Structured Program transactions was \$3.2 billion, of which \$94.8 million was attributable to off-balance sheet loans that were 31 days or more past due. For such loans, the Company would only experience a loss if it was required to repurchase a loan due to a breach in representations and warranties associated with its loan sale or servicing contracts.



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**8. Fair Value of Assets and Liabilities**

For a description of the fair value hierarchy and the Company's fair value methodologies, see "Note 1. Summary of Significant Accounting Policies." The Company records certain assets and liabilities at fair value as listed in the tables below.

**Financial Instruments, Assets and Liabilities Recorded at Fair Value**

The following tables present the fair value hierarchy for assets and liabilities measured at fair value:

December 31, 2021	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Balance at Fair Value
<b>Assets:</b>				
Loans held for sale at fair value	\$ —	\$ —	\$ 142,370	\$ 142,370
Retail and certificate loans held for investment at fair value	—	—	229,719	229,719
Other loans held for investment at fair value	—	—	21,240	21,240
Securities available for sale:				
U.S. agency residential mortgage-backed securities	—	123,699	—	123,699
Asset-backed senior securities and subordinated securities	—	28,129	11,762	39,891
U.S. agency securities	—	26,172	—	26,172
Other asset-backed securities	—	26,133	—	26,133
Commercial mortgage-backed securities	—	26,098	—	26,098
CLUB Certificate asset-backed securities	—	—	18,285	18,285
Municipal securities	—	3,252	—	3,252
Total securities available for sale	—	233,483	30,047	263,530
Servicing assets	—	—	67,726	67,726
Other assets	—	2,812	3,312	6,124
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 236,295</b>	<b>\$ 494,414</b>	<b>\$ 730,709</b>
<b>Liabilities:</b>				
Retail notes, certificates and secured borrowings	\$ —	\$ —	\$ 229,719	\$ 229,719
Payable on Structured Program borrowings	—	—	65,451	65,451
Other liabilities	—	—	12,911	12,911
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 308,081</b>	<b>\$ 308,081</b>

**LENDINGCLUB CORPORATION**

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December 31, 2020	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Balance at Fair Value
<b>Assets:</b>				
Loans held for sale at fair value	\$ —	\$ —	\$ 121,902	\$ 121,902
Retail and certificate loans held for investment at fair value	—	—	636,686	636,686
Other loans held for investment at fair value	—	—	49,954	49,954
Securities available for sale:				
Asset-backed senior securities and subordinated securities	—	75,372	16,515	91,887
CLUB Certificate asset-backed securities	—	—	50,139	50,139
Other securities	—	200	—	200
Total securities available for sale	—	75,572	66,654	142,226
Servicing assets	—	—	56,347	56,347
<b>Total assets</b>	<b>\$ —</b>	<b>\$ 75,572</b>	<b>\$ 931,543</b>	<b>\$ 1,007,115</b>
<b>Liabilities:</b>				
Retail notes, certificates and secured borrowings	\$ —	\$ —	\$ 636,774	\$ 636,774
Payable on Structured Program borrowings	—	—	152,808	152,808
Other liabilities	—	—	12,270	12,270
<b>Total liabilities</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 801,852</b>	<b>\$ 801,852</b>

Financial instruments are categorized in the valuation hierarchy based on the significance of observable or unobservable factors in the overall fair value measurement. For the financial instruments listed in the tables above that do not trade in an active market with readily observable prices, the Company uses significant unobservable inputs to measure the fair value of these assets and liabilities. These fair value estimates may also include observable, actively quoted components derived from external sources. As a result, changes in fair value for assets and liabilities within the Level 2 or Level 3 categories may include changes in fair value that were attributable to observable and unobservable inputs, respectively. The Company primarily uses a DCF model to estimate the fair value of Level 3 instruments based on the present value of estimated future cash flows. This model uses inputs that are inherently judgmental and reflect the Company's best estimates of the assumptions a market participant would use to calculate fair value. Due to changes in the availability of market observable inputs, the Company transferred \$517 thousand of asset-backed securities related to Structured Program transactions out of Level 3 during the year ended December 31, 2020. The Company did not transfer any other assets or liabilities in or out of Level 3 during the year ended December 31, 2021.

***Loans Held for Sale at Fair Value***

As of December 31, 2021, the majority of loans HFS were sold shortly after origination and at committed prices. Therefore, the Company is generally not exposed to fair value fluctuations as a result of adverse changes in key assumptions.

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#### Significant Recurring Level 3 Fair Value Input Sensitivity

The sensitivity of loans held for sale at fair value to adverse changes in key assumptions are as follows:

	December 31, 2021	December 31, 2020
Loans held for sale at fair value	\$ 142,370	\$ 121,902
Expected weighted-average life (in years)	1.3	1.1
Discount rates		
100 basis point increase	\$ (1,540)	\$ (1,151)
200 basis point increase	\$ (3,055)	\$ (2,282)
Expected credit loss rates on underlying loans		
10% adverse change	\$ (608)	\$ (1,099)
20% adverse change	\$ (1,236)	\$ (2,220)
Expected prepayment rates		
10% adverse change	\$ (1,450)	\$ (273)
20% adverse change	\$ (2,997)	\$ (556)

#### Fair Value Reconciliation

The following tables present additional information about Level 3 loans held for sale at fair value on a recurring basis:

	Outstanding Principal Balance	Valuation Adjustment	Fair Value
<b>Balance at December 31, 2019</b>	\$ 747,394	\$ (25,039)	\$ 722,355
Purchases	1,568,844	(6)	1,568,838
Transfers to loans held for investment	(41,431)	—	(41,431)
Sales	(1,907,446)	87,723	(1,819,723)
Principal payments and retirements	(207,483)	—	(207,483)
Charge-offs, net of recoveries	(27,278)	25,627	(1,651)
Change in fair value recorded in earnings	—	(99,003)	(99,003)
<b>Balance at December 31, 2020</b>	\$ 132,600	\$ (10,698)	\$ 121,902
Originations and purchases	7,507,695	(1,629)	7,506,066
Sales	(7,386,633)	5,124	(7,381,509)
Principal payments and retirements	(98,530)	—	(98,530)
Charge-offs, net of recoveries	(7,939)	3,441	(4,498)
Change in fair value recorded in earnings	—	(1,061)	(1,061)
<b>Balance at December 31, 2021</b>	\$ 147,193	\$ (4,823)	\$ 142,370

#### *Retail and Certificate Loans and Related Notes, Certificates and Secured Borrowings*

The Company does not assume principal or interest rate risk on loans that were funded by its member payment dependent self-directed retail program (Retail Program) because loan balances, interest rates and maturities are matched and offset by an equal balance of notes with the exact same interest rates and maturities. At December 31, 2021 and 2020, the DCF methodology used to estimate the retail note, certificate and secured borrowings' fair values used the same projected net cash flows as their related loans. Therefore, the fair value adjustments for retail loans held for investment were largely offset by the corresponding fair value adjustments due to the payment dependent design of the retail notes, certificates and secured borrowings.

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***Servicing Assets***

**Significant Unobservable Inputs**

The following table presents quantitative information about the significant unobservable inputs used for the Company's Level 3 fair value measurements for servicing assets relating to loans sold to investors:

	December 31, 2021			December 31, 2020		
	Minimum	Maximum	Weighted-Average	Minimum	Maximum	Weighted-Average
Discount rates	7.5 %	16.4 %	10.0 %	4.8 %	16.4 %	9.9 %
Net cumulative expected loss rates <sup>(1)</sup>	2.4 %	26.4 %	10.2 %	4.5 %	26.3 %	12.5 %
Cumulative expected prepayment rates <sup>(1)</sup>	32.1 %	45.9 %	38.4 %	27.0 %	38.9 %	31.2 %
Total market servicing rates (% per annum on outstanding principal balance) <sup>(2)</sup>	0.62 %	0.62 %	0.62 %	0.62 %	0.62 %	0.62 %

<sup>(1)</sup> Expressed as a percentage of the original principal balance of the loan.

<sup>(2)</sup> Includes collection fees estimated to be paid to a hypothetical third-party servicer.

**Significant Recurring Level 3 Fair Value Input Sensitivity**

The Company's selection of the most representative market servicing rates for servicing assets is inherently judgmental. The Company reviews third-party servicing rates for its loans, loans in similar credit sectors, and market servicing benchmarking analyses provided by third-party valuation firms, when available. The table below shows the impact on the estimated fair value of servicing assets, calculated using different market servicing rate assumptions:

	December 31, 2021	December 31, 2020
<b>Weighted-average market servicing rate assumptions</b>	0.62 %	0.62 %
Change in fair value from:		
Servicing rate increase by 0.10%	\$ (9,495)	\$ (7,379)
Servicing rate decrease by 0.10%	\$ 9,495	\$ 7,379

The following table presents the fair value of servicing assets to adverse changes in key assumptions:

	December 31, 2021	December 31, 2020
<b>Fair value of Servicing Assets</b>	\$ 67,726	\$ 56,347
Discount rates		
100 basis point increase	\$ (558)	\$ (455)
200 basis point increase	\$ (1,115)	\$ (911)
Expected loss rates		
10% adverse change	\$ (693)	\$ (346)
20% adverse change	\$ (1,386)	\$ (691)
Expected prepayment rates		
10% adverse change	\$ (2,401)	\$ (1,596)
20% adverse change	\$ (4,802)	\$ (3,192)

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Fair Value Reconciliation

The following table presents additional information about Level 3 servicing assets measured at fair value on a recurring basis:

<b>Fair value at December 31, 2019</b>	<b>\$ 89,680</b>
Issuances <sup>(1)</sup>	33,990
Change in fair value, included in Marketplace Revenue	(58,730)
Other net changes included in Deferred Revenue	(8,593)
<b>Fair value at December 31, 2020</b>	<b>\$ 56,347</b>
Issuances <sup>(1)</sup>	69,075
Change in fair value, included in Marketplace Revenue	(56,561)
Other net changes included in Deferred Revenue	(1,135)
<b>Fair value at December 31, 2021</b>	<b>\$ 67,726</b>

<sup>(1)</sup> Represents the gains or losses on sales of the related loans.

***Financial Instruments, Assets, and Liabilities Not Recorded at Fair Value***

The following tables present the fair value hierarchy for financial instruments, assets, and liabilities not recorded at fair value:

December 31, 2021	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Balance at Fair Value
<b>Assets:</b>					
Loans held for sale	\$ 248,878	\$ —	\$ —	\$ 251,101	\$ 251,101
Loans and leases held for investment, net	2,754,737	—	—	2,964,691	2,964,691
Other assets	18,274	—	15,630	2,644	18,274
<b>Total assets</b>	<b>\$ 3,021,889</b>	<b>\$ —</b>	<b>\$ 15,630</b>	<b>\$ 3,218,436</b>	<b>\$ 3,234,066</b>
<b>Liabilities:</b>					
Deposits <sup>(1)</sup>	\$ 68,405	\$ —	\$ —	\$ 68,405	\$ 68,405
Short-term borrowings	27,780	—	17,595	10,185	27,780
Advances from PPPLF	271,933	—	—	271,933	271,933
Other long-term debt	15,455	—	—	15,455	15,455
Other liabilities	51,655	—	22,187	29,468	51,655
<b>Total liabilities</b>	<b>\$ 435,228</b>	<b>\$ —</b>	<b>\$ 39,782</b>	<b>\$ 395,446</b>	<b>\$ 435,228</b>

<sup>(1)</sup> Excludes deposit liabilities with no defined or contractual maturities.

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December 31, 2020	Carrying Amount	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Balance at Fair Value
<b>Assets:</b>					
Total cash and cash equivalents <sup>(1)</sup>	\$ 524,963	\$ —	\$ 524,963	\$ —	\$ 524,963
Restricted cash <sup>(1)</sup>	103,522	—	103,522	—	103,522
Other assets	914	—	914	—	914
<b>Total assets</b>	<b>\$ 629,399</b>	<b>\$ —</b>	<b>\$ 629,399</b>	<b>\$ —</b>	<b>\$ 629,399</b>
<b>Liabilities:</b>					
Short-term borrowings	\$ 104,989	\$ —	\$ 65,121	\$ 39,868	\$ 104,989
Other liabilities	57,536	—	43,984	13,552	57,536
<b>Total liabilities</b>	<b>\$ 162,525</b>	<b>\$ —</b>	<b>\$ 109,105</b>	<b>\$ 53,420</b>	<b>\$ 162,525</b>

<sup>(1)</sup> Carrying amount approximates fair value due to the short maturity of these financial instruments.

**9. Property, Equipment and Software, Net**

Property, equipment and software, net, consist of the following:

December 31,	2021	2020
Internally developed software <sup>(1)</sup>	\$ 96,171	\$ 101,953
Leasehold improvements	36,556	35,140
Computer equipment	29,598	27,030
Purchased software	22,403	19,004
Furniture and fixtures	8,346	8,203
Construction in progress	3,319	2,761
<b>Total property, equipment and software</b>	<b>196,393</b>	<b>194,091</b>
Accumulated depreciation and amortization	(98,397)	(97,450)
<b>Total property, equipment and software, net</b>	<b>\$ 97,996</b>	<b>\$ 96,641</b>

<sup>(1)</sup> Includes \$14.7 million and \$13.9 million of software development in progress as of December 31, 2021 and 2020, respectively.

Depreciation and amortization expense on property, equipment and software was \$38.2 million, \$45.2 million and \$51.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company recorded impairment expense on its leasehold improvements and furniture and fixtures of \$1.9 million for the year ended December 31, 2020. No impairment expense was recorded in 2021 and 2019.

The Company recorded impairment expense on its internally developed software of \$0.8 million, \$5.7 million and \$3.9 million for the years ended December 31, 2021, 2020 and 2019, respectively.

The Company records the above expenses in “Depreciation and amortization” expense on the Income Statement.

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**10. Goodwill and Intangible Assets**

***Goodwill***

In connection with the Acquisition in the first quarter of 2021, the Company recognized Goodwill of \$75.7 million, which is fully allocated to the LC Bank operating segment. Goodwill is not amortized, but will be subject to annual impairment tests. For additional detail, see “*Note 1. Summary of Significant Accounting Policies.*”

***Intangible Assets***

Intangible assets consist of customer relationships. Intangible assets, net of accumulated amortization, are included in “Other assets” on the Balance Sheet. The gross and net carrying values and accumulated amortization were as follows:

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
Gross Carrying Value	\$ 54,500	\$ 39,500
Accumulated Amortization	(33,319)	(28,073)
Net Carrying Value	\$ 21,181	\$ 11,427

The customer relationship intangible assets are amortized on an accelerated basis from ten to fourteen years. Amortization expense associated with intangible assets for the years ended December 31, 2021, 2020 and 2019 was \$5.2 million, \$3.1 million and \$3.5 million, respectively. There was no impairment loss for the years ended December 31, 2021, 2020 and 2019.

The expected future amortization expense for intangible assets as of December 31, 2021, is as follows:

2022	\$ 4,847
2023	4,198
2024	3,549
2025	2,901
2026	2,252
Thereafter	3,434
Total	\$ 21,181

**11. Other Assets**

Other assets consist of the following:

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
Operating lease assets	\$ 77,316	\$ 74,037
Servicing assets <sup>(1)</sup>	70,370	56,347
Nonmarketable equity investments	31,726	8,275
Intangible assets, net <sup>(2)</sup>	21,181	11,427
Other	101,953	37,313
Total other assets	\$ 302,546	\$ 187,399

<sup>(1)</sup> Loans underlying servicing assets had a total outstanding principal balance of \$10.3 billion and \$10.1 billion as of December 31, 2021 and 2020, respectively.

<sup>(2)</sup> See “*Note 10. Goodwill and Intangible Assets*” for additional detail.

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**12. Deposits**

Deposits consist of the following:

	<b>December 31, 2021</b>
Interest-bearing deposits:	
Checking accounts	\$ 1,993,809
Savings and money market accounts	856,989
Certificates of deposit	68,405
Total	\$ 2,919,203
Noninterest-bearing deposits	216,585
Total deposits	\$ 3,135,788

Total certificates of deposit at December 31, 2021 are scheduled to mature as follows:

2022	\$ 53,740
2023	13,579
2024	462
2025	178
2026	446
Total certificates of deposit	\$ 68,405

The following table presents the amount of certificates of deposit with denominations exceeding the Federal Deposit Insurance Corporation (FDIC) limit of \$250 thousand, segregated by time remaining until maturity, as of December 31, 2021:

	<b>Three months or less</b>	<b>Over 3 months through 6 months</b>	<b>Over 6 months through 12 months</b>	<b>Over 12 months</b>	<b>Total</b>
Certificates of deposit	\$ 12,338	\$ 806	\$ 250	\$ 588	\$ 13,982

**13. Short-term Borrowings and Long-term Debt**

***Short-term Borrowings:***

*Repurchase Agreements*

The Company entered into repurchase agreements pursuant to which the Company sold securities (subject to an obligation to repurchase such securities at a specified future date and price) in exchange for cash. As of December 31, 2021 and 2020, the Company had \$27.8 million and \$105.0 million in aggregate debt outstanding under its repurchase agreements, respectively, which is amortized over time through regular principal and interest payments collected from the pledged securities. At December 31, 2021, a majority of the Company's repurchase agreements have contractual repurchase dates ranging from September 2022 to March 2028. These contractual repurchase dates correspond to either a set repurchase schedule or to the maturity dates of the underlying securities, which have a remaining weighted-average estimated life of less than one year. At December 31, 2021 and 2020, the repurchase agreements bore interest rates ranging from 3.12% to 6.72% and 3.05% to 4.00%, respectively, which are either fixed or based on a benchmark of the weighted-average interest rate of the securities sold plus a spread.



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Underlying securities retained and pledged as collateral under repurchase agreements were \$50.5 million and \$133.5 million at December 31, 2021 and 2020, respectively.

#### **Long-term Debt:**

##### *Advances from PPPLF*

As of December 31, 2021, outstanding PPPLF borrowings were \$271.9 million and are collateralized by SBA PPP loans originated by the Company. The maturity date of the PPPLF borrowings matches the maturity date of the SBA PPP loans. When loans are forgiven by the SBA, the corresponding PPPLF advance is paid by the Company. The interest rate on the PPPLF borrowings is fixed at 0.35%.

##### *Retail Notes, Certificates, and Secured Borrowings*

The Company issued Retail Notes and LC Trust I issued certificates as a means to allow investors to invest in the corresponding loans. Investors were able to purchase Retail Notes, where the cash flows to investors were dependent upon principal and interest payments made by borrowers of the underlying unsecured personal loans. As of December 31, 2020, LendingClub ceased offering and selling Retail Notes. The total balance of outstanding Retail Notes will continue to decline as underlying borrower payments are made. The Company does not assume principal or interest rate risk on loans that were funded by Retail Notes because loan balances, interest rates and maturities were matched and offset by an equal balance of notes with the exact same interest rates and maturities.

The following table provides the balances of retail notes, certificates and secured borrowings at fair value as of the periods indicated:

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
Retail notes	\$ 219,435	\$ 583,219
Certificates	10,281	52,620
Secured borrowings	3	935
Total retail notes, certificates and secured borrowings	\$ 229,719	\$ 636,774

##### *Payable on Structured Program Borrowings*

As of December 31, 2021 and 2020, the certificate participations and securities of certain consolidated VIEs held by third-party investors of \$65.5 million and \$152.8 million, respectively, are included in "Payable on Structured Program borrowings" on the Balance Sheet and were secured by "Other loans held for investment at fair value" and "Loans held for sale" of \$62.7 million and \$148.3 million and restricted cash of \$11.2 million and \$13.5 million, respectively.

##### *Other Long-term Debt*

The Company has subordinated notes with an outstanding amount of \$15.3 million as of December 31, 2021. The subordinated notes are at a 6.5% fixed to floating rate and are due June 30, 2027. Fixed interest payments are due semiannually in arrears on June 30 and December 30. Subsequent to June 30, 2022, the rate resets quarterly at a rate equal to 3-month London Interbank Offered Rate (LIBOR) plus 4.64%. The subordinated notes are junior in right to the repayment in full of all existing claims of creditors and depositors of the Company. The subordinated notes may be redeemed, in whole or in part, at par plus accrued unpaid interest after June 2022 at the option of the Company.

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**14. Other Liabilities**

Other liabilities consist of the following:

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
Accounts payable and accrued expenses	\$ 100,972	\$ 46,885
Operating lease liabilities	91,588	94,538
Payable to investors	22,187	40,286
Other	89,204	62,842
<b>Total other liabilities</b>	<b>\$ 303,951</b>	<b>\$ 244,551</b>

**15. Accumulated Other Comprehensive Income (Loss)**

Accumulated other comprehensive income (loss) represents other cumulative gains and losses that are not reflected in earnings. The components of other comprehensive income (loss) were as follows:

<b>Year Ended December 31,</b>	<b>2021</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>
Change in net unrealized gain (loss) on securities available for sale	\$ 5,562	\$ —	\$ 5,562
Other comprehensive income (loss)	\$ 5,562	\$ —	\$ 5,562

<b>Year Ended December 31,</b>	<b>2020</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>
Change in net unrealized gain (loss) on securities available for sale	\$ 2,044	\$ (5)	\$ 2,049
Other comprehensive income (loss)	\$ 2,044	\$ (5)	\$ 2,049

<b>Year Ended December 31,</b>	<b>2019</b>		
	<b>Before Tax</b>	<b>Tax Effect</b>	<b>Net of Tax</b>
Change in net unrealized gain (loss) on securities available for sale	\$ (526)	\$ 216	\$ (742)
Other comprehensive income (loss)	\$ (526)	\$ 216	\$ (742)

Accumulated other comprehensive income (loss) balances were as follows:

	<b>Total Accumulated Other Comprehensive Income (Loss)</b>
<b>Balance at December 31, 2019</b>	<b>\$ (565)</b>
Change in net unrealized gain (loss) on securities available for sale	2,049
<b>Balance at December 31, 2020</b>	<b>\$ 1,484</b>
Change in net unrealized gain (loss) on securities available for sale	5,562
<b>Balance at December 31, 2021</b>	<b>\$ 7,046</b>

**16. Employee Incentive Plans**

The Company's equity incentive plans provide for granting awards, including RSUs, PBRsUs, cash awards and stock options to employees, officers and directors.

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***Common Stock Reserved for Future Issuance***

Shares of common stock reserved for future issuance was as follows:

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
Available for future RSU, PBRUSU and stock option grants	15,172,055	12,552,761
Unvested RSUs, PBRUSUs and stock options outstanding	13,029,414	14,631,526
Available for ESPP	5,161,860	4,134,033
Total reserved for future issuance	33,363,329	31,318,320

***Stock-based Compensation***

Stock-based compensation expense was as follows for the periods presented:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
RSUs and PBRUSUs	\$ 66,552	\$ 60,745	\$ 70,772
Stock options	599	788	2,383
ESPP <sup>(1)</sup>	—	—	484
Total stock-based compensation expense	\$ 67,151	\$ 61,533	\$ 73,639

<sup>(1)</sup> Purchases through the Company's employee stock purchase plan (ESPP) were suspended effective upon the completion of the offering period on May 10, 2019.

The Company capitalized \$4.4 million, \$5.1 million and \$6.3 million of stock-based compensation expense associated with developing software for internal use during the years ended December 31, 2021, 2020 and 2019, respectively.

***Restricted Stock Units***

The following table summarizes the activities for the Company's RSUs:

	<b>Number of Units</b>	<b>Weighted-Average Grant Date Fair Value</b>
Unvested at December 31, 2020	11,395,112	\$ 11.26
Granted	5,792,679	\$ 14.39
Vested	(5,033,976)	\$ 11.98
Forfeited/expired	(2,450,064)	\$ 12.58
Unvested at December 31, 2021	9,703,751	\$ 12.44

During the year ended December 31, 2021, the Company granted 5,792,679 RSUs with an aggregate fair value of \$83.4 million.

As of December 31, 2021, there was \$109.7 million of unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over the next 2.1 years.

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***Performance-based Restricted Stock Units***

PBRsUs are restricted stock unit awards that are earned and eligible for vesting (if applicable) based upon the achievement of certain pre-established performance metrics over a specific performance period. The Company's PBRsU awards have a separate market-based component and/or a performance-based component. Certain of the Company's PBRsU awards have additional time-based vesting for any earned shares. With respect to PBRsU awards with market-based metrics, the compensation expense of the award is fixed at the time of grant (incorporating the probability of achieving the market-based metrics) and expensed over the performance and vesting period. With respect to PBRsU awards with performance-based metrics, the compensation expense of the award is set at the time of grant (assuming a target level of achievement), adjusted for actual performance during the performance period and expensed over the performance and vesting period.

The following table summarizes the activities for the Company's PBRsUs:

	Number of Units	Weighted- Average Grant Date Fair Value
Unvested at December 31, 2020	1,441,311	\$ 5.31
Granted	568,285	\$ 22.54
Vested	(79,604)	\$ 22.59
Forfeited/expired	(158,123)	\$ 12.41
Unvested at December 31, 2021	1,771,869	\$ 9.72

For the years ended December 31, 2021, 2020 and 2019, the Company recognized \$7.0 million, \$2.8 million and \$3.9 million in stock-based compensation expense related to PBRsUs, respectively.

As of December 31, 2021, there was \$10.5 million of unrecognized compensation cost related to unvested PBRsUs, which is expected to be recognized over the next 1.5 years.

***Stock Options***

The following table summarizes the activities for the Company's stock options:

	Number of Options	Weighted- Average Exercise Price Per Share	Weighted-Average Remaining Contractual Life (in years)	Aggregate Intrinsic Value <sup>(1)</sup> (in thousands)
Outstanding at December 31, 2020	1,795,116	\$ 29.99		
Granted	188,626	\$ 5.32		
Exercised	(264,826)	\$ 9.22		
Forfeited/Expired	(165,109)	\$ 15.12		
Outstanding at December 31, 2021	1,553,807	\$ 32.12	3.06	\$ 6,913
Exercisable at December 31, 2021	1,511,469	\$ 32.87	2.96	\$ 6,115

<sup>(1)</sup> The aggregate intrinsic value is calculated as the difference between the exercise price of the underlying awards and the Company's closing stock price of \$24.18 as reported on the New York Stock Exchange on December 31, 2021.

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As part of the Acquisition, the Company granted service-based stock options to purchase 188,626 shares of common stock with a weighted-average exercise price of \$5.32 per option share, a weighted-average grant date fair value of \$6.25 per option share and an aggregate estimated fair value of \$1.2 million.

The aggregate intrinsic value of options exercised was \$5.1 million, \$1.8 million and \$5.9 million for the years ended December 31, 2021, 2020 and 2019, respectively. The total fair value of stock options vested for the years ended December 31, 2021, 2020 and 2019 was \$0.3 million, \$1.0 million and \$2.8 million, respectively.

As of December 31, 2021, there was \$38.0 thousand in unrecognized compensation cost related to outstanding stock options.

There were no stock options granted during the years ended December 31, 2020 and 2019.

**17. Income Taxes**

Income tax benefit consisted of the following for the periods shown below:

Year Ended December 31,	2021	2020	2019
<b>Current:</b>			
Federal	\$ —	\$ (1)	\$ (141)
State	3,541	(78)	(60)
<b>Total current tax expense (benefit)</b>	<b>\$ 3,541</b>	<b>\$ (79)</b>	<b>\$ (201)</b>
<b>Deferred:</b>			
Federal	\$ (2,066)	\$ —	\$ —
State	(1,611)	—	—
<b>Total deferred benefit</b>	<b>\$ (3,677)</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Income tax benefit</b>	<b>\$ (136)</b>	<b>\$ (79)</b>	<b>\$ (201)</b>

Income tax benefit for the year ended December 31, 2021 was primarily related to a tax benefit associated with the Acquisition, partially offset by income tax expense for state jurisdictions that limit net operating loss utilization. Income tax benefit for the year ended December 31, 2020 was primarily attributable to current state income taxes. Income tax benefit for the year ended December 31, 2019 was primarily attributable to the tax effects of unrealized gains recorded to other comprehensive income associated with the Company's available for sale portfolio.

A reconciliation of the income taxes expected at the statutory federal income tax rate and income tax benefit is as follows:

Year Ended December 31,	2021	2020	2019
Tax at federal statutory rate	\$ 3,873	\$ (39,399)	\$ (6,499)
State tax, net of federal tax benefit	1,524	(81)	(60)
Stock-based compensation expense	(11,839)	8,044	4,773
Research and development tax credits	(4,354)	(994)	(2,336)
Change in valuation allowance	7,867	29,728	(802)
Change in unrecognized tax benefit	2,177	497	1,168
Non-deductible expenses	742	2,278	3,250
Other	(126)	(152)	305
<b>Income tax benefit</b>	<b>\$ (136)</b>	<b>\$ (79)</b>	<b>\$ (201)</b>

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The significant components of the Company's deferred tax assets and liabilities were:

<b>December 31,</b>	<b>2021</b>	<b>2020</b>
<b>Deferred tax assets:</b>		
Net operating loss (NOL) carryforwards	\$ 144,510	\$ 163,381
Allowance for loan and lease losses	41,170	—
Stock-based compensation	11,721	10,218
Reserves and accruals	13,051	15,652
Operating lease liabilities	25,807	28,032
Goodwill	14,737	17,375
Intangible assets	—	3,151
Tax credit carryforwards	19,339	18,215
Other	3,492	868
Total deferred tax assets	273,827	256,892
Valuation allowance	(223,367)	(211,228)
Deferred tax assets – net of valuation allowance	\$ 50,460	\$ 45,664
<b>Deferred tax liabilities:</b>		
Internally developed software	\$ (17,431)	\$ (16,956)
Servicing fees	(2,452)	(2,780)
Operating lease assets	(21,614)	(22,048)
Leases	(6,961)	—
Intangible assets	(440)	—
Change in tax method	—	(1,769)
Other	(1,562)	(2,111)
Total deferred tax liabilities	\$ (50,460)	\$ (45,664)
Deferred tax asset (liability) – net	\$ —	\$ —

The Company continues to recognize a full valuation allowance against net deferred tax assets. This determination was based on the assessment of the available positive and negative evidence to estimate if sufficient future taxable income will be generated to utilize the existing deferred tax assets. As of December 31, 2021 and 2020, the valuation allowance was \$223.4 million and \$211.2 million, respectively.

As of December 31, 2021, the Company had federal and state NOL carryforwards (prior to the application of statutory tax rates) of approximately \$464.8 million and \$620.0 million. Federal and state NOLs of approximately \$211.6 million and \$36.8 million carry forward indefinitely and the remainder start expiring in 2026 and 2025, respectively. Additionally, as of December 31, 2021, the Company had federal and state research and development credit carryforwards of \$21.7 million and \$15.8 million, respectively. The federal research credit carryforwards will expire beginning in 2026 and the state research credits may be carried forward indefinitely.

In general, a corporation's ability to utilize its NOL and research and development credit carryforwards may be substantially limited due to the ownership change limitations as required by Section 382 and 383 of the Internal Revenue Code of 1986, as amended, as well as similar state provisions. The federal and state Section 382 and 383 limitations may limit the use of a portion of the Company's domestic NOL and tax credit carryforwards. Further, a portion of the carryforwards may expire before being applied to reduce future income tax liabilities.

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A reconciliation of the beginning and ending balance of total unrecognized tax benefits is as follows:

<b>Year Ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Beginning balance	\$ 17,626	\$ 15,998	\$ 13,377
Gross increase for tax positions related to prior years	1,272	—	—
Gross increase for tax positions related to the current year	3,614	1,628	2,621
Ending balance	\$ 22,512	\$ 17,626	\$ 15,998

If the unrecognized tax benefit as of December 31, 2021 is recognized, there will be no effect on the Company's effective tax rate as the tax benefit would increase a deferred tax asset, which is currently offset with a full valuation allowance. As of December 31, 2021, the Company had no accrued interest and penalties related to unrecognized tax benefits. The Company does not expect any significant increases or decreases to its unrecognized benefits within the next twelve months.

The Company files income tax returns in the United States and various state jurisdictions. As of December 31, 2021, the Company's federal tax returns for 2017 and earlier, and the state tax returns for 2016 and earlier were no longer subject to examination by the taxing authorities. However, tax periods closed in a prior period may be subject to audit and re-examination by tax authorities for which tax carryforwards are utilized in subsequent years.

**18. Leases**

***Lessor Arrangements***

The Company has lessor arrangements which consist of sales-type leases for equipment (Equipment Finance). Such arrangements may include options to renew or to purchase the leased equipment at the end of the lease term. For the year ended December 31, 2021, interest earned on Equipment Finance was \$10.8 million and is included in "Interest and fees on loans and leases held for investment" on the Income Statement.

The components of Equipment Finance assets are as follows:

<b>December 31,</b>	<b>2021</b>
Lease receivables	\$ 122,927
Unguaranteed residual asset values	36,837
Unearned income	(10,989)
Deferred fees	380
Total	\$ 149,155

Future minimum lease payments based on maturity of the Company's lessor arrangements as of December 31, 2021 were as follows:

2022	\$ 43,907
2023	35,803
2024	27,374
2025	16,235
2026	9,084
Thereafter	4,382
Total lease payments	\$ 136,785
Discount effect	(13,858)
Present value of future minimum lease payments	\$ 122,927

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**Lessee Arrangements**

The Company has operating leases for its headquarters in San Francisco, California, as well as additional office space in the Salt Lake City, Utah, and Boston, Massachusetts areas. As of December 31, 2021, the lease agreements have remaining lease terms ranging from approximately one year to nine years. Some of the lease agreements include options to extend the lease term for up to an additional fifteen years. In addition, the Company is the sublessor of a portion of its office space in San Francisco, with remaining lease terms of less than one year. As of December 31, 2021, the Company pledged \$0.9 million of cash and \$5.5 million in letters of credit as security deposits in connection with its lease agreements.

The Company reviewed operating lease right-of-use (ROU) assets for impairment. For the year ended December 31, 2021, the Company recognized an impairment expense of \$1.0 million on operating lease assets, included in "Occupancy expense." For the year ended December 31, 2020, the Company recognized an impairment expense of \$3.6 million on operating lease assets.

Balance sheet information related to leases was as follows:

ROU Assets and Lease Liabilities	Balance Sheet Classification	December 31, 2021		December 31, 2020	
Operating lease assets	Other assets	\$	77,316	\$	74,037
Operating lease liabilities <sup>(1)</sup>	Other liabilities	\$	91,588	\$	94,538

<sup>(1)</sup> The difference between operating lease assets and operating lease liabilities is the unamortized balance of deferred rent.

Components of net lease costs were as follows:

Net Lease Costs	Income Statement Classification	Year Ended December 31,		
		2021	2020	2019
Operating lease costs <sup>(1)</sup>	Occupancy	\$ (18,773)	\$ (17,346)	\$ (19,502)
Sublease revenue	Other non-interest income	6,149	6,146	4,637
Net lease costs		\$ (12,624)	\$ (11,200)	\$ (14,865)

<sup>(1)</sup> Includes variable lease costs of \$1.3 million, \$1.5 million and \$1.6 million for the years ended December 31, 2021, 2020 and 2019, respectively.

Supplemental cash flow information related to the Company's operating leases was as follows:

Year Ended December 31,	2021	2020	2019
<b>Non-cash operating activity:</b>			
Leased assets obtained in exchange for new and amended operating lease liabilities <sup>(1)</sup>	\$ 12,914	\$ 84	\$ 15,277

<sup>(1)</sup> Represents non-cash activity and, accordingly, is not reflected on the Consolidated Statements of Cash Flows. Amount includes noncash remeasurements of the operating lease ROU asset.



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The Company's future minimum undiscounted lease payments under operating leases and anticipated sublease revenue as of December 31, 2021 were as follows:

	<b>Operating Lease Payments</b>	<b>Sublease Revenue</b>	<b>Net</b>
2022	\$ 15,947	\$ (2,918)	\$ 13,029
2023	12,465	—	12,465
2024	12,810	—	12,810
2025	13,163	—	13,163
2026	13,375	—	13,375
Thereafter	48,975	—	48,975
<b>Total lease payments</b>	<b>\$ 116,735</b>	<b>\$ (2,918)</b>	<b>\$ 113,817</b>
Discount effect	25,147		
<b>Present value of future minimum lease payments</b>	<b>\$ 91,588</b>		

The weighted-average remaining lease term and discount rate used in the calculation of the Company's operating lease assets and liabilities were as follows:

<b>Lease Term and Discount Rate</b>	<b>December 31, 2021</b>
Weighted-average remaining lease term (in years)	8.43
Weighted-average discount rate	5.42 %

## 19. Commitments and Contingencies

### *Operating Lease Commitments*

For discussion regarding the Company's operating lease commitments, see "Note 18. Leases."

### *Loan Repurchase Obligations*

The Company is generally required to repurchase loans or interests therein in the event of identity theft or certain other types of fraud on the part of the borrower or education and patient service providers. The Company may also repurchase loans or interests therein in connection with certain customer accommodations. In connection with certain loan sales, the Company agreed to repurchase loans if representations and warranties made with respect to such loans were breached under certain circumstances. In the case of certain securitization transactions, the Company also agreed to repurchase or substitute loans for which a borrower failed to make the first payment due under a loan. The Company believes such provisions are customary and consistent with institutional loan and securitization market standards.

As a result of loan repurchase obligations, the Company repurchased \$1.0 million, \$3.3 million and \$5.5 million in loans or interests therein during 2021, 2020 and 2019 respectively.

### *Unfunded Loan Commitments*

As of December 31, 2021, the contractual amount of unfunded loan commitments was \$110.8 million. See "Note 6. Loans and Leases Held for Investment, Net of Allowance For Loan and Lease Losses" for additional detail related to the reserve for unfunded lending commitments.

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#### *Legal*

The Company is subject to various claims brought in a litigation or regulatory context. These matters include lawsuits, including but not limited to, putative class action lawsuits and routine litigation matters arising in the ordinary course of business. In addition, the Company, and its business practices and compliance with licensing and other regulatory requirements, is subject to periodic exams, investigations, inquiries or requests, enforcement actions and other proceedings from federal and state regulatory agencies, including from the federal banking regulators that directly regulate the Company and/or LC Bank. The majority of these claims and proceedings relate to or arise from alleged state or federal law and regulatory violations, or are alleged commercial disputes or consumer complaints. The Company accrues for costs related to contingencies when a loss from such claims is probable and the amount of loss can be reasonably estimated. In determining whether a loss from a claim is probable and the loss can be reasonably estimated, the Company reviews and evaluates its litigation and regulatory matters on at least a quarterly basis in light of potentially relevant factual and legal developments. If the Company determines an unfavorable outcome is not probable or the amount of loss cannot be reasonably estimated, the Company does not accrue for a potential litigation loss. In those situations, the Company discloses an estimate or range of the reasonably possible losses, if such estimates can be made. Except as otherwise specifically noted below, at this time, the Company does not believe that it is possible to estimate the reasonably possible losses or a range of reasonably possible losses related to the matters described below.

#### *Regulatory Examinations and Actions Relating to the Company's Business Practices and Licensing*

The Company is and has been subject to periodic inquiries and enforcement actions brought by federal and state regulatory agencies relating to the Company's business practices, the required licenses to operate its business, and its manner of operating in accordance with the requirements of its licenses and the regulatory framework applicable to its business.

The Company is routinely subject to examination for compliance with applicable laws and regulations in the states in which it is licensed. The Company is subject to examination by the New York Department of Financial Services (NYDFS) and other regulators. The Company periodically has discussions with various regulatory agencies regarding its business model and has engaged in similar discussions with the NYDFS. During the course of such discussions with the NYDFS, which remain ongoing, the Company decided to voluntarily comply with certain rules and regulations of the NYDFS while it was not a bank holding company operating a national bank.

In the past, the Company has successfully resolved such matters in a manner that was not material to its results of financial operations in any period and that did not materially limit the Company's ability to conduct its business. However, no assurances can be given as to the timing, outcome or consequences of these matters or other similar matters if or as they arise.

#### *FTC Lawsuit*

In 2016, the Company received a formal request for information from the Federal Trade Commission (FTC). The FTC commenced an investigation concerning certain of the Company's policies and practices and related legal compliance.

On April 25, 2018, the FTC filed a complaint in the Northern District of California (*FTC v. LendingClub Corporation*, No. 3:18-cv-02454) alleging causes of action for violations of the FTC Act, including claims of deception in connection with disclosures related to the origination fee associated with loans available through the Company's platform, and in connection with communications relating to the likelihood of loan approval during the application process, and a claim of unfairness relating to certain unauthorized charges to borrowers' bank accounts. The FTC's complaint also alleged a violation of the Gramm-Leach-Bliley Act regarding the Company's practices in

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delivering its privacy notice. Following the Court's ruling on a motion to dismiss filed by the Company, the FTC filed an amended complaint on October 22, 2018, which reasserted the same causes of action from the original complaint. On November 13, 2018, the Company filed an answer to the amended complaint. Following a motion by the FTC to strike certain affirmative defenses in the answer, the Company filed an amended answer in the case on May 29, 2019. The discovery period in the case is closed.

On February 27, 2020, both the Company and the FTC filed various motions with the Court, including motions to exclude expert testimony and motions for summary judgment as to some or all of the claims in the case. The FTC also filed a motion for partial judgment on the pleadings in the case. These motions were heard by the Court on April 27, 2020. On June 1, 2020, the Court issued an order granting in part and denying in part both the Company's and the FTC's motions for summary judgment. The Court also denied the motions to exclude expert testimony and granted in part and denied in part the FTC's motion for partial judgment on the pleadings. The FTC's Gramm-Leach-Bliley Act claim has been dismissed from the case, but issues relating to the FTC's three other claims will need to be tried. On July 30, 2020, the Company filed a motion to stay the litigation pending the U.S. Supreme Court's decisions in two cases (*F.T.C. v. Credit Bureau Center* and *AMG Capital Management, LLC v. F.T.C.*) that raise the issue whether the FTC is entitled to seek monetary relief under Section 13(b) of the FTC Act. On August 20, 2020, the Court issued an order granting the Company's motion to stay proceedings in the case until the U.S. Supreme Court issues its decision in the *Credit Bureau Center* and *AMG Capital Management* cases. As a result of this order, the trial that was scheduled for October 19, 2020 will need to be rescheduled at a later date following the Supreme Court's ruling. The Supreme Court has vacated its prior grant of review in the *Credit Bureau Center* case but heard oral argument in the *AMG Capital Management* case on January 13, 2021. The impact of the Supreme Court decision could impact the Company's case which is why the trial was stayed pending the Supreme Court decision. On April 22, 2021, the Supreme Court ruled in favor of *AMG Capital Management* ordering that the FTC does not currently have the authority to obtain equitable monetary relief under the statute that is also applicable in the Company's matter with the FTC. On July 14, 2021, the Company entered into an agreement with the FTC to conclude the FTC's investigation and litigation (the Settlement). Pursuant to the terms of the Settlement, LendingClub made an \$18 million payment for consumer remediation. The Settlement does not include any admission of liability, and LendingClub does not expect that the Settlement will impact its current operations. On July 19, 2021, the Court approved the Settlement and this matter is now concluded.

*Class Action Lawsuit Following Announcement of FTC Litigation*

In May 2018, following the announcement of litigation by the FTC against the Company, putative shareholder class action litigation was filed in the U.S. District Court of the Northern District of California (*Veal v. LendingClub Corporation et. al.*, No. 5:18-cv-02599) against the Company and certain of its current and former officers and directors alleging violations of federal securities laws in connection with the Company's description of fees and compliance with federal privacy law in securities filings. On January 7, 2019, the lead plaintiffs filed a consolidated amended class action complaint which asserted the same causes of action as the original complaint and added additional allegations. That complaint was subsequently dismissed by the District Court with leave to amend. The lead plaintiffs filed a Second Amended Complaint on December 19, 2019, which modified and added certain allegations and dropped one of the former officer defendants as a defendant in the case, but otherwise advanced the same causes of action. On June 12, 2020, the District Court issued an order granting a motion to dismiss by the defendants without leave to amend, in part, and with leave to amend, in part. On July 27, 2020, the lead plaintiffs filed a notice with the District Court indicating their intention not to file a Third Amended Complaint and requesting that the District Court enter judgment. The District Court entered judgment and dismissed all claims in the case the same day. The lead plaintiffs appealed the judgment to the U.S. Court of Appeals for the Ninth Circuit (*Veal et al. v. LendingClub Corporation, et al.*, No. 20-16603). The Court of Appeals held oral arguments for the appeal on September 2, 2021. On September 21, 2021, the Court of Appeals affirmed the District Court's dismissal of all claims against the defendants and the period for the U.S. Supreme Court to grant certiorari expired in December 2021. Accordingly, this matter is now concluded.

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*Putative Class Actions*

In February 2020, a putative class action lawsuit was filed against the Company in the U.S. District Court for the Northern District of California (*Erceg v. LendingClub Corporation*, No. 4:20-cv-01153). The lawsuit alleges violations of California and Massachusetts law based on allegations that the Company recorded a call with plaintiff without notifying him that it would be recorded. Plaintiff seeks to represent a purported class of similarly situated individuals who had phone calls recorded by the Company without their knowledge and consent. The Company filed a motion to dismiss certain of plaintiff's claims, strike nationwide class allegations, and, alternatively, to stay the litigation. Rather than oppose that motion, plaintiff filed an amended complaint. The Company again filed a motion to stay, or alternatively to dismiss certain of the claims in the amended complaint and to strike nationwide class allegations. That motion was heard by the Court on July 9, 2020. On July 28, 2020, the Court entered an order granting the Company's motion to stay plaintiff's California claims pending a decision by the California Supreme Court in a case involving the California Invasion of Privacy Act (*Smith v. LoanMe, Inc.*), dismissing with prejudice plaintiff's claim under Massachusetts law, and denying the Company's motion to strike plaintiff's nationwide class allegations. In April 2021, the California Supreme Court issued a decision in the LoanMe case in a manner that permits plaintiff's claims in the Company's case to continue. The Company then filed its answer to plaintiff's complaint and discovery began. The parties have since reached a tentative settlement, the terms of which are not material to the Company. No assurances can be given as to the timing, outcome or consequences of this matter.

In February 2021, a putative class action lawsuit was filed against the Company in the U.S. District Court for the Southern District of Texas (*Bradford v. Lending Club Corporation*, No. 4:21-cv-00588). The lawsuit asserts a cause of action under the Fair Credit Reporting Act (FCRA) based on allegations that the Company obtained plaintiff's credit report without his consent or authorization and without a permissible purpose under the FCRA. Plaintiff seeks to represent a class of allegedly similarly situated persons in the case and seeks monetary, injunctive, and declaratory relief, among other relief. Plaintiff has amended the complaint to assert additional allegations regarding the Company's purported requests for plaintiff's credit report from another credit reporting agency. The Company has since filed its answer to plaintiff's complaint and discovery has begun. The Court has scheduled this matter for trial in September 2022. No assurances can be given as to the timing, outcome or consequences of this matter.

*Certain Financial Considerations Relating to Litigation and Investigations*

The Company had \$2.5 million and \$21.6 million in accrued contingent liabilities as of December 31, 2021 and 2020, respectively. The decrease in accrued contingent liabilities was primarily due to the \$18 million settlement with the FTC in 2021.

In addition to the foregoing, the Company is subject to, and may continue to be subject to, legal proceedings and regulatory actions in the ordinary course of business. No assurance can be given as to the timing, outcome or consequences of any of these matters.

**20. Regulatory Requirements**

LendingClub and LC Bank are subject to comprehensive supervision, examination and enforcement, and regulation by the FRB and the Office of the Comptroller of the Currency (OCC), including generally similar capital adequacy requirements adopted by the FRB and the OCC, respectively. These requirements establish required minimum ratios for Common Equity Tier 1 (CET1) risk-based capital, Tier 1 risk-based capital, total risk-based capital and a Tier 1 leverage ratio; set risk-weighting for assets and certain other items for purposes of the risk-based capital ratios; and define what qualifies as capital for purposes of meeting the capital requirements. Failure to meet minimum capital requirements can result in certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Company.

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The minimum capital requirements under the Basel Committee on Banking Supervision standardized approach for U.S. banking organizations (U.S. Basel III) capital framework are: a CET1 risk-based capital ratio of 4.5%, a Tier 1 risk-based capital ratio of 6.0%, a total risk-based capital ratio of 8.0%, and a Tier 1 leverage ratio of 4.0%. Additionally, a Capital Conservation Buffer (CCB) of 2.5% must be maintained above the minimum risk-based capital requirements in order to avoid certain limitations on capital distributions, stock repurchases, and certain discretionary bonus payments. In addition to these guidelines, the regulators assess any particular institution's capital adequacy based on numerous factors and may require a particular banking organization to maintain capital at levels higher than the generally applicable minimums prescribed under the U.S. Basel III capital framework. In this regard, and unless otherwise directed by the FRB and the OCC, we have made commitments for the Company and LC Bank (until February 2024) to maintain a CET1 risk-based capital ratio of 11.0%, a Tier 1 risk-based capital ratio above 11.0%, a total risk-based capital ratio above 13.0%, and a Tier 1 leverage ratio of 11.0%.

The following table summarizes LC Bank's regulatory capital amounts and ratios (in millions):

<b>December 31, 2021</b>	<b>LendingClub Bank</b>		<b>Required Minimum plus Required CCB for Non-Leverage Ratios</b>
	<b>Amount</b>	<b>Ratio</b>	
CET1 capital <sup>(1)</sup>	\$ 523.7	16.7 %	7.0 %
Tier 1 capital	\$ 523.7	16.7 %	8.5 %
Total capital	\$ 563.7	18.0 %	10.5 %
Tier 1 leverage	\$ 523.7	14.3 %	4.0 %
Risk-weighted assets	\$ 3,130.4	N/A	N/A
Quarterly adjusted average assets	\$ 3,667.7	N/A	N/A

N/A – Not applicable

<sup>(1)</sup> Consists of common stockholders' equity as defined under U.S. GAAP and certain adjustments made in accordance with regulatory capital guidelines, including the addition of the CECL transitional benefit and deductions for goodwill and other intangible assets.

The following table presents the regulatory capital and ratios of the Company (in millions):

<b>December 31, 2021</b>	<b>LendingClub</b>		<b>Required Minimum plus Required CCB for Non-Leverage Ratios</b>
	<b>Amount</b>	<b>Ratio</b>	
CET1 capital <sup>(1)</sup>	\$ 710.0	21.3 %	7.0 %
Tier 1 capital	\$ 710.0	21.3 %	8.5 %
Total capital	\$ 767.9	23.0 %	10.5 %
Tier 1 leverage	\$ 710.0	16.5 %	4.0 %
Risk-weighted assets	\$ 3,333.2	N/A	N/A
Quarterly adjusted average assets	\$ 4,301.7	N/A	N/A

N/A – Not applicable

<sup>(1)</sup> Consists of common stockholders' equity as defined under U.S. GAAP and certain adjustments made in accordance with regulatory capital guidelines, including the addition of the CECL transitional benefit and deductions for goodwill and other intangible assets.

In response to the COVID-19 pandemic, the FRB, OCC, and FDIC adopted a final rule related to the regulatory capital treatment of the allowance for credit losses under CECL. As permitted by the rule, the Company elected to delay the estimated impact of CECL on regulatory capital through 2021. As a result, a capital benefit of \$35.5 million was included in the computation of the Company's CET1 capital at December 31, 2021. Beginning on January 1, 2022, this benefit will be phased out over a three-year transition period at a rate of 25% each year through January 1, 2025.

## LENDINGCLUB CORPORATION

### Notes to Consolidated Financial Statements

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

The Federal Deposit Insurance Act provides for a system of “prompt corrective action” (PCA). The PCA regime provides for capitalization categories ranging from “well-capitalized” to “critically undercapitalized.” An institution’s PCA category is determined primarily by its regulatory capital ratios. The PCA requires remedial actions and imposes limitations that become increasingly stringent as its PCA capitalization category declines, including the ability to accept and/or rollover brokered deposits. At December 31, 2021, the Company’s and LC Bank’s regulatory capital ratios exceeded the thresholds required to be regarded as well-capitalized institutions and met all capital adequacy requirements to which they are subject. There have been no events or conditions since December 31, 2021 that management believes would change the Company’s categorization.

Federal laws and regulations limit the dividends that a national bank may pay. Dividends that may be paid by a national bank without the express approval of the OCC are limited to that bank’s retained net profits for the preceding two calendar years plus retained net profits up to the date of any dividend declaration in the current calendar year. Retained net profits, as defined by the OCC, consist of net income less dividends declared during the period. Additionally, under the OCC Operating Agreement, LC Bank is required to obtain a written determination of non-objection from the OCC before declaring any dividend. No dividends were declared by LC Bank in 2021.

Federal law restricts the amount and the terms of both credit and non-credit transactions between a bank and its nonbank affiliates. These covered transactions may not exceed 10% of the bank’s capital and surplus (which for this purpose represents tier 1 and tier 2 capital, as calculated under the risk-based capital rules, plus the balance of the ACL excluded from tier 2 capital) with any single nonbank affiliate and 20% of the bank’s capital and surplus with all its nonbank affiliates. Covered transactions that are extensions of credit may require collateral to be pledged to provide added security to the bank.

#### 21. Other Non-interest Income and Other Non-interest Expense

Other non-interest income consists of the following:

Year Ended December 31,	2021	2020	2019
Referral revenue	\$ 14,234	\$ 5,011	\$ 5,474
Realized losses on sales of securities available for sale and other investments	(93)	11	(8)
Other	13,078	8,420	8,365
Total other non-interest income	\$ 27,219	\$ 13,442	\$ 13,831

Other non-interest expense consists of the following:

Year Ended December 31,	2021	2020	2019
Consumer credit services	\$ 16,214	\$ 13,229	\$ 26,707
Other	45,044	34,533	37,370
Total other non-interest expense	\$ 61,258	\$ 47,762	\$ 64,077

#### 22. Segment Reporting

The Company defines operating segments to be components of the Company for which discrete financial information is evaluated regularly by the Company’s chief executive officer and chief financial officer to allocate resources and evaluate financial performance. This information is reviewed according to the legal organizational structure of the Company’s operations with products and services presented separately for the parent bank holding company and its wholly-owned subsidiary, LC Bank. Taxes are recorded on a separate entity basis whereby each operating segment determines income tax expense or benefit as if it filed a separate tax return. Differences between separate entity and consolidated tax returns are eliminated upon consolidation.

## LENDINGCLUB CORPORATION

### Notes to Consolidated Financial Statements

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

#### *LendingClub Bank*

The LC Bank operating segment represents the national bank legal entity and reflects post-Acquisition operating activities. This segment provides a full complement of financial products and solutions, including loans, leases and deposits. It originates loans to individuals and businesses, retains loans for investment, sells loans to investors and manages relationships with deposit holders.

All of the Company's revenue is generated in the United States. No individual borrower or investor accounted for 10% or more of consolidated net revenue for any of the periods presented.

#### *LendingClub Corporation (Parent Only)*

The LendingClub Corporation (parent only) operating segment represents the holding company legal entity and predominately reflects the operations of the Company prior to the Acquisition. This activity includes, but is not limited to, the purchase and sale of loans and issuances of education and patient finance loans that were originated by issuing bank partners.

**LENDINGCLUB CORPORATION**  
**Notes to Consolidated Financial Statements**

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

Financial information for the segments is presented in the following table:

	LendingClub Bank		LendingClub Corporation (Parent only)				Intercompany Eliminations		Consolidated Total							
	Eleven Months Ended December 31,		Year Ended December 31,				Eleven Months Ended December 31,		Year Ended December 31,							
	2021		2021	2020	2019	2021		2021	2020	2019						
<b>Non-interest income:</b>																
Marketplace revenue	\$	462,821	\$	115,759	\$	245,314	\$	646,735	\$	—	\$	578,580	\$	245,314	\$	646,735
Other non-interest income		94,953		16,718		13,442		13,831		(84,452)		27,219		13,442		13,831
<b>Total non-interest income</b>		557,774		132,477		258,756		660,566		(84,452)		605,799		258,756		660,566
<b>Interest income:</b>																
Interest income		210,739		82,093		209,694		345,345		—		292,832		209,694		345,345
Interest expense		(8,412)		(71,589)		(150,366)		(247,304)		—		(80,001)		(150,366)		(247,304)
<b>Net interest income</b>		202,327		10,504		59,328		98,041		—		212,831		59,328		98,041
<b>Total net revenue</b>		760,101		142,981		318,084		758,607		(84,452)		818,630		318,084		758,607
Reversal of (provision for) credit losses		(142,182)		3,382		(3,382)		—		—		(138,800)		(3,382)		—
Non-interest expense		(547,799)		(198,039)		(502,319)		(789,498)		84,452		(661,386)		(502,319)		(789,498)
<b>Income (Loss) before income tax benefit (expense)</b>		70,120		(51,676)		(187,617)		(30,891)		—		18,444		(187,617)		(30,891)
Income tax benefit (expense)		9,171		44,013		79		201		(53,048)		136		79		201
<b>Consolidated net income (loss)</b>	\$	79,291	\$	(7,663)	\$	(187,538)	\$	(30,690)	\$	(53,048)	\$	18,580	\$	(187,538)	\$	(30,690)
Capital expenditures	\$	32,602	\$	1,811	\$	31,147	\$	50,668	\$	—	\$	34,413	\$	31,147	\$	50,668
Depreciation and amortization	\$	4,569	\$	39,716	\$	54,030	\$	59,152	\$	—	\$	44,285	\$	54,030	\$	59,152



## LENDINGCLUB CORPORATION

### Notes to Consolidated Financial Statements

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

	LendingClub Bank		LendingClub Corporation (Parent only)		Intercompany Eliminations		Consolidated Total	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
<b>Assets</b>								
Total cash and cash equivalents	\$ 659,919	\$ —	\$ 88,268	\$ 524,963	\$ (61,061)	\$ —	\$ 687,126	\$ 524,963
Restricted cash	—	—	76,540	103,522	(80)	—	76,460	103,522
Securities available for sale at fair value	205,730	—	57,800	142,226	—	—	263,530	142,226
Loans held for sale	335,449	—	55,799	121,902	—	—	391,248	121,902
Loans and leases held for investment, net	2,754,737	—	—	—	—	—	2,754,737	—
Retail and certificate loans held for investment at fair value	—	—	229,719	636,686	—	—	229,719	636,686
Other loans held for investment at fair value	—	—	21,240	49,954	—	—	21,240	49,954
Property, equipment and software, net	36,424	—	61,572	96,641	—	—	97,996	96,641
Investment in subsidiary	—	—	557,577	—	(557,577)	—	—	—
Goodwill	75,717	—	—	—	—	—	75,717	—
Other assets	254,075	—	168,042	187,399	(119,571)	—	302,546	187,399
<b>Total assets</b>	<b>4,322,051</b>	<b>—</b>	<b>1,316,557</b>	<b>1,863,293</b>	<b>(738,289)</b>	<b>—</b>	<b>4,900,319</b>	<b>1,863,293</b>
<b>Liabilities and Equity</b>								
Total deposits	3,196,929	—	—	—	(61,141)	—	3,135,788	—
Short-term borrowings	165	—	27,615	104,989	—	—	27,780	104,989
Advances from PPPLF	271,933	—	—	—	—	—	271,933	—
Retail notes, certificates and secured borrowings at fair value	—	—	229,719	636,774	—	—	229,719	636,774
Payable on Structured Program borrowings	—	—	65,451	152,808	—	—	65,451	152,808
Other long-term debt	—	—	15,455	—	—	—	15,455	—
Other liabilities	218,775	—	150,727	244,551	(65,551)	—	303,951	244,551
<b>Total liabilities</b>	<b>3,687,802</b>	<b>—</b>	<b>488,967</b>	<b>1,139,122</b>	<b>(126,692)</b>	<b>—</b>	<b>4,050,077</b>	<b>1,139,122</b>
<b>Total equity</b>	<b>634,249</b>	<b>—</b>	<b>827,590</b>	<b>724,171</b>	<b>(611,597)</b>	<b>—</b>	<b>850,242</b>	<b>724,171</b>
<b>Total liabilities and equity</b>	<b>\$ 4,322,051</b>	<b>\$ —</b>	<b>\$ 1,316,557</b>	<b>\$ 1,863,293</b>	<b>\$ (738,289)</b>	<b>\$ —</b>	<b>\$ 4,900,319</b>	<b>\$ 1,863,293</b>

## LENDINGCLUB CORPORATION

### Notes to Consolidated Financial Statements

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

### 23. LendingClub Corporation – Parent Company-Only Financial Statements

Upon the Acquisition in 2021, the Company became a bank holding company and formed LC Bank. Prior to the Acquisition, the consolidated financial results of the Company were the LendingClub Corporation (Parent Company) financial results. See “Item 8. Financial Statements and Supplementary Data – Consolidated Financial Statements of LendingClub Corporation” for the 2020 and 2019 comparative results. Investment in the LC Bank subsidiary is accounted for by the Parent Company using the equity method for this presentation. Results of operations of the Parent Company’s bank subsidiary is therefore classified in the Parent Company’s investment in subsidiary account. VIEs in which the Parent Company is the primary beneficiary are included in the Parent Company-only financial statements.

#### Statement of Operations

Year Ended December 31,	2021
<b>Non-interest income:</b>	
Marketplace revenue	\$ 115,759
Other non-interest income	16,718
<b>Total non-interest income</b>	<b>132,477</b>
<b>Interest income:</b>	
Interest on loans held for sale at fair value	11,025
Interest on retail and certificate loans held for investment at fair value	57,684
Interest on other loans held for investment at fair value	4,436
Interest on securities available for sale	8,922
Other interest income	26
<b>Total interest income</b>	<b>82,093</b>
<b>Interest expense:</b>	
Interest on short-term borrowings	3,676
Interest on retail notes, certificates and secured borrowings	57,684
Interest on Structured Program borrowings	9,638
Interest on other long-term debt	591
<b>Total interest expense</b>	<b>71,589</b>
<b>Net interest income</b>	<b>10,504</b>
<b>Total net revenue</b>	<b>142,981</b>
<b>Reversal of credit losses</b>	<b>(3,382)</b>
<b>Non-interest expense:</b>	
Compensation and benefits	31,010
Marketing	5,460
Equipment and software	2,459
Occupancy	17,751
Depreciation and amortization	39,716
Professional services	14,666
Other non-interest expense	86,977
<b>Total non-interest expense</b>	<b>198,039</b>
<b>Loss before income tax benefit</b>	<b>(51,676)</b>
Income tax benefit	44,013
<b>Loss before undistributed earnings of subsidiary</b>	<b>(7,663)</b>
Equity in undistributed earnings of subsidiary	79,291
<b>Net income</b>	<b>\$ 71,628</b>

**LENDINGCLUB CORPORATION**

**Notes to Consolidated Financial Statements**

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

In accordance with federal laws and regulations, dividends paid by LC Bank to the Company are subject to certain restrictions. See “*Note 20. Regulatory Requirements*” for more information.

**Statement of Comprehensive Income**

Year Ended December 31,	2021
Net income	\$ 71,628
Other comprehensive income, net of tax:	
Net unrealized gain on securities available for sale	9,153
Equity in other comprehensive loss of subsidiary	(2,619)
<b>Other comprehensive income, net of tax</b>	<b>6,534</b>
<b>Total comprehensive income</b>	<b>\$ 78,162</b>

**Balance Sheet**

December 31,	2021
<b>Assets</b>	
Cash and due from banks	\$ 58,284
Interest-bearing deposits in banks	29,984
Total cash and cash equivalents	88,268
Restricted cash	76,540
Securities available for sale at fair value (\$47,225 at amortized cost)	57,800
Loans held for sale at fair value	55,799
Retail and certificate loans held for investment at fair value	229,719
Other loans held for investment at fair value	21,240
Property, equipment and software, net	61,572
Investment in subsidiary	634,249
Other assets	168,042
<b>Total assets</b>	<b>\$ 1,393,229</b>
<b>Liabilities and Equity</b>	
Short-term borrowings	27,615
Retail notes, certificates and secured borrowings at fair value	229,719
Payable on Structured Program borrowings	65,451
Other long-term debt	15,455
Other liabilities	150,727
Total liabilities	488,967
Equity	
Common stock, \$0.01 par value; 180,000,000 shares authorized; 101,043,924 shares issued and outstanding	1,010
Additional paid-in capital	1,609,820
Accumulated deficit	(714,586)
Accumulated other comprehensive income	8,018
Total equity	904,262
<b>Total liabilities and equity</b>	<b>\$ 1,393,229</b>

**LENDINGCLUB CORPORATION**

**Notes to Consolidated Financial Statements**

(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)

**Statement of Cash Flows**

<b>Year Ended December 31,</b>	<b>2021</b>
<b>Cash Flows from Operating Activities:</b>	
Parent company net income	\$ 71,628
Adjustments to reconcile net income to net cash provided by operating activities:	
Equity in undistributed earnings of subsidiary	(79,291)
Income tax benefit	(44,013)
Net fair value adjustments	(5,936)
Reversal of credit losses	(3,382)
Change in fair value of loan servicing assets	37,138
Stock-based compensation, net	14,506
Depreciation, amortization, and accretion	39,935
Gain on sales of loans	(3,372)
Other, net	9,107
Net change to loans held for sale	90,609
Net change in operating assets and liabilities:	
Other assets	(29,556)
Other liabilities	(95,737)
Net cash provided by operating activities	1,636
<b>Cash Flows from Investing Activities:</b>	
Acquisition of company	(145,344)
Payments for investments in and advances to subsidiary	(250,001)
Cash received from Acquisition	658
Net change in loans and leases	1,360
Net decrease in retail and certificate loans	437,870
Proceeds from maturities and paydowns of securities available for sale	103,258
Purchases of property, equipment and software, net	(1,811)
Other investing activities	8,146
Net cash provided by investing activities	154,136
<b>Cash Flows from Financing Activities:</b>	
Principal payments on Structured Program borrowings	(90,187)
Principal payments on retail notes and certificates	(438,032)
Principal payments on short-term borrowings	(81,935)
Other financing activities	(9,295)
Net cash used for financing activities	(619,449)
<b>Net Decrease in Cash, Cash Equivalents and Restricted Cash</b>	<b>(463,677)</b>
<b>Cash, Cash Equivalents and Restricted Cash, Beginning of Period</b>	<b>628,485</b>
<b>Cash, Cash Equivalents and Restricted Cash, End of Period</b>	<b>\$ 164,808</b>

## LENDINGCLUB CORPORATION

### **Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure**

None.

#### **Item 9A. Controls and Procedures**

##### ***Evaluation of Disclosure Controls and Procedures***

The Company's management evaluated, with the participation of the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), the effectiveness of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of December 31, 2021. In designing and evaluating its disclosure controls and procedures, the Company's management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance, not absolute assurance, of achieving the desired control objectives, and is required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

Based on the evaluation, the Company's CEO and CFO concluded that the Company's disclosure controls and procedures as of December 31, 2021, were designed and functioned effectively to provide reasonable assurance that the information required to be disclosed by the Company in reports filed under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and (ii) accumulated and communicated to management, including the principal executive and principal financial officers, as appropriate, to allow timely decisions regarding required disclosure.

##### ***Management's Annual Report on Internal Control over Financial Reporting***

The Company's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting, as defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of the Company's CEO and CFO, management conducted an evaluation of the effectiveness of its internal control over financial reporting as of December 31, 2021, based on the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. As a result of this assessment, management concluded that, as of December 31, 2021, our internal control over financial reporting was effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Deloitte & Touche LLP, has independently audited the effectiveness of our internal control over financial reporting and its report is included below.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error and the circumvention or overriding of controls. Further, because of changes in conditions, the effectiveness of internal controls may vary over time. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Accordingly, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

##### ***Changes in Internal Control Over Financial Reporting***

No change in the Company's internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) occurred during the fiscal quarter ended December 31, 2021, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the stockholders and the Board of Directors of LendingClub Corporation

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of LendingClub Corporation and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 11, 2022, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management’s Annual Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

San Francisco, California  
February 11, 2022

## LENDINGCLUB CORPORATION

### **Item 9B. Other Information**

Not Applicable.

### **Item 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections**

Not Applicable.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

The information required by Item 10 will be included in our definitive proxy statement with respect to our 2022 Annual Meeting of Stockholders (Proxy Statement) and is incorporated herein by reference. The Proxy Statement will be filed with the SEC pursuant to Regulation 14A within 120 days of the end of the 2021 fiscal year.

### **Item 11. Executive Compensation**

The information required by Item 11 will be included in the Proxy Statement under the headings “Board of Directors and Corporate Governance – Compensation Committee Interlocks and Insider Participation,” “Director Compensation,” “Executive Compensation” and “Report of the Compensation Committee,” and is incorporated herein by reference.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by Item 12 will be included in the Proxy Statement under the headings “Security Ownership of Certain Beneficial Owners and Management” and “Executive Compensation – Securities Authorized for Issuance Under Equity Compensation Plans,” and is incorporated herein by reference.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by Item 13 will be included in the Proxy Statement under the headings “Related Party Transactions” and “Board of Directors and Corporate Governance – Director Independence,” and is incorporated herein by reference.

### **Item 14. Principal Accountant Fees and Services**

The information required by Item 14 will be included in the Proxy Statement under the heading “Ratification of Appointment of Independent Registered Public Accounting Firm,” and is incorporated herein by reference.

# LENDINGCLUB CORPORATION

## PART IV

### Item 15. Exhibits and Financial Statement Schedules

(a) Documents filed as part of this Annual Report:

1. Financial Statements

The following consolidated financial statements are included in *Part II*, Item 8 of this Annual Report:

<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID No. 34)</a>	<a href="#">71</a>
<a href="#">Consolidated Balance Sheets</a>	<a href="#">72</a>
<a href="#">Consolidated Statements of Operations</a>	<a href="#">74</a>
<a href="#">Consolidated Statements of Comprehensive Income (Loss)</a>	<a href="#">76</a>
<a href="#">Consolidated Statements of Changes in Stockholders' Equity</a>	<a href="#">77</a>
<a href="#">Consolidated Statements of Cash Flows</a>	<a href="#">78</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">80</a>

2. Financial Statement Schedules

Financial statement schedules have been omitted because they are not required, not applicable, not present in amounts sufficient to require submission of the schedule, or the required information is shown in the Consolidated Financial Statements or Notes thereto.

3. Exhibits

The documents listed in the Exhibit Index of this Annual Report are incorporated by reference or are filed with this Annual Report, in each case as indicated therein on the Exhibit Index immediately following the signature page of this Annual Report.

### Item 16. Form 10-K Summary

None.



**LENDINGCLUB CORPORATION**

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Annual Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 11, 2022

LENDINGCLUB CORPORATION

By:           /s/ Scott Sanborn          

Scott Sanborn

*Chief Executive Officer*

**POWER OF ATTORNEY**

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Scott Sanborn and Thomas Casey, jointly and severally, his or her attorney-in-fact, with the power of substitution, for him or her in any and all capacities, to sign any amendments to this Annual Report and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that each of said attorneys-in-fact, or his or her substitute or substitutes, may do or cause to be done by virtue hereof.

## LENDINGCLUB CORPORATION

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
<u>/s/ Scott Sanborn</u> Scott Sanborn	Chief Executive Officer and Director	February 11, 2022
<u>/s/ Thomas W. Casey</u> Thomas W. Casey	Chief Financial Officer and Director	February 11, 2022
<u>/s/ Fergal Stack</u> Fergal Stack	Principal Accounting Officer	February 11, 2022
<u>/s/ Susan Athey</u> Susan Athey	Director	February 11, 2022
<u>/s/ Allan Landon</u> Allan Landon	Director	February 11, 2022
<u>/s/ Timothy J. Mayopoulos</u> Timothy J. Mayopoulos	Director	February 11, 2022
<u>/s/ Patricia McCord</u> Patricia McCord	Director	February 11, 2022
<u>/s/ John C. Morris</u> John C. Morris	Director	February 11, 2022
<u>/s/ Erin Selleck</u> Erin Selleck	Director	February 11, 2022
<u>/s/ Michael Zeisser</u> Michael Zeisser	Director	February 11, 2022

# LENDINGCLUB CORPORATION

## EXHIBIT INDEX

Exhibit Number	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
<a href="#">2.1</a>	<a href="#">Agreement and Plan of Merger, dated as of February 18, 2020, by and among LendingClub Corporation, Radius Bancorp, Inc. and SC Sub I, Inc.*</a>	<a href="#">8-K</a>	<a href="#">001-36771</a>	<a href="#">2.1</a>	<a href="#">February 19, 2020</a>	
<a href="#">3.1</a>	<a href="#">Restated Certificate of Incorporation of LendingClub Corporation</a>	<a href="#">8-K</a>	<a href="#">000-54752</a>	<a href="#">3.1</a>	<a href="#">December 16, 2014</a>	
<a href="#">3.2</a>	<a href="#">Certificate of Amendment of Restated Certificate of Incorporation of LendingClub Corporation, effective July 5, 2019</a>	<a href="#">10-Q</a>	<a href="#">001-36771</a>	<a href="#">3.1</a>	<a href="#">August 7, 2019</a>	
<a href="#">3.3</a>	<a href="#">Amended and Restated Bylaws of the Company, effective March 22, 2018</a>	<a href="#">8-K/A</a>	<a href="#">001-36771</a>	<a href="#">3.1</a>	<a href="#">June 22, 2018</a>	
<a href="#">4.1</a>	<a href="#">Form of Common Stock Certificate of LendingClub Corporation</a>	<a href="#">10-Q</a>	<a href="#">001-36771</a>	<a href="#">4.1</a>	<a href="#">November 6, 2019</a>	
<a href="#">4.2</a>	<a href="#">Description of Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934</a>					<a href="#">X</a>
<a href="#">10.1</a>	<a href="#">Form of Indemnity Agreement</a>	<a href="#">S-1, Amendment No. 3</a>	<a href="#">333-198393</a>	<a href="#">10.1</a>	<a href="#">December 1, 2014</a>	
<a href="#">10.2</a>	<a href="#">LendingClub Corporation 2007 Stock Incentive Plan, as amended, and form of award agreement thereunder</a>	<a href="#">10-K</a>	<a href="#">001-36771</a>	<a href="#">10.2</a>	<a href="#">February 19, 2020</a>	
<a href="#">10.3</a>	<a href="#">2014 Equity Incentive Plan, and forms of award agreements thereunder</a>	<a href="#">10-K</a>	<a href="#">001-36771</a>	<a href="#">10.3</a>	<a href="#">March 11, 2021</a>	
<a href="#">10.4</a>	<a href="#">Form of Employment Agreement for Chief Executive Officer</a>	<a href="#">S-1, Amendment No. 3</a>	<a href="#">333-198393</a>	<a href="#">10.15</a>	<a href="#">December 1, 2014</a>	
<a href="#">10.5</a>	<a href="#">Form of Employment Agreement for Executive Officers other than Chief Executive Officer</a>	<a href="#">S-1, Amendment No. 3</a>	<a href="#">333-198393</a>	<a href="#">10.16</a>	<a href="#">December 1, 2014</a>	
<a href="#">10.6</a>	<a href="#">Lease Agreement, dated as of April 16, 2015, by and between LendingClub Corporation and 595 Market Street, Inc.</a>	<a href="#">10-Q</a>	<a href="#">001-36771</a>	<a href="#">10.31</a>	<a href="#">May 5, 2015</a>	
<a href="#">10.7</a>	<a href="#">Radius Bancorp, Inc. 2016 Omnibus Incentive Plan</a>	<a href="#">S-8</a>	<a href="#">333-255688</a>	<a href="#">99.3</a>	<a href="#">April 30, 2021</a>	
<a href="#">10.8</a>	<a href="#">Amendment to 2020 Award Agreements Issued Under the 2014 Equity Incentive Plan</a>	<a href="#">10-Q</a>	<a href="#">001-36771</a>	<a href="#">10.1</a>	<a href="#">August 4, 2021</a>	
<a href="#">10.9</a>	<a href="#">Non-Employee Director Compensation Policy</a>	<a href="#">10-Q</a>	<a href="#">001-36771</a>	<a href="#">10.1</a>	<a href="#">November 3, 2021</a>	
<a href="#">21.1</a>	<a href="#">List of Subsidiaries</a>					<a href="#">X</a>
<a href="#">23.1</a>	<a href="#">Consent of Deloitte &amp; Touche LLP</a>					<a href="#">X</a>
<a href="#">31.1</a>	<a href="#">Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					<a href="#">X</a>
<a href="#">31.2</a>	<a href="#">Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>					<a href="#">X</a>
<a href="#">32.1</a>	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>					<a href="#">X</a>

## LENDINGCLUB CORPORATION

Exhibit Number	Exhibit Description	Incorporated by Reference			Filed Herewith
		Form	File No.	Exhibit	
101	The following financial information from LendingClub Corporation's Annual Report on Form 10-K for the year ended December 31, 2021 formatted in Inline XBRL (Extensible Business Reporting Language) includes: (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income (Loss), (iv) the Consolidated Statements of Changes in Stockholders' Equity, (v) the Consolidated Statements of Cash Flows, and (vi) Notes to the Consolidated Financial Statements.				X
104	Cover Page Interactive Data File (as formatted as Inline XBRL and contained in Exhibit 101)				

\* Certain schedules have been omitted and LendingClub agrees to furnish supplementally to the SEC a copy of any omitted exhibits and schedules upon request.

**DESCRIPTION OF REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934**

The following description sets forth certain material terms and provisions of the securities of LendingClub Corporation that are registered under Section 12 of the Securities Exchange Act of 1934, as amended. This description also summarizes relevant provisions of Delaware law. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of Delaware law and our restated certificate of incorporation (as amended) and our amended and restated bylaws, copies of which are incorporated by reference as exhibits to the Annual Report on Form 10-K of which this Exhibit 4.2 is a part. We encourage you to read our restated certificate of incorporation (as amended) our amended and restated bylaws and the applicable provisions of Delaware law for additional information.

**Authorized Capital Stock**

Our restated certificate of incorporation authorizes us to issue up to 180,000,000 shares of common stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share.

**Common Stock**

*Common Stock Outstanding.* Our common stock currently outstanding is fully paid and nonassessable.

*Dividend Rights.* Subject to preferences that may apply to shares of preferred stock outstanding at the time, the holders of outstanding shares of our common stock are entitled to receive dividends out of funds legally available if our board of directors, in its discretion, determines to issue dividends and then only at the times and in the amounts that our board of directors may determine.

*Voting Rights.* Holders of our common stock are entitled to one vote for each share held on all matters submitted to a vote of stockholders. Our restated certificate of incorporation (as amended) does not provide for cumulative voting for the election of directors. Accordingly, holders of a majority of the shares of our common stock are able to elect all of our directors. Our restated certificate of incorporation (as amended) establishes a classified board of directors, to be divided into three classes with staggered three-year terms. Only one class of directors is elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms.

*No Preemptive or Similar Rights.* Our common stock is not entitled to preemptive rights and is not subject to conversion, redemption or sinking fund provisions.

*Right to Receive Liquidation Distributions.* Upon our dissolution, liquidation or winding-up, the assets legally available for distribution to our stockholders are distributable ratably among the holders of our common stock, subject to prior satisfaction of all outstanding debt and liabilities and the preferential rights and payment of liquidation preferences, if any, on any outstanding shares of preferred stock.

**Preferred Stock**

Pursuant to the provisions of our restated certificate of incorporation (as amended) our board of directors is authorized, subject to limitations prescribed by Delaware law, to issue convertible preferred

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stock in one or more series, to establish from time to time the number of shares to be included in each series and to fix the designation, vesting, powers, preferences and relative, participating, optional or other rights, if any, of the shares of each series and any of its qualifications, limitations or restrictions, in each case without further vote or action by our stockholders. The issuance of preferred stock could, among other things, have the effect of delaying, deferring or preventing a change in control of our company and might adversely affect the market price of our common stock and the voting and other rights of the holders of our common stock.

## **Anti-Takeover Provisions**

The provisions of Delaware law and our restated certificate of incorporation (as amended) and amended and restated bylaws could have the effect of delaying, deferring or discouraging another person from acquiring control of our company. These provisions, which are summarized below, may have the effect of discouraging takeover bids. They are also designed, in part, to encourage persons seeking to acquire control of us to negotiate first with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with an unfriendly or unsolicited acquirer outweigh the disadvantages of discouraging a proposal to acquire us because negotiation of these proposals could result in an improvement of their terms.

### ***Delaware Anti-Takeover Law***

We are governed by the provisions of Section 203 of the Delaware General Corporation Law regulating corporate takeovers. This section prevents some Delaware corporations from engaging, under some circumstances, in a business combination, which includes a merger or sale of at least 10% of the corporation's assets with any interested stockholder, meaning a stockholder who, together with affiliates and associates, owns or, within three years prior to the date of the transaction in which the person became an interested stockholder, did own 15% or more of the corporation's outstanding voting stock, unless:

- the transaction is approved by the board of directors prior to the time that the interested stockholder became an interested stockholder;
- upon consummation of the transaction that resulted in the stockholder's becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced; or
- at or subsequent to such time that the stockholder became an interested stockholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of stockholders by at least two-thirds of the outstanding voting stock that is not owned by the interested stockholder.

A Delaware corporation may "opt out" of these provisions with an express provision in its original certificate of incorporation or an express provision in its certificate of incorporation or bylaws resulting from a stockholders' amendment approved by at least a majority of the outstanding voting shares. We have not opted out of these provisions. As a result, mergers or other takeover or change in control attempts may be discouraged or prevented. We also anticipate that Section 203 may discourage attempts that might result in a premium over the market price for the shares of outstanding common stock.

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### ***Certificate of Incorporation and Bylaws Provisions***

Our restated certificate of incorporation (as amended) and our amended and restated bylaws include a number of provisions that may have the effect of deterring hostile takeovers or delaying or preventing changes in control of our management team, including the following:

- *Board of Directors Vacancies.* Our restated certificate of incorporation (as amended) and amended and restated bylaws authorize only our board of directors to fill vacant directorships, including newly created seats. In addition, the number of directors constituting our board of directors may be set only by a resolution adopted by a majority vote of our entire board of directors. These provisions prevent a stockholder from increasing the size of our board of directors and then gaining control of our board of directors by filling the resulting vacancies with its own nominees. This makes it more difficult to change the composition of our board of directors but promotes continuity of management.
  - *Classified Board.* Our restated certificate of incorporation (as amended) and amended and restated bylaws provide that our board of directors is classified into three classes of directors, each with staggered three-year terms. A third party may be discouraged from making a tender offer or otherwise attempting to obtain control of us as it is more difficult and time consuming for stockholders to replace a majority of the directors on a classified board of directors.
  - *Stockholder Action; Special Meetings of Stockholders.* Our restated certificate of incorporation (as amended) provides that our stockholders may not take action by written consent, but may only take action at annual or special meetings of our stockholders. As a result, a holder controlling a majority of our capital stock is unable to amend our amended and restated bylaws or remove directors without holding a meeting of our stockholders called in accordance with our amended and restated bylaws. Further, our amended and restated bylaws and restated certificate of incorporation (as amended) provide that special meetings of our stockholders may be called only by a majority of our board of directors, the chairman of our board of directors, our Chief Executive Officer or our President, thus prohibiting a stockholder from calling a special meeting. These provisions could delay the ability of our stockholders to force consideration of a proposal or for stockholders controlling a majority of our capital stock to take any action, including the removal of directors.
  - *Advance Notice Requirements for Stockholder Proposals and Director Nominations.* Our amended and restated bylaws provide advance notice procedures for stockholders seeking to bring business before our annual meeting of stockholders or to nominate candidates for election as directors at our annual meeting of stockholders. Our amended and restated bylaws also specify certain requirements regarding the form and content of a stockholder's notice. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from nominating directors at our annual meeting of stockholders if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.
  - *No Cumulative Voting.* The Delaware General Corporation Law provides that stockholders are not entitled to the right to cumulate votes in the election of directors unless a corporation's restated certificate of incorporation provides otherwise. Neither our restated certificate of incorporation (as amended) nor amended and restated bylaws provide for cumulative voting.
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- *Directors Removed Only for Cause.* Our restated certificate of incorporation (as amended) provides that stockholders may remove directors only for cause and only by the affirmative vote of the holders of at least two-thirds of our outstanding common stock.
- *Amendment of Charter Provisions.* Any amendment of the provisions in our restated certificate of incorporation (as amended) described above would require approval by holders of at least two-thirds of our outstanding common stock.
- *Issuance of Undesignated Preferred Stock.* Our board of directors has the authority, without further action by the stockholders, to issue up to 10,000,000 shares of undesignated preferred stock with rights and preferences, including voting rights, designated from time to time by our board of directors. The existence of authorized but unissued shares of preferred stock would enable our board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest or other means. Our board of directors approved the designation of 200,000 shares of Series A Preferred Stock, par value \$0.01 per share, and 600,000 shares of Series B Preferred Stock, par value \$0.01 per share. As of the date hereof, no shares of preferred stock are outstanding.

**Listing**

Our common stock is listed on the New York Stock Exchange under the symbol "LC."

**Transfer Agent and Registrar**

Our transfer agent for the common stock is American Stock Transfer & Trust Company, LLC.



**SUBSIDIARIES OF LENDINGCLUB CORPORATION**

The following are the subsidiaries of LendingClub Corporation as of December 31, 2021, omitting subsidiaries which, considered in the aggregate, would not constitute a significant subsidiary:

<b>Subsidiaries</b>	<b>Jurisdiction of Incorporation or Organization</b>
Consumer Loan Underlying Bond (CLUB) Depositor, LLC	Delaware
Consumer Loan Underlying Bond (CLUB) Certificate Issuer Trust I	Delaware
LendingClub Bank, National Association	United States

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-233190; 333-238044; and 333-252634 on Form S-3 and Nos. 333-197570; 333-200676; 333-213647; 333-217731; 333-226899; 333-232518; 333-249973; and 333-255688 on Form S-8 of our reports dated February 11, 2022, relating to the consolidated financial statements of LendingClub Corporation, and the effectiveness of LendingClub Corporation's internal control over financial reporting, appearing in this Annual Report on Form 10-K for the year ended December 31, 2021, and to the reference to us under the heading "Experts" in the Prospectus, which is part of these Registration Statements.

/s/ Deloitte & Touche LLP

San Francisco, California  
February 11, 2022

**CERTIFICATION**

I, Scott Sanborn, certify that:

1. I have reviewed this Annual Report on Form 10-K of LendingClub Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2022

/s/ SCOTT SANBORN

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Scott Sanborn

*Chief Executive Officer*

*(Principal Executive Officer)*

**CERTIFICATION**

I, Thomas W. Casey, certify that:

1. I have reviewed this Annual Report on Form 10-K of LendingClub Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an Annual Report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 11, 2022

/s/ THOMAS W. CASEY

Thomas W. Casey  
*Chief Financial Officer*

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of LendingClub Corporation (the “Company”) on Form 10-K for the year ended December 31, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned officers of the Company certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to such officer’s knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ SCOTT SANBORN

Scott Sanborn  
*Chief Executive Officer*  
*(Principal Executive Officer)*

/s/ THOMAS W. CASEY

Thomas W. Casey  
*Chief Financial Officer*

Dated: February 11, 2022