

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

**FORM 10-Q**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2022**

**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)

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

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                          |

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, a 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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 27, 2022, there were 105,088,696 shares of the registrant's common stock outstanding.

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# LENDINGCLUB CORPORATION

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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 serviced for others as well as loans held for investment and held for sale by the Company)   |
| Balance Sheet                                | Condensed 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                             | Condensed Consolidated Statements of Income   |
| 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                                       | 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. |

|                          |  |
|--------------------------|--|
| 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 Quarterly Report on Form 10-Q (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 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, including the Ukrainian-Russian conflict;
- 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;
- 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;
- our expectations on the interplay among origination volume, underwriting standards and interest rates;

## LENDINGCLUB CORPORATION

- 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, inflation 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 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 Report and our Annual Report on Form 10-K for the year ended December 31, 2021, as well as in our condensed consolidated financial statements, related notes, and other information appearing elsewhere in this 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 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 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. FINANCIAL INFORMATION

### Item 1. Financial Statements

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

|  | September 30,<br>2022 | December 31, 2021   |
|--|-----------------------|---------------------|
| <b>Assets</b>  |                       |                     |
| Cash and due from banks  | \$ 23,211             | \$ 35,670           |
| Interest-bearing deposits in banks   | 929,630               | 651,456             |
| Total cash and cash equivalents  | 952,841               | 687,126             |
| Restricted cash <sup>(1)</sup>   | 66,285                | 76,460              |
| Securities available for sale at fair value (\$415,726 and \$256,170 at amortized cost, respectively)                                  | 359,157               | 263,530             |
| Loans held for sale (includes \$90,058 and \$142,370 at fair value, respectively) <sup>(1)</sup>                                       | 90,058                | 391,248             |
| Loans and leases held for investment   | 4,806,927             | 2,899,126           |
| Allowance for loan and lease losses  | (303,201)             | (144,389)           |
| Loans and leases held for investment, net  | 4,503,726             | 2,754,737           |
| Retail and certificate loans held for investment at fair value <sup>(1)</sup>  | 87,144                | 229,719             |
| Other loans held for investment at fair value <sup>(1)</sup>   | 15,057                | 21,240              |
| Property, equipment and software, net  | 129,957               | 97,996              |
| Goodwill   | 75,717                | 75,717              |
| Other assets <sup>(1)</sup>  | 495,132               | 302,546             |
| <b>Total assets</b>  | <b>\$ 6,775,074</b>   | <b>\$ 4,900,319</b> |
| <b>Liabilities and Equity</b>  |                       |                     |
| Deposits:  |                       |                     |
| Interest-bearing   | \$ 4,868,132          | \$ 2,919,203        |
| Noninterest-bearing  | 255,374               | 216,585             |
| Total deposits   | 5,123,506             | 3,135,788           |
| Short-term borrowings  | 4,803                 | 27,780              |
| Advances from Paycheck Protection Program Liquidity Facility (PPPLF)   | 91,671                | 271,933             |
| Retail notes, certificates and secured borrowings at fair value <sup>(1)</sup>   | 87,144                | 229,719             |
| Payable on Structured Program borrowings <sup>(1)</sup>  | 11,185                | 65,451              |
| Other long-term debt   | 15,300                | 15,455              |
| Other liabilities <sup>(1)</sup>   | 320,055               | 303,951             |
| Total liabilities  | 5,653,664             | 4,050,077           |
| Equity   |                       |                     |
| Series A Preferred stock, \$0.01 par value; 1,200,000 shares authorized; 0 shares issued and outstanding                               | —                     | —                   |
| Common stock, \$0.01 par value; 180,000,000 shares authorized; 105,088,761 and 101,043,924 shares issued and outstanding, respectively | 1,051                 | 1,010               |
| Additional paid-in capital   | 1,611,627             | 1,559,616           |
| Accumulated deficit  | (451,336)             | (717,430)           |
| Treasury stock, at cost; 7,751 and 0 shares, respectively  | (98)                  | —                   |
| Accumulated other comprehensive income (loss)  | (39,834)              | 7,046               |
| Total equity   | 1,121,410             | 850,242             |
| <b>Total liabilities and equity</b>  | <b>\$ 6,775,074</b>   | <b>\$ 4,900,319</b> |

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

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

The following table presents the assets and liabilities of consolidated VIEs, which are included in the Condensed 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.

|  | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| <b>Assets of consolidated VIEs, included in total assets above</b>           |                    |                   |
| Restricted cash  | \$ 8,600           | \$ 13,462         |
| Loans held for sale at fair value  | —                  | 41,734            |
| Retail and certificate loans held for investment at fair value               | 2,940              | 10,281            |
| Other loans held for investment at fair value                                | 6,375              | 20,929            |
| Other assets   | 218                | 584               |
| <b>Total assets of consolidated VIEs</b>                                     | <b>\$ 18,133</b>   | <b>\$ 86,990</b>  |
| <b>Liabilities of consolidated VIEs, included in total liabilities above</b> |                    |                   |
| Retail notes, certificates and secured borrowings at fair value              | \$ 2,940           | \$ 10,281         |
| Payable on Structured Program borrowings                                     | 11,185             | 65,451            |
| Other liabilities  | 39                 | 467               |
| <b>Total liabilities of consolidated VIEs</b>                                | <b>\$ 14,164</b>   | <b>\$ 76,199</b>  |

*See Notes to Condensed Consolidated Financial Statements.*

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

|  | <b>Three Months Ended<br/>September 30,</b> |                  | <b>Nine Months Ended<br/>September 30,</b> |                    |
|--|---|------------------|--|--------------------|
|  | <b>2022</b>                                 | <b>2021</b>      | <b>2022</b>                                | <b>2021</b>        |
| <b>Non-interest income:</b>  |   |                  |  |                    |
| Marketplace revenue  | \$ 173,837                                  | \$ 174,556       | \$ 560,187                                 | \$ 408,018         |
| Other non-interest income  | 7,400                                       | 6,322            | 24,739                                     | 18,670             |
| <b>Total non-interest income</b>   | <b>181,237</b>                              | <b>180,878</b>   | <b>584,926</b>                             | <b>426,688</b>     |
| <b>Interest income:</b>  |   |                  |  |                    |
| Interest on loans held for sale  | 5,879                                       | 8,536            | 20,459                                     | 22,387             |
| Interest and fees on loans and leases held for investment                  | 124,028                                     | 57,644           | 324,381                                    | 112,013            |
| Interest on retail and certificate loans held for investment at fair value | 3,685                                       | 12,172           | 15,745                                     | 48,448             |
| Interest on other loans held for investment at fair value                  | 791   | 973              | 2,015                                      | 3,674              |
| Interest on securities available for sale                                  | 3,820                                       | 3,180            | 12,757                                     | 7,954              |
| Other interest income  | 5,017                                       | 355              | 7,984                                      | 701                |
| <b>Total interest income</b>   | <b>143,220</b>                              | <b>82,860</b>    | <b>383,341</b>                             | <b>195,177</b>     |
| <b>Interest expense:</b>   |   |                  |  |                    |
| Interest on deposits   | 15,184                                      | 1,899            | 24,700                                     | 4,612              |
| Interest on short-term borrowings  | 87  | 849              | 939  | 3,116              |
| Interest on retail notes, certificates and secured borrowings              | 3,685                                       | 12,172           | 15,745                                     | 48,448             |
| Interest on Structured Program borrowings                                  | 225   | 2,120            | 1,349                                      | 7,996              |
| Interest on other long-term debt   | 363   | 532              | 1,026                                      | 1,306              |
| <b>Total interest expense</b>  | <b>19,544</b>                               | <b>17,572</b>    | <b>43,759</b>                              | <b>65,478</b>      |
| <b>Net interest income</b>   | <b>123,676</b>                              | <b>65,288</b>    | <b>339,582</b>                             | <b>129,699</b>     |
| <b>Total net revenue</b>   | <b>304,913</b>                              | <b>246,166</b>   | <b>924,508</b>                             | <b>556,387</b>     |
| <b>Provision for credit losses</b>   | <b>82,739</b>                               | <b>37,524</b>    | <b>205,814</b>                             | <b>93,651</b>      |
| <b>Non-interest expense:</b>   |   |                  |  |                    |
| Compensation and benefits  | 84,916                                      | 73,304           | 251,629                                    | 209,649            |
| Marketing  | 46,031                                      | 50,782           | 162,608                                    | 105,434            |
| Equipment and software   | 12,491                                      | 10,297           | 35,998                                     | 27,471             |
| Occupancy  | 5,051                                       | 6,486            | 17,279                                     | 19,543             |
| Depreciation and amortization  | 10,681                                      | 10,549           | 32,277                                     | 33,823             |
| Professional services  | 11,943                                      | 11,750           | 40,487                                     | 34,873             |
| Other non-interest expense   | 15,106                                      | 15,607           | 46,531                                     | 42,373             |
| <b>Total non-interest expense</b>  | <b>186,219</b>                              | <b>178,775</b>   | <b>586,809</b>                             | <b>473,166</b>     |
| <b>Income (Loss) before income tax benefit (expense)</b>                   | <b>35,955</b>                               | <b>29,867</b>    | <b>131,885</b>                             | <b>(10,430)</b>    |
| Income tax benefit (expense)   | 7,243                                       | (2,682)          | 134,209                                    | (98)               |
| <b>Net income (loss)</b>   | <b>\$ 43,198</b>                            | <b>\$ 27,185</b> | <b>\$ 266,094</b>                          | <b>\$ (10,528)</b> |

**LENDINGCLUB CORPORATION**  
**Condensed Consolidated Statements of Income (Continued)**  
(In Thousands, Except Share and Per Share Amounts)  
(Unaudited)

|  | Three Months Ended<br>September 30, |             | Nine Months Ended<br>September 30, |             |
|--|-------------------------------------|-------------|------------------------------------|-------------|
|  | 2022                                | 2021        | 2022                               | 2021        |
| <b>Net income (loss)</b>                               | \$ 43,198                           | \$ 27,185   | \$ 266,094                         | \$ (10,528) |
| <b>Net income (loss) per share: <sup>(1)</sup></b>     |                                     |             |                                    |             |
| Basic EPS – common stockholders                        | \$ 0.41                             | \$ 0.27     | \$ 2.59                            | \$ (0.11)   |
| Diluted EPS – common stockholders                      | \$ 0.41                             | \$ 0.26     | \$ 2.56                            | \$ (0.11)   |
| Weighted-average common shares – Basic                 | 104,215,594                         | 99,073,507  | 102,838,645                        | 96,531,725  |
| Weighted-average common shares – Diluted               | 105,853,938                         | 106,108,662 | 104,116,240                        | 96,531,725  |
| Basic EPS – preferred stockholders                     | \$ —                                | \$ —        | \$ —                               | \$ (0.11)   |
| Diluted EPS – preferred stockholders                   | \$ —                                | \$ —        | \$ —                               | \$ (0.11)   |
| Weighted-average common shares, as converted – Basic   | —                                   | —           | —                                  | 873,217     |
| Weighted-average common shares, as converted – Diluted | —                                   | —           | —                                  | 873,217     |

<sup>(1)</sup> See “Notes to Condensed Consolidated Financial Statements – Note 3. Net Income (Loss) Per Share” for additional information.

See Notes to Condensed Consolidated Financial Statements.

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

|   | Three Months Ended<br>September 30, |                  | Nine Months Ended<br>September 30, |                   |
|---|-------------------------------------|------------------|------------------------------------|-------------------|
|   | 2022                                | 2021             | 2022                               | 2021              |
| Net income (loss)   | \$ 43,198                           | \$ 27,185        | \$ 266,094                         | \$ (10,528)       |
| Other comprehensive income (loss):                          |                                     |                  |                                    |                   |
| Net unrealized gain (loss) on securities available for sale | (24,112)                            | 1,106            | (63,929)                           | 4,496             |
| <b>Other comprehensive income (loss), before tax</b>        | (24,112)                            | 1,106            | (63,929)                           | 4,496             |
| Income tax effect <sup>(1)</sup>                            | (6,121)                             | —                | (17,049)                           | —                 |
| <b>Other comprehensive income (loss), net of tax</b>        | (17,991)                            | 1,106            | (46,880)                           | 4,496             |
| <b>Total comprehensive income (loss)</b>                    | <b>\$ 25,207</b>                    | <b>\$ 28,291</b> | <b>\$ 219,214</b>                  | <b>\$ (6,032)</b> |

<sup>(1)</sup> Income tax effect for the three and nine months ended September 30, 2022 after the release in the second quarter of 2022 of the valuation allowance against the deferred tax asset on available for sale securities.

*See Notes to Condensed Consolidated Financial Statements.*

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

|  | Preferred Stock |        | Common Stock |          | Additional<br>Paid-in<br>Capital | Treasury Stock |         | Accumulated Other<br>Comprehensive<br>Loss | Accumulated<br>Deficit | Total<br>Equity |
|--|-----------------|--------|--------------|----------|----------------------------------|----------------|---------|--|------------------------|-----------------|
|  | Shares          | Amount | Shares       | Amount   |                                  | Shares         | Amount  |  |                        |                 |
| <b>Balance at June 30, 2022</b>                                  | —               | \$ —   | 103,630,776  | \$ 1,036 | \$ 1,594,458                     | —              | \$ —    | \$ (21,843)                                | \$ (494,534)           | \$ 1,079,117    |
| Stock-based compensation   | —               | —      | —            | —        | 18,757                           | —              | —       | —  | —                      | 18,757          |
| Net issuances under equity incentive plans, net of tax           | —               | —      | 1,457,985    | 15       | (1,588)                          | 7,751          | (98)    | —  | —                      | (1,671)         |
| Net unrealized loss on securities available for sale, net of tax | —               | —      | —            | —        | —                                | —              | —       | (17,991)                                   | —                      | (17,991)        |
| Net income   | —               | —      | —            | —        | —                                | —              | —       | —  | 43,198                 | 43,198          |
| <b>Balance at September 30, 2022</b>                             | —               | \$ —   | 105,088,761  | \$ 1,051 | \$ 1,611,627                     | 7,751          | \$ (98) | \$ (39,834)                                | \$ (451,336)           | \$ 1,121,410    |

  

|  | Preferred Stock |        | Common Stock |          | Additional<br>Paid-in<br>Capital | Treasury Stock |         | Accumulated Other<br>Comprehensive<br>Income (Loss) | Accumulated<br>Deficit | Total<br>Equity |
|--|-----------------|--------|--------------|----------|----------------------------------|----------------|---------|---|------------------------|-----------------|
|  | Shares          | Amount | Shares       | Amount   |                                  | Shares         | Amount  |   |                        |                 |
| <b>Balance at December 31, 2021</b>                              | —               | \$ —   | 101,043,924  | \$ 1,010 | \$ 1,559,616                     | —              | \$ —    | \$ 7,046  | \$ (717,430)           | \$ 850,242      |
| Stock-based compensation   | —               | —      | —            | —        | 55,608                           | —              | —       | —   | —                      | 55,608          |
| Net issuances under equity incentive plans, net of tax           | —               | —      | 4,044,837    | 41       | (3,597)                          | 7,751          | (98)    | —   | —                      | (3,654)         |
| Net unrealized loss on securities available for sale, net of tax | —               | —      | —            | —        | —                                | —              | —       | (46,880)  | —                      | (46,880)        |
| Net income   | —               | —      | —            | —        | —                                | —              | —       | —   | 266,094                | 266,094         |
| <b>Balance at September 30, 2022</b>                             | —               | \$ —   | 105,088,761  | \$ 1,051 | \$ 1,611,627                     | 7,751          | \$ (98) | \$ (39,834)   | \$ (451,336)           | \$ 1,121,410    |

  

|  | Preferred Stock |        | Common Stock |        | Additional<br>Paid-in<br>Capital | Treasury Stock |         | Accumulated Other<br>Comprehensive<br>Income | Accumulated<br>Deficit | Total<br>Equity |
|--|-----------------|--------|--------------|--------|----------------------------------|----------------|---------|--|------------------------|-----------------|
|  | Shares          | Amount | Shares       | Amount |                                  | Shares         | Amount  |  |                        |                 |
| <b>Balance at June 30, 2021</b>                                  | —               | \$ —   | 98,601,148   | \$ 986 | \$ 1,530,314                     | 4,251          | \$ (92) | \$ 4,874                                     | \$ (773,723)           | \$ 762,359      |
| Stock-based compensation   | —               | —      | —            | —      | 17,971                           | —              | —       | —  | —                      | 17,971          |
| Net issuances under equity incentive plans, net of tax           | —               | —      | 1,181,044    | 12     | (3,843)                          | —              | —       | —  | —                      | (3,831)         |
| Net unrealized gain on securities available for sale, net of tax | —               | —      | —            | —      | —                                | —              | —       | 1,106  | —                      | 1,106           |
| Net income   | —               | —      | —            | —      | —                                | —              | —       | —  | 27,185                 | 27,185          |
| <b>Balance at September 30, 2021</b>                             | —               | \$ —   | 99,782,192   | \$ 998 | \$ 1,544,442                     | 4,251          | \$ (92) | \$ 5,980                                     | \$ (746,538)           | \$ 804,790      |

  

|  | Preferred Stock |        | Common Stock |        | Additional<br>Paid-in<br>Capital | Treasury Stock |         | Accumulated Other<br>Comprehensive<br>Income | Accumulated<br>Deficit | Total<br>Equity |
|--|-----------------|--------|--------------|--------|----------------------------------|----------------|---------|--|------------------------|-----------------|
|  | Shares          | Amount | Shares       | Amount |                                  | Shares         | Amount  |  |                        |                 |
| <b>Balance at December 31, 2020</b>                              | 43,000          | \$ —   | 88,149,510   | \$ 881 | \$ 1,457,816                     | —              | \$ —    | \$ 1,484                                     | \$ (736,010)           | \$ 724,171      |
| Stock-based compensation   | —               | —      | —            | —      | 52,637                           | —              | —       | —  | —                      | 52,637          |
| Net issuances under equity incentive plans, net of tax           | —               | —      | 3,571,568    | 36     | (7,392)                          | 4,251          | (92)    | —  | —                      | (7,448)         |
| Net issuances of stock related to acquisition <sup>(2)</sup>     | —               | —      | 3,761,114    | 38     | 41,424                           | —              | —       | —  | —                      | 41,462          |
| Exchange of preferred stock for common stock                     | (43,000)        | —      | 4,300,000    | 43     | (43)                             | —              | —       | —  | —                      | —               |
| Net unrealized gain on securities available for sale, net of tax | —               | —      | —            | —      | —                                | —              | —       | 4,496  | —                      | 4,496           |
| Net loss   | —               | —      | —            | —      | —                                | —              | —       | —  | (10,528)               | (10,528)        |
| <b>Balance at September 30, 2021</b>                             | —               | \$ —   | 99,782,192   | \$ 998 | \$ 1,544,442                     | 4,251          | \$ (92) | \$ 5,980                                     | \$ (746,538)           | \$ 804,790      |

**LENDINGCLUB CORPORATION**  
**Condensed Consolidated Statements of Changes in Equity (Continued)**  
(In Thousands, Except Share Data)  
(Unaudited)

|  | Preferred Stock |             | Common Stock      |               | Additional<br>Paid-in<br>Capital | Treasury Stock |             | Accumulated Other<br>Comprehensive Loss | Accumulated<br>Deficit | Total<br>Equity   |
|--|-----------------|-------------|-------------------|---------------|----------------------------------|----------------|-------------|---|------------------------|-------------------|
|  | Shares          | Amount      | Shares            | Amount        |                                  | Shares         | Amount      |   |                        |                   |
| <b>Balance at December 31, 2019</b>                              | —               | \$ —        | 88,757,406        | \$ 892        | \$ 1,467,882                     | 461,391        | \$ (19,550) | \$ (565)                                | \$ (548,472)           | \$ 900,187        |
| Stock-based compensation   | —               | —           | —                 | —             | 51,492                           | —              | —           | —                                       | —                      | 51,492            |
| Net issuances under equity incentive plans, net of tax           | —               | —           | 2,744,469         | 27            | (6,067)                          | 5,658          | (71)        | —                                       | —                      | (6,111)           |
| Issuance of preferred stock in exchange for common stock         | 149,904         | 1           | (14,990,481)      | (150)         | (50,055)                         | —              | —           | —                                       | —                      | (50,204)          |
| Retirement of treasury stock                                     | —               | —           | —                 | (4)           | (19,617)                         | (467,049)      | 19,621      | —                                       | —                      | —                 |
| Net unrealized loss on securities available for sale, net of tax | —               | —           | —                 | —             | —                                | —              | —           | (589)                                   | —                      | (589)             |
| Net loss   | —               | —           | —                 | —             | —                                | —              | —           | —                                       | (160,883)              | (160,883)         |
| <b>Balance at September 30, 2020 <sup>(3)</sup></b>              | <b>149,904</b>  | <b>\$ 1</b> | <b>76,511,394</b> | <b>\$ 765</b> | <b>\$ 1,443,635</b>              | <b>—</b>       | <b>\$ —</b> | <b>\$ (1,154)</b>                       | <b>\$ (709,355)</b>    | <b>\$ 733,892</b> |

- (1) 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.
- (2) Stock issued as part of the consideration paid related to the Acquisition.
- (3) The first nine months of 2020 is presented to reflect the full retrospective adoption of Accounting Standards Update (ASU) 2020-06. See “Note 1. Summary of Significant Accounting Policies” for additional information.

*See Notes to Condensed Consolidated Financial Statements.*

**LENDINGCLUB CORPORATION**  
**Condensed Consolidated Statements of Cash Flows**  
(In Thousands)  
(Unaudited)

|  | <b>Nine Months Ended<br/>September 30,</b> |                   |
|--|--|-------------------|
|  | <b>2022</b>                                | <b>2021</b>       |
| <b>Cash Flows from Operating Activities:</b>   |  |                   |
| Net income (loss)  | \$ 266,094                                 | \$ (10,528)       |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |  |                   |
| Net fair value adjustments   | (24,277)                                   | 6,714             |
| Provision for credit losses  | 205,814                                    | 93,651            |
| Change in fair value of loan servicing assets  | 53,928                                     | 39,584            |
| Accretion of loan deferred fees and costs <sup>(1)</sup>                                 | (63,486)                                   | (24,996)          |
| Stock-based compensation, net  | 50,210                                     | 49,321            |
| Depreciation and amortization <sup>(1)</sup>   | 32,277                                     | 33,823            |
| Gain on sales of loans   | (76,983)                                   | (49,547)          |
| Income tax benefit from release of tax valuation allowance                               | (140,315)                                  | —                 |
| Other, net <sup>(1)</sup>  | 515  | 8,631             |
| Net change to loans held for sale  | 42,991                                     | (14,756)          |
| Net change in operating assets and liabilities:  |  |                   |
| Other assets   | (11,152)                                   | (7,610)           |
| Other liabilities  | 6,602                                      | (6,000)           |
| Net cash provided by operating activities  | 342,218                                    | 118,287           |
| <b>Cash Flows from Investing Activities:</b>   |  |                   |
| Acquisition of company   | —  | (145,344)         |
| Cash received from acquisition   | —  | 668,236           |
| Net change in loans and leases   | (1,630,858)                                | (1,072,274)       |
| Net decrease in retail and certificate loans   | 148,963                                    | 362,005           |
| Purchases of securities available for sale   | (222,534)                                  | (78,914)          |
| Proceeds from sales of securities available for sale                                     | —  | 106,192           |
| Proceeds from maturities and paydowns of securities available for sale                   | 69,776                                     | 108,640           |
| Purchases of property, equipment and software, net                                       | (54,659)                                   | (24,435)          |
| Other investing activities   | (5,704)                                    | 480               |
| Net cash used for investing activities   | (1,695,016)                                | (75,414)          |
| <b>Cash Flows from Financing Activities:</b>   |  |                   |
| Net change in demand deposits and savings accounts                                       | 1,987,718                                  | 809,488           |
| Proceeds from PPPLF  | —  | 325,194           |
| Repayment on PPPLF   | (180,262)                                  | (354,211)         |
| Principal payments on retail notes and certificates                                      | (149,115)                                  | (362,160)         |
| Principal payments on Structured Program borrowings                                      | (18,613)                                   | (70,496)          |
| Principal payments on short-term borrowings  | (23,396)                                   | (69,163)          |
| Principal payments on long-term debt   | —  | (2,834)           |
| Other financing activities   | (7,994)                                    | (7,448)           |
| Net cash provided by financing activities  | 1,608,338                                  | 268,370           |
| <b>Net Increase in Cash, Cash Equivalents and Restricted Cash</b>                        | <b>\$ 255,540</b>                          | <b>\$ 311,243</b> |
| <b>Cash, Cash Equivalents and Restricted Cash, Beginning of Period</b>                   | <b>\$ 763,586</b>                          | <b>\$ 628,485</b> |
| <b>Cash, Cash Equivalents and Restricted Cash, End of Period</b>                         | <b>\$ 1,019,126</b>                        | <b>\$ 939,728</b> |

**LENDINGCLUB CORPORATION**  
**Condensed Consolidated Statements of Cash Flows (Continued)**  
(In Thousands)  
(Unaudited)

|   | Nine Months Ended<br>September 30, |            |
|---|------------------------------------|------------|
|   | 2022                               | 2021       |
| <b>Supplemental Cash Flow Information:</b>  |                                    |            |
| Cash paid for interest  | \$ 43,623                          | \$ 62,926  |
| Cash paid for income taxes  | \$ 14,003                          | \$ 3,295   |
| Cash paid for operating leases included in the measurement of lease liabilities                           | \$ 12,394                          | \$ 15,895  |
| Non-cash investing activity:  |                                    |            |
| Loans and leases held for investment transferred to loans held for sale                                   | \$ —                               | \$ 154,082 |
| Non-cash investing and financing activity:  |                                    |            |
| Net issuances of stock related to acquisition   | \$ —                               | \$ 41,462  |
| Non-cash financing activity:  |                                    |            |
| Derecognition of payable to securitization note and residual certificate holders held in consolidated VIE | \$ 36,072                          | \$ —       |

<sup>(1)</sup> Prior period amounts have been reclassified to conform to the current period presentation.

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

|  | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| Cash and cash equivalents                        | \$ 952,841         | \$ 687,126        |
| Restricted cash                                  | 66,285             | 76,460            |
| Total cash, cash equivalents and restricted cash | \$ 1,019,126       | \$ 763,586        |

*See Notes to Condensed Consolidated Financial Statements.*

**LENDINGCLUB CORPORATION**  
**Notes to Condensed Consolidated Financial Statements**  
(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)  
(Unaudited)

**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

On February 1, 2021, LendingClub Corporation (LendingClub) completed the acquisition (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 in consolidation. These condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and, in the opinion of management, contain all adjustments, including 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. Results reported in interim periods are not necessarily indicative of results for the full year or any other interim period. Certain prior period amounts in the condensed consolidated financial statements and accompanying notes have been reclassified to conform to the current period presentation.

The accompanying interim condensed consolidated financial statements and these related notes should be read in conjunction with the consolidated financial statements and related notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (Annual Report) filed on February 11, 2022.

**Significant Accounting Policies**

The Company's significant accounting policies are discussed in "Part II – Item 8. Financial Statements and Supplementary Data – Note 1. Summary of Significant Accounting Policies" in the Annual Report. There have been no changes to these significant accounting policies for the nine-month period ended September 30, 2022.

**Adoption of New Accounting Standards**

The Company did not adopt any new accounting standards during the nine-month period ended September 30, 2022, except as noted below.

In August 2020, the Financial Accounting Standards Board (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 adopted this ASU on January 1, 2022 under the full retrospective approach. As a result of the adoption, the deemed dividend recorded in the first quarter of 2020 related to the beneficial conversion feature of the convertible Series A Preferred Stock, was reclassified from Accumulated Deficit to Additional Paid-in Capital within Equity, as shown in the following table:

| <b>Nine Months Ended September 30, 2020</b>                                      | <b>Additional Paid-in<br/>Capital</b> | <b>Accumulated<br/>Deficit</b> |
|--|---------------------------------------|--------------------------------|
| Issuance of preferred stock in exchange for common stock, as originally reported | \$ 149                                | \$ (50,204)                    |
| Adoption of ASU 2020-06  | (50,204)                              | 50,204                         |
| Issuance of preferred stock in exchange for common stock, as adjusted            | \$ (50,055)                           | \$ —                           |

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**LENDINGCLUB CORPORATION****Notes to Condensed Consolidated Financial Statements**

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

In addition, since the beneficial conversion feature is no longer recorded as a deemed dividend, the allocation of net income (loss) attributable to stockholders and the related Basic and Diluted net income (loss) per share (EPS) has been adjusted, as shown in the following table:

| <b>Nine Months Ended September 30, 2020</b>                            | <b>Common Stock</b> | <b>Preferred Stock</b> |
|--|---------------------|------------------------|
| Net income (loss) attributable to stockholders, as originally reported | \$ (180,172)        | \$ 19,289              |
| Adoption of ASU 2020-06  | 42,851              | (42,851)               |
| Net loss attributable to stockholders, as adjusted                     | \$ (137,321)        | \$ (23,562)            |
| Basic and Diluted EPS, as originally reported                          | \$ (2.35)           | \$ 1.46                |
| Adoption of ASU 2020-06  | 0.56                | (3.25)                 |
| Basic and Diluted EPS, as adjusted                                     | \$ (1.79)           | \$ (1.79)              |

The adoption of this ASU did not impact the Company's financial position and cash flows in the first nine months of 2020, nor did it change net loss reported in the period.

**New Accounting Standards Not Yet Adopted**

In March 2020, the FASB issued 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 GAAP 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 are elective and may be applied prospectively upon adoption to reporting periods through December 31, 2022. The FASB has issued an exposure draft that would extend the sunset of the adoption period through December 31, 2024. The Company has not made an election to adopt this ASU and does not expect its impact would be material to the financial statements if adopted in future reporting periods.

In March 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures*, which eliminates the accounting guidance on troubled debt restructurings (TDRs) for creditors that have adopted the CECL model and amends the guidance on "vintage disclosures" to require disclosure of current period gross write-offs by year of origination. The ASU also updates the requirements related to accounting for credit losses under Accounting Standards Codification 326 and adds enhanced disclosures for creditors with respect to loan refinancings and restructurings for borrowers experiencing financial difficulty. The provisions of this standard are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with early adoption permitted. The Company is evaluating the impact of this ASU.

**2. 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.

**LENDINGCLUB CORPORATION**  
**Notes to Condensed Consolidated Financial Statements**

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

*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 periods presented:

|                            | <b>Three Months Ended<br/>September 30,</b> |             | <b>Nine Months Ended<br/>September 30,</b> |             |
|----------------------------|---|-------------|--|-------------|
|                            | <b>2022</b>                                 | <b>2021</b> | <b>2022</b>                                | <b>2021</b> |
| Origination fees           | \$ 127,142                                  | \$ 129,125  | \$ 398,487                                 | \$ 298,486  |
| Servicing fees             | 23,760                                      | 20,819      | 60,440                                     | 66,699      |
| Gain on sales of loans     | 23,554                                      | 21,907      | 76,983                                     | 49,547      |
| Net fair value adjustments | (619)                                       | 2,705       | 24,277                                     | (6,714)     |
| Total marketplace revenue  | \$ 173,837                                  | \$ 174,556  | \$ 560,187                                 | \$ 408,018  |

**LENDINGCLUB CORPORATION**  
**Notes to Condensed Consolidated Financial Statements**  
(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)  
(Unaudited)

**3. Net Income (Loss) Per Share**

The following tables detail the computation of the Company's Basic and Diluted EPS of common stock and Series A Preferred Stock:

| Three Months Ended September 30,               | 2022         |             | 2021         |                                |
|--|--------------|-------------|--------------|--------------------------------|
|  | Common Stock |             | Common Stock |                                |
| Basic EPS:                                     |              |             |              |                                |
| Net income attributable to stockholders        | \$           | 43,198      | \$           | 27,185                         |
| Weighted-average common shares – Basic         |              | 104,215,594 |              | 99,073,507                     |
| Basic EPS                                      | \$           | 0.41        | \$           | 0.27                           |
| Diluted EPS:                                   |              |             |              |                                |
| Net income attributable to stockholders        | \$           | 43,198      | \$           | 27,185                         |
| Weighted-average common shares – Diluted       |              | 105,853,938 |              | 106,108,662                    |
| Diluted EPS                                    | \$           | 0.41        | \$           | 0.26                           |
| Nine Months Ended September 30,                |              |             |              |                                |
|  | 2022         |             | 2021         |                                |
|  | Common Stock |             | Common Stock | Preferred Stock <sup>(1)</sup> |
| Basic EPS:                                     |              |             |              |                                |
| Net income (loss) attributable to stockholders | \$           | 266,094     | \$ (10,434)  | \$ (94)                        |
| Weighted-average common shares – Basic         |              | 102,838,645 | 96,531,725   | 873,217                        |
| Basic EPS                                      | \$           | 2.59        | \$ (0.11)    | \$ (0.11)                      |
| Diluted EPS:                                   |              |             |              |                                |
| Net income (loss) attributable to stockholders | \$           | 266,094     | \$ (10,434)  | \$ (94)                        |
| Weighted-average common shares – Diluted       |              | 104,116,240 | 96,531,725   | 873,217                        |
| Diluted EPS                                    | \$           | 2.56        | \$ (0.11)    | \$ (0.11)                      |

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

There were no weighted-average common shares that were excluded from the Company's Diluted EPS computation during the third quarters of 2022 and 2021 or during the first nine months of 2022. 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 during the first nine months of 2021:

|   |           |
|---|-----------|
| Restricted Stock Units (RSUs) and Performance-based RSUs (PBRsUs) | 3,076,073 |
| Preferred stock   | 873,217   |
| Stock options   | 139,868   |
| Total   | 4,089,158 |

**LENDINGCLUB CORPORATION**

**Notes to Condensed Consolidated Financial Statements**

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

**4. Securities Available for Sale**

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

|  | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|--|-------------------|------------------------------|-------------------------------|---------------|
| <b>September 30, 2022</b>                          |                   |                              |                               |               |
| U.S. agency residential mortgage-backed securities | \$ 260,286        | \$ —                         | \$ (43,576)                   | \$ 216,710    |
| U.S. agency securities                             | 90,445            | —                            | (15,060)                      | 75,385        |
| Commercial mortgage-backed securities              | 28,007            | —                            | (4,275)                       | 23,732        |
| Other asset-backed securities                      | 19,313            | 38                           | (818)                         | 18,533        |
| Asset-backed senior securities                     | 9,154             | —                            | —                             | 9,154         |
| Asset-backed subordinated securities               | 2,221             | 5,223                        | —                             | 7,444         |
| CLUB Certificate asset-backed securities           | 3,018             | 2,830                        | —                             | 5,848         |
| Municipal securities                               | 3,282             | —                            | (931)                         | 2,351         |
| Total securities available for sale <sup>(1)</sup> | \$ 415,726        | \$ 8,091                     | \$ (64,660)                   | \$ 359,157    |

|  | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|--|-------------------|------------------------------|-------------------------------|---------------|
| <b>December 31, 2021</b>                           |                   |                              |                               |               |
| 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)</sup> | \$ 256,170        | \$ 11,104                    | \$ (3,744)                    | \$ 263,530    |

<sup>(1)</sup> As of September 30, 2022 and December 31, 2021, includes \$325.9 million and \$236.8 million, respectively, of fair value securities pledged as collateral.

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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<br>12 months |                      | 12 months<br>or longer |                      | Total         |                      |
|--|------------------------|----------------------|------------------------|----------------------|---------------|----------------------|
|  | Fair<br>Value          | Unrealized<br>Losses | Fair<br>Value          | Unrealized<br>Losses | Fair<br>Value | Unrealized<br>Losses |
| <b>September 30, 2022</b>                          |                        |                      |                        |                      |               |                      |
| U.S. agency residential mortgage-backed securities | \$ 142,629             | \$ (23,204)          | \$ 74,081              | \$ (20,372)          | \$ 216,710    | \$ (43,576)          |
| U.S. agency securities                             | 61,949                 | (9,608)              | 13,436                 | (5,452)              | 75,385        | (15,060)             |
| Commercial mortgage-backed securities              | 6,388                  | (1,013)              | 17,344                 | (3,262)              | 23,732        | (4,275)              |
| Other asset-backed securities                      | 8,973                  | (156)                | 5,388                  | (662)                | 14,361        | (818)                |
| Municipal securities                               | —                      | —                    | 2,351                  | (931)                | 2,351         | (931)                |
| Total securities with unrealized losses            | \$ 219,939             | \$ (33,981)          | \$ 112,600             | \$ (30,679)          | \$ 332,539    | \$ (64,660)          |

|  | Less than<br>12 months |                      | 12 months<br>or longer |                      | Total         |                      |
|--|------------------------|----------------------|------------------------|----------------------|---------------|----------------------|
|  | Fair<br>Value          | Unrealized<br>Losses | Fair<br>Value          | Unrealized<br>Losses | Fair<br>Value | Unrealized<br>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            | \$ 190,246             | \$ (3,744)           | \$ —                   | \$ —                 | \$ 190,246    | \$ (3,744)           |

There was no activity in the allowance for AFS securities during the third quarter and first nine months of 2022. The following table presents the activity in the allowance for AFS securities, by major security type, during the third quarter and first nine months of 2021:

| <b>Credit Valuation Allowance</b> | <b>CLUB Certificate<br/>asset-backed securities</b> | <b>Asset-backed<br/>subordinated securities</b> | <b>Total</b> |
|-----------------------------------|---|---|--------------|
| Balance at June 30, 2021          | \$ (40)   | \$ (552)  | \$ (592)     |
| Reversal of credit loss expense   | 40  | 456   | 496          |
| Balance at September 30, 2021     | \$ —  | \$ (96)   | \$ (96)      |

| <b>Credit Valuation Allowance</b>                       | <b>CLUB Certificate<br/>asset-backed securities</b> | <b>Asset-backed<br/>subordinated securities</b> | <b>Total</b> |
|---|---|---|--------------|
| Balance at December 31, 2020                            | \$ (4,190)  | \$ (14,546)                                     | \$ (18,736)  |
| Reversal of credit loss expense                         | 236   | 3,052   | 3,288        |
| Reversal of allowance arising from PCD financial assets | 3,954   | 11,398  | 15,352       |
| Balance at September 30, 2021                           | \$ —  | \$ (96)   | \$ (96)      |

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The contractual maturities of AFS securities were as follows:

| <b>September 30, 2022</b>  | <b>Amortized Cost</b> | <b>Fair Value</b> | <b>Weighted-average Yield<sup>(1)</sup></b> |
|--|-----------------------|-------------------|---|
| <b>Due after 1 year through 5 years:</b>                           |                       |                   |   |
| U.S. agency securities   | 9,000                 | 8,640             |   |
| Commercial mortgage-backed securities                              | 1,042                 | 919               |   |
| Total due after 1 year through 5 years                             | 10,042                | 9,559             | 3.33 %                                      |
| <b>Due after 5 years through 10 years:</b>                         |                       |                   |   |
| U.S. agency residential mortgage-backed securities                 | 6,604                 | 6,093             |   |
| U.S. agency securities   | 12,847                | 11,287            |   |
| Commercial mortgage-backed securities                              | 2,871                 | 2,367             |   |
| Other asset-backed securities                                      | 649                   | 656               |   |
| Municipal securities   | 625                   | 516               |   |
| Total due after 5 years through 10 years                           | 23,596                | 20,919            | 2.63 %                                      |
| <b>Due after 10 years:</b>   |                       |                   |   |
| U.S. agency residential mortgage-backed securities                 | 253,682               | 210,617           |   |
| U.S. agency securities   | 68,598                | 55,458            |   |
| Commercial mortgage-backed securities                              | 24,094                | 20,446            |   |
| Other asset-backed securities                                      | 18,664                | 17,877            |   |
| Municipal securities   | 2,657                 | 1,835             |   |
| Total due after 10 years   | 367,695               | 306,233           | 2.44 %                                      |
| Asset-backed securities related to Structured Program transactions | 14,393                | 22,446            | 56.16 %                                     |
| Total securities available for sale                                | \$ 415,726            | \$ 359,157        | 4.33 %                                      |

<sup>(1)</sup> The weighted-average yield is computed using the amortized cost at September 30, 2022.

There were no sales of AFS securities during the third quarters of 2022 and 2021 or the first nine months of 2022. Proceeds and gross realized gains and losses from sales of AFS securities during the first nine months of 2021 were as follows:

|                       |            |
|-----------------------|------------|
| Proceeds              | \$ 106,192 |
| Gross realized gains  | \$ 708     |
| Gross realized losses | \$ (952)   |

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

LendingClub records certain loans and leases held for investment (HFI) at amortized cost, whereas loans initially classified as held for sale (HFS) are recorded at fair value. 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 \$27.0 million and \$15.6 million as of September 30, 2022 and December 31, 2021, respectively.

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

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

|  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| Unsecured personal                                       | \$ 3,642,254              | \$ 1,804,578             |
| Residential mortgages                                    | 197,776                   | 151,362                  |
| Secured consumer   | 180,768                   | 65,976                   |
| Total consumer loans held for investment                 | 4,020,798                 | 2,021,916                |
| Equipment finance <sup>(1)</sup>                         | 167,447                   | 149,155                  |
| Commercial real estate                                   | 372,406                   | 310,399                  |
| Commercial and industrial <sup>(2)</sup>                 | 246,276                   | 417,656                  |
| Total commercial loans and leases held for investment    | 786,129                   | 877,210                  |
| Total loans and leases held for investment               | 4,806,927                 | 2,899,126                |
| Allowance for loan and lease losses                      | (303,201)                 | (144,389)                |
| Loans and leases held for investment, net <sup>(3)</sup> | \$ 4,503,726              | \$ 2,754,737             |

<sup>(1)</sup> Comprised of sales-type leases for equipment. See “Note 16. Leases” for additional information.

<sup>(2)</sup> Includes \$89.4 million and \$268.3 million of pledged loans under the Paycheck Protection Program (PPP) as of September 30, 2022 and December 31, 2021, respectively.

<sup>(3)</sup> As of September 30, 2022 and December 31, 2021, the Company had \$278.4 million and \$149.2 million in loans pledged as collateral under the Federal Reserve Bank (FRB) Discount Window, respectively.

| <b>September 30, 2022</b>  | <b>Gross</b> | <b>ALLL</b> | <b>Net</b>   | <b>Allowance Ratios <sup>(1)</sup></b> |
|--|--------------|-------------|--------------|--|
| Total consumer loans held for investment                             | \$ 4,020,798 | \$ 288,138  | \$ 3,732,660 | 7.2 %                                  |
| Total commercial loans and leases held for investment <sup>(2)</sup> | 786,129      | 15,063      | 771,066      | 1.9 %                                  |
| Total loans and leases held for investment <sup>(2)</sup>            | \$ 4,806,927 | \$ 303,201  | \$ 4,503,726 | 6.3 %                                  |

| <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> As of September 30, 2022, excluding the \$89.4 million of PPP loans, the ALLL represented 2.2% of commercial loans and leases HFI and 6.4% of total loans and leases HFI. As of December 31, 2021, excluding \$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>Three Months Ended September 30,</b> |                   |              |                 |                   |              |
|--|---|-------------------|--------------|-----------------|-------------------|--------------|
|  | <b>2022</b>                             |                   |              | <b>2021</b>     |                   |              |
|  | <b>Consumer</b>                         | <b>Commercial</b> | <b>Total</b> | <b>Consumer</b> | <b>Commercial</b> | <b>Total</b> |
| Allowance for loan and lease losses, beginning of period               | \$ 228,184                              | \$ 15,076         | \$ 243,260   | \$ 54,058       | \$ 17,023         | \$ 71,081    |
| Credit loss expense for loans and leases held for investment           | 81,935                                  | 664               | 82,599       | 37,695          | (562)             | 37,133       |
| Charge-offs <sup>(1)</sup>   | (22,944)                                | (784)             | (23,728)     | (3,142)         | (1,194)           | (4,336)      |
| Recoveries   | 963                                     | 107               | 1,070        | 20              | 838               | 858          |
| Allowance for loan and lease losses, end of period                     | \$ 288,138                              | \$ 15,063         | \$ 303,201   | \$ 88,631       | \$ 16,105         | \$ 104,736   |
| Reserve for unfunded lending commitments, beginning of period          | \$ 136                                  | \$ 1,889          | \$ 2,025     | \$ —            | \$ 390            | \$ 390       |
| Credit loss expense for unfunded lending commitments                   | (78)                                    | 218               | 140          | 50              | 837               | 887          |
| Reserve for unfunded lending commitments, end of period <sup>(2)</sup> | \$ 58                                   | \$ 2,107          | \$ 2,165     | \$ 50           | \$ 1,227          | \$ 1,277     |

  

|   | <b>Nine Months Ended September 30,</b> |                   |              |                 |                   |              |
|---|--|-------------------|--------------|-----------------|-------------------|--------------|
|   | <b>2022</b>                            |                   |              | <b>2021</b>     |                   |              |
|   | <b>Consumer</b>                        | <b>Commercial</b> | <b>Total</b> | <b>Consumer</b> | <b>Commercial</b> | <b>Total</b> |
| Allowance for loan and lease losses, beginning of period                    | \$ 128,812                             | \$ 15,577         | \$ 144,389   | \$ —            | \$ —              | \$ —         |
| Credit loss expense for loans and leases held for investment <sup>(3)</sup> | 203,967                                | 913               | 204,880      | 91,194          | 4,468             | 95,662       |
| Initial allowance for PCD loans acquired during the period <sup>(4)</sup>   | —                                      | —                 | —            | 603             | 11,837            | 12,440       |
| Charge-offs <sup>(1)</sup>  | (46,668)                               | (2,001)           | (48,669)     | (3,232)         | (1,350)           | (4,582)      |
| Recoveries  | 2,027                                  | 574               | 2,601        | 66              | 1,150             | 1,216        |
| Allowance for loan and lease losses, end of period                          | \$ 288,138                             | \$ 15,063         | \$ 303,201   | \$ 88,631       | \$ 16,105         | \$ 104,736   |
| Reserve for unfunded lending commitments, beginning of period               | \$ —                                   | \$ 1,231          | \$ 1,231     | \$ —            | \$ —              | \$ —         |
| Credit loss expense for unfunded lending commitments                        | 58                                     | 876               | 934          | 50              | 1,227             | 1,277        |
| Reserve for unfunded lending commitments, end of period <sup>(2)</sup>      | \$ 58                                  | \$ 2,107          | \$ 2,165     | \$ 50           | \$ 1,227          | \$ 1,277     |

<sup>(1)</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>(2)</sup> Relates to \$144.0 million and \$115.5 million of unfunded commitments as of September 30, 2022 and 2021, respectively.

<sup>(3)</sup> Includes \$6.9 million of credit loss expense for Radius loans at Acquisition for the first quarter of 2021.

<sup>(4)</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 the first quarter of 2021. 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

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policy, an ACL of \$18.0 million included as part of the grossed-up loan balance at Acquisition was immediately written-off during the first quarter of 2021. The net impact to the allowance for PCD assets on the acquisition date was \$12.4 million for the first quarter of 2021.

***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 tables present the classes of financing receivables within the consumer portfolio segment by credit quality indicator based on delinquency status and origination year:

| September 30, 2022                       | Term Loans and Leases by Origination Year |              |           |           |          |           |              |  |
|--|---|--------------|-----------|-----------|----------|-----------|--------------|--|
|  | 2022                                      | 2021         | 2020      | 2019      | 2018     | Prior     | Total        |  |
| Unsecured personal                       |   |              |           |           |          |           |              |  |
| Current                                  | \$ 2,458,166                              | \$ 1,146,225 | \$ —      | \$ —      | \$ —     | \$ —      | \$ 3,604,391 |  |
| 30-59 days past due                      | 5,758                                     | 9,041        | —         | —         | —        | —         | 14,799       |  |
| 60-89 days past due                      | 4,038                                     | 8,425        | —         | —         | —        | —         | 12,463       |  |
| 90 or more days past due                 | 2,520                                     | 8,081        | —         | —         | —        | —         | 10,601       |  |
| Total unsecured personal                 | 2,470,482                                 | 1,171,772    | —         | —         | —        | —         | 3,642,254    |  |
| Residential mortgages                    |   |              |           |           |          |           |              |  |
| Current                                  | 43,130                                    | 59,682       | 33,680    | 21,835    | 4,573    | 34,539    | 197,439      |  |
| 30-59 days past due                      | —   | —            | —         | —         | —        | —         | —            |  |
| 60-89 days past due                      | —   | —            | —         | —         | —        | —         | —            |  |
| 90 or more days past due                 | —   | —            | —         | —         | 4        | 333       | 337          |  |
| Total residential mortgages              | 43,130                                    | 59,682       | 33,680    | 21,835    | 4,577    | 34,872    | 197,776      |  |
| Secured consumer                         |   |              |           |           |          |           |              |  |
| Current                                  | 133,644                                   | 42,910       | —         | 2,563     | —        | —         | 179,117      |  |
| 30-59 days past due                      | 596                                       | 389          | —         | —         | —        | —         | 985          |  |
| 60-89 days past due                      | 270                                       | 234          | —         | —         | —        | —         | 504          |  |
| 90 or more days past due                 | 67  | 95           | —         | —         | —        | —         | 162          |  |
| Total secured consumer                   | 134,577                                   | 43,628       | —         | 2,563     | —        | —         | 180,768      |  |
| Total consumer loans held for investment | \$ 2,648,189                              | \$ 1,275,082 | \$ 33,680 | \$ 24,398 | \$ 4,577 | \$ 34,872 | \$ 4,020,798 |  |

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| December 31, 2021                        |              | Term Loans and Leases by Origination Year |           |          |          |           |      |                            |      |              |  |
|--|--------------|---|-----------|----------|----------|-----------|------|----------------------------|------|--------------|--|
|  | 2021         | 2020                                      | 2019      | 2018     | 2017     | Prior     |      | Within<br>Revolving Period |      | Total        |  |
| Unsecured personal                       |              |   |           |          |          |           |      |                            |      |              |  |
| 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    |  |
| Residential mortgages                    |              |   |           |          |          |           |      |                            |      |              |  |
| 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      |  |
| Secured consumer                         |              |   |           |          |          |           |      |                            |      |              |  |
| 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       |  |
| Total consumer loans held for investment |              |   |           |          |          |           |      |                            |      |              |  |
|  | \$ 1,904,265 | \$ 37,620                                 | \$ 26,798 | \$ 9,906 | \$ 3,407 | \$ 38,645 | \$   | 1,275                      | \$   | 2,021,916    |  |

### 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.

*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.

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

| September 30, 2022                                    |      |         |      |         |      |         |      |        |      |        |       |        |    |         |
|---|------|---------|------|---------|------|---------|------|--------|------|--------|-------|--------|----|---------|
| Term Loans and Leases by Origination Year             |      |         |      |         |      |         |      |        |      |        |       |        |    |         |
|   | 2022 |         | 2021 |         | 2020 |         | 2019 |        | 2018 |        | Prior | Total  |    |         |
| Equipment finance                                     |      |         |      |         |      |         |      |        |      |        |       |        |    |         |
| Pass  | \$   | 55,947  | \$   | 42,853  | \$   | 28,066  | \$   | 20,145 | \$   | 12,751 | \$    | 3,704  | \$ | 163,466 |
| Special mention                                       |      | —       |      | 2,198   |      | —       |      | 1,603  |      | —      |       | —      |    | 3,801   |
| Substandard   |      | —       |      | —       |      | —       |      | —      |      | 180    |       | —      |    | 180     |
| Doubtful  |      | —       |      | —       |      | —       |      | —      |      | —      |       | —      |    | —       |
| Loss  |      | —       |      | —       |      | —       |      | —      |      | —      |       | —      |    | —       |
| Total equipment finance                               |      | 55,947  |      | 45,051  |      | 28,066  |      | 21,748 |      | 12,931 |       | 3,704  |    | 167,447 |
| Commercial real estate                                |      |         |      |         |      |         |      |        |      |        |       |        |    |         |
| Pass  |      | 84,608  |      | 56,575  |      | 50,985  |      | 52,967 |      | 38,941 |       | 63,589 |    | 347,665 |
| Special mention                                       |      | —       |      | —       |      | 8,415   |      | 262    |      | 1,242  |       | 842    |    | 10,761  |
| Substandard   |      | —       |      | —       |      | —       |      | 658    |      | 2,403  |       | 10,364 |    | 13,425  |
| Doubtful  |      | —       |      | —       |      | —       |      | —      |      | —      |       | —      |    | —       |
| Loss  |      | —       |      | —       |      | —       |      | —      |      | —      |       | 555    |    | 555     |
| Total commercial real estate                          |      | 84,608  |      | 56,575  |      | 59,400  |      | 53,887 |      | 42,586 |       | 75,350 |    | 372,406 |
| Commercial and industrial                             |      |         |      |         |      |         |      |        |      |        |       |        |    |         |
| Pass  |      | 37,626  |      | 126,661 |      | 26,382  |      | 15,190 |      | 4,702  |       | 12,710 |    | 223,271 |
| Special mention                                       |      | —       |      | 176     |      | 1,962   |      | 1,852  |      | 166    |       | 473    |    | 4,629   |
| Substandard   |      | —       |      | 4,746   |      | 4,678   |      | 3,812  |      | 1,668  |       | 1,839  |    | 16,743  |
| Doubtful  |      | —       |      | —       |      | 111     |      | —      |      | —      |       | 287    |    | 398     |
| Loss  |      | —       |      | —       |      | —       |      | —      |      | 6      |       | 1,229  |    | 1,235   |
| Total commercial and industrial <sup>(1)</sup>        |      | 37,626  |      | 131,583 |      | 33,133  |      | 20,854 |      | 6,542  |       | 16,538 |    | 246,276 |
| Total commercial loans and leases held for investment | \$   | 178,181 | \$   | 233,209 | \$   | 120,599 | \$   | 96,489 | \$   | 62,059 | \$    | 95,592 | \$ | 786,129 |

<sup>(1)</sup> Includes \$89.4 million of PPP loans.

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| December 31, 2021  | Term Loans and Leases by Origination Year |            |            |           |           |           |                            |            |  |
|--|---|------------|------------|-----------|-----------|-----------|----------------------------|------------|--|
|  | 2021                                      | 2020       | 2019       | 2018      | 2017      | Prior     | Within<br>Revolving Period | Total      |  |
| Equipment finance  |   |            |            |           |           |           |                            |            |  |
| 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    |  |
| Commercial real estate                                   |   |            |            |           |           |           |                            |            |  |
| 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    |  |
| Commercial and industrial                                |   |            |            |           |           |           |                            |            |  |
| 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    |  |
| Total commercial loans and<br>leases held for investment | \$ 350,952                                | \$ 208,693 | \$ 110,640 | \$ 70,150 | \$ 47,320 | \$ 88,769 | \$ 686                     | \$ 877,210 |  |

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

The following tables present an analysis of the past due loans and leases HFI within the commercial portfolio segment:

| <b>September 30, 2022</b>                             | <b>30-59<br/>Days</b> | <b>60-89<br/>Days</b> | <b>90 or More<br/>Days</b> | <b>Total</b> |
|---|-----------------------|-----------------------|----------------------------|--------------|
| Equipment finance                                     | \$ —                  | \$ —                  | \$ —                       | \$ —         |
| Commercial real estate                                | —                     | 101                   | 452                        | 553          |
| Commercial and industrial <sup>(1)</sup>              | —                     | —                     | 1,650                      | 1,650        |
| Total commercial loans and leases held for investment | \$ —                  | \$ 101                | \$ 2,102                   | \$ 2,203     |

  

| <b>December 31, 2021</b>                              | <b>30-59<br/>Days</b> | <b>60-89<br/>Days</b> | <b>90 or More<br/>Days</b> | <b>Total</b> |
|---|-----------------------|-----------------------|----------------------------|--------------|
| 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 tables.

***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

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believes that the probability of collection does not warrant further accrual, and are charged-off no later than 120 days past due.

The following table presents nonaccrual loans and leases:

|  | September 30, 2022        |   | December 31, 2021         |   |
|--|---------------------------|---|---------------------------|---|
|  | Nonaccrual <sup>(1)</sup> | Nonaccrual with no related ACL <sup>(2)</sup> | Nonaccrual <sup>(1)</sup> | Nonaccrual with no related ACL <sup>(2)</sup> |
| Unsecured personal   | \$ 10,601                 | \$ —  | \$ 1,676                  | \$ —  |
| Residential mortgages  | 337                       | 337   | 1,373                     | 1,373   |
| Secured consumer   | 162                       | —   | 3,011                     | 3,011   |
| Total nonaccrual consumer loans held for investment              | 11,100                    | 337   | 6,060                     | 4,384   |
| Equipment finance  | 180                       | —   | 603                       | —   |
| Commercial real estate   | 1,013                     | 1,013   | 989                       | 989   |
| Commercial and industrial  | 12,214                    | 1,338   | 2,333                     | 1,061   |
| Total nonaccrual commercial loans and leases held for investment | 13,407                    | 2,351   | 3,925                     | 2,050   |
| Total nonaccrual loans and leases held for investment            | \$ 24,507                 | \$ 2,688                                      | \$ 9,985                  | \$ 6,434                                      |

<sup>(1)</sup> Excluding PPP loans, there were no loans and leases that were 90 days or more past due and accruing as of both September 30, 2022 and December 31, 2021.

<sup>(2)</sup> Subset of total nonaccrual loans and leases.

|  | September 30, 2022 |                                  | December 31, 2021 |                                  |
|--|--------------------|----------------------------------|-------------------|----------------------------------|
|  | Nonaccrual         | Nonaccrual Ratios <sup>(1)</sup> | Nonaccrual        | Nonaccrual Ratios <sup>(1)</sup> |
| Total nonaccrual consumer loans held for investment                  | \$ 11,100          | 0.28 %                           | \$ 6,060          | 0.30 %                           |
| Total nonaccrual commercial loans and leases held for investment     | 13,407             | 1.71 %                           | 3,925             | 0.45 %                           |
| Total nonaccrual loans and leases held for investment <sup>(2)</sup> | \$ 24,507          | 0.51 %                           | \$ 9,985          | 0.34 %                           |

<sup>(1)</sup> Calculated as the ratio of nonaccruing loans and leases to loans and leases HFI.

<sup>(2)</sup> Nonaccruing loans and leases represented 0.52% and 0.38% of total loans and leases HFI, excluding PPP loans, as of September 30, 2022 and December 31, 2021, respectively.

***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 ACLs are recorded as additions to or reversals of credit losses on the Condensed Consolidated Statements of Income (Income Statement).

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There were no acquired PCD loans during the third quarter and first nine months of 2022 or the third quarter of 2021. Acquired PCD loans during the first nine months of 2021 were as follows:

|   |    |         |
|---|----|---------|
| Purchase price                                      | \$ | 337,118 |
| Allowance for expected 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 the first quarter of 2021. 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 during the first quarter of 2021. The net impact to the allowance for PCD assets on the acquisition date was \$12.4 million for the first quarter of 2021.

**6. Securitizations and Variable Interest Entities**

***VIE Assets and Liabilities***

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

| September 30, 2022  | Consolidated VIEs |        | Unconsolidated VIEs |        | Total     |
|---|-------------------|--------|---------------------|--------|-----------|
| Assets  |                   |        |                     |        |           |
| Restricted cash   | \$                | 8,600  | \$                  | —      | \$ 8,600  |
| Securities available for sale at fair value                     |                   | —      |                     | 22,445 | 22,445    |
| Retail and certificate loans held for investment at fair value  |                   | 2,940  |                     | —      | 2,940     |
| Other loans held for investment at fair value                   |                   | 6,375  |                     | —      | 6,375     |
| Other assets  |                   | 218    |                     | 11,351 | 11,569    |
| Total assets  | \$                | 18,133 | \$                  | 33,796 | \$ 51,929 |
| Liabilities   |                   |        |                     |        |           |
| Retail notes, certificates and secured borrowings at fair value | \$                | 2,940  | \$                  | —      | \$ 2,940  |
| Payable on Structured Program borrowings                        |                   | 11,185 |                     | —      | 11,185    |
| Other liabilities   |                   | 39     |                     | —      | 39        |
| Total liabilities   |                   | 14,164 |                     | —      | 14,164    |
| Total net assets  | \$                | 3,969  | \$                  | 33,796 | \$ 37,765 |

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| <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>\$ 86,990</b>         | <b>\$ 75,333</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>\$ 10,791</b>         | <b>\$ 75,333</b>           | <b>\$ 86,124</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:

| <b>September 30, 2022</b> | <b>Total VIE Assets</b> | <b>Securities Available<br/>for Sale</b> | <b>Other Assets</b> | <b>Net Assets</b> |
|---------------------------|-------------------------|--|---------------------|-------------------|
| Carrying value            | \$ 625,017              | \$ 22,445                                | \$ 11,351           | \$ 33,796         |
| Total exposure            | N/A                     | \$ 22,445                                | \$ 11,351           | \$ 33,796         |

  

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

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 financial statements:

|  | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|--|-------------------------------------|----------|------------------------------------|-----------|
|  | 2022                                | 2021     | 2022                               | 2021      |
| Principal derecognized from loans securitized or sold  | \$ —                                | \$ —     | \$ 41,023                          | \$ —      |
| Net gains recognized from loans securitized or sold  | \$ —                                | \$ —     | \$ 259                             | \$ —      |
| Fair value of asset-backed senior and subordinated securities, and CLUB Certificate asset-backed securities retained upon settlement | \$ —                                | \$ —     | \$ 2,180                           | \$ —      |
| Cash proceeds from servicing and other administrative fees on loans securitized or sold  | \$ 1,782                            | \$ 5,152 | \$ 7,294                           | \$ 19,600 |
| Proceeds from sale of securities by consolidated VIE   | \$ —                                | \$ —     | \$ 5,320                           | \$ —      |
| Cash proceeds for interest received on senior securities and subordinated securities   | \$ 1,294                            | \$ 975   | \$ 6,373                           | \$ 6,586  |

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 September 30, 2022, the aggregate unpaid principal balance of the off-balance sheet loans related to Structured Program transactions was \$574.7 million, of which \$16.9 million was attributable to off-balance sheet loans that were 31 days or more past due. 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. 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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**7. Fair Value of Assets and Liabilities**

For a description of the fair value hierarchy and the Company's fair value methodologies, see "*Part II – Item 8. Financial Statements and Supplementary Data – Note 1. Summary of Significant Accounting Policies*" in the Annual Report. The Company records certain assets and liabilities at fair value as listed in the following tables.

***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:

| September 30, 2022   | Level 1 Inputs |   | Level 2 Inputs |         | Level 3 Inputs |         | Balance at Fair Value |
|--|----------------|---|----------------|---------|----------------|---------|-----------------------|
| <b>Assets:</b>   |                |   |                |         |                |         |                       |
| Loans held for sale at fair value                              | \$             | — | \$             | —       | \$             | 90,058  | \$ 90,058             |
| Retail and certificate loans held for investment at fair value |                | — |                | —       |                | 87,144  | 87,144                |
| Other loans held for investment at fair value                  |                | — |                | —       |                | 15,057  | 15,057                |
| Securities available for sale:                                 |                |   |                |         |                |         |                       |
| U.S. agency residential mortgage-backed securities             |                | — |                | 216,710 |                | —       | 216,710               |
| U.S. agency securities   |                | — |                | 75,385  |                | —       | 75,385                |
| Commercial mortgage-backed securities                          |                | — |                | 23,732  |                | —       | 23,732                |
| Asset-backed senior securities and subordinated securities     |                | — |                | 9,154   |                | 7,444   | 16,598                |
| Other asset-backed securities                                  |                | — |                | 18,533  |                | —       | 18,533                |
| CLUB Certificate asset-backed securities                       |                | — |                | —       |                | 5,848   | 5,848                 |
| Municipal securities   |                | — |                | 2,351   |                | —       | 2,351                 |
| Total securities available for sale                            |                | — |                | 345,865 |                | 13,292  | 359,157               |
| Servicing assets   |                | — |                | —       |                | 86,518  | 86,518                |
| Other assets   |                | — |                | —       |                | 5,437   | 5,437                 |
| <b>Total assets</b>  | \$             | — | \$             | 345,865 | \$             | 297,506 | \$ 643,371            |
| <b>Liabilities:</b>  |                |   |                |         |                |         |                       |
| Retail notes, certificates and secured borrowings              | \$             | — | \$             | —       | \$             | 87,144  | \$ 87,144             |
| Payable on Structured Program borrowings                       |                | — |                | —       |                | 11,185  | 11,185                |
| Other liabilities  |                | — |                | —       |                | 11,042  | 11,042                |
| <b>Total liabilities</b>                                       | \$             | — | \$             | —       | \$             | 109,371 | \$ 109,371            |

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| 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 mortgaged-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>  | \$             | — | \$             | 236,295 | \$             | 494,414 | \$                    | 730,709 |
|  |                |   |                |         |                |         |                       |         |
| <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>                                       | \$             | — | \$             | —       | \$             | 308,081 | \$                    | 308,081 |

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 discounted cash flow (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. The Company did not transfer any assets or liabilities in or out of Level 3 during the third quarters and first nine months of 2022 or 2021.

# LENDINGCLUB CORPORATION

## Notes to Condensed Consolidated Financial Statements

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### Loans Held for Sale at Fair Value

As of both September 30, 2022 and 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.

### Fair Value Reconciliation

The following tables present additional information about Level 3 loans HFS on a recurring basis:

|   | Outstanding Principal Balance | Valuation Adjustment | Fair Value  |
|---|-------------------------------|----------------------|-------------|
| <b>Balance at June 30, 2022</b>           | \$ 62,761                     | \$ 50                | \$ 62,811   |
| Originations and purchases                | 2,298,086                     | —                    | 2,298,086   |
| Sales                                     | (2,264,859)                   | (188)                | (2,265,047) |
| Principal payments and retirements        | (4,592)                       | —                    | (4,592)     |
| Charge-offs, net of recoveries            | (17)                          | 17                   | —           |
| Change in fair value recorded in earnings | —                             | (1,200)              | (1,200)     |
| <b>Balance at September 30, 2022</b>      | \$ 91,379                     | \$ (1,321)           | \$ 90,058   |

  

|   | Outstanding Principal Balance | Valuation Adjustment | Fair Value  |
|---|-------------------------------|----------------------|-------------|
| <b>Balance at December 31, 2021</b>       | \$ 147,193                    | \$ (4,823)           | \$ 142,370  |
| Originations and purchases                | 7,297,510                     | —                    | 7,297,510   |
| Transfers to loans held for investment    | (11,888)                      | —                    | (11,888)    |
| Sales                                     | (7,315,612)                   | (18,979)             | (7,334,591) |
| Principal payments and retirements        | (24,990)                      | —                    | (24,990)    |
| Charge-offs, net of recoveries            | (834)                         | (628)                | (1,462)     |
| Change in fair value recorded in earnings | —                             | 23,109               | 23,109      |
| <b>Balance at September 30, 2022</b>      | \$ 91,379                     | \$ (1,321)           | \$ 90,058   |

  

|   | Outstanding Principal Balance | Valuation Adjustment | Fair Value  |
|---|-------------------------------|----------------------|-------------|
| <b>Balance at June 30, 2021</b>           | \$ 186,988                    | \$ (6,927)           | \$ 180,061  |
| Originations and purchases                | 2,339,869                     | —                    | 2,339,869   |
| Sales                                     | (2,342,158)                   | (85)                 | (2,342,243) |
| Principal payments and retirements        | (27,211)                      | —                    | (27,211)    |
| Charge-offs, net of recoveries            | (1,138)                       | (209)                | (1,347)     |
| Change in fair value recorded in earnings | —                             | 3,031                | 3,031       |
| <b>Balance at September 30, 2021</b>      | \$ 156,350                    | \$ (4,190)           | \$ 152,160  |

  

|   | Outstanding Principal Balance | Valuation Adjustment | Fair Value  |
|---|-------------------------------|----------------------|-------------|
| <b>Balance at December 31, 2020</b>       | \$ 132,600                    | \$ (10,698)          | \$ 121,902  |
| Originations and purchases                | 5,320,264                     | (1,629)              | 5,318,635   |
| Sales                                     | (5,210,803)                   | 10,568               | (5,200,235) |
| Principal payments and retirements        | (78,946)                      | —                    | (78,946)    |
| Charge-offs, net of recoveries            | (6,765)                       | 3,711                | (3,054)     |
| Change in fair value recorded in earnings | —                             | (6,142)              | (6,142)     |
| <b>Balance at September 30, 2021</b>      | \$ 156,350                    | \$ (4,190)           | \$ 152,160  |

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***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 September 30, 2022 and December 31, 2021, 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.

***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:

|  | September 30, 2022 |         |                  | December 31, 2021 |         |                  |
|--|--------------------|---------|------------------|-------------------|---------|------------------|
|  | Minimum            | Maximum | Weighted-Average | Minimum           | Maximum | Weighted-Average |
| Discount rates   | 7.5 %              | 16.4 %  | 10.0 %           | 7.5 %             | 16.4 %  | 10.0 %           |
| Net cumulative expected loss rates <sup>(1)</sup>  | 1.0 %              | 29.8 %  | 12.7 %           | 2.4 %             | 26.4 %  | 10.2 %           |
| Cumulative expected prepayment rates <sup>(1)</sup>  | 30.6 %             | 47.0 %  | 39.1 %           | 32.1 %            | 45.9 %  | 38.4 %           |
| 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:

|   | September 30, 2022 | December 31, 2021 |
|---|--------------------|-------------------|
| <b>Weighted-average market servicing rate assumptions</b> | 0.62 %             | 0.62 %            |
| Change in fair value from:                                |                    |                   |
| Servicing rate increase by 0.10%                          | \$ (11,563)        | \$ (9,495)        |
| Servicing rate decrease by 0.10%                          | \$ 11,563          | \$ 9,495          |

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

|                                       | September 30,<br>2022 | December 31, 2021 |
|---------------------------------------|-----------------------|-------------------|
| <b>Fair value of Servicing Assets</b> | \$ 86,518             | \$ 67,726         |
| Discount rates                        |                       |                   |
| 100 basis point increase              | \$ (745)              | \$ (558)          |
| 200 basis point increase              | \$ (1,489)            | \$ (1,115)        |
| Expected loss rates                   |                       |                   |
| 10% adverse change                    | \$ (837)              | \$ (693)          |
| 20% adverse change                    | \$ (1,673)            | \$ (1,386)        |
| Expected prepayment rates             |                       |                   |
| 10% adverse change                    | \$ (2,178)            | \$ (2,401)        |
| 20% adverse change                    | \$ (4,356)            | \$ (4,802)        |

Fair Value Reconciliation

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

|   | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|---|-------------------------------------|-----------|------------------------------------|-----------|
|   | 2022                                | 2021      | 2022                               | 2021      |
| <b>Fair value at beginning of period</b>              | \$ 79,427                           | \$ 58,728 | \$ 67,726                          | \$ 56,347 |
| Issuances <sup>(1)</sup>                              | 22,319                              | 21,071    | 73,774                             | 46,274    |
| Change in fair value, included in Marketplace revenue | (14,689)                            | (14,984)  | (52,702)                           | (39,584)  |
| Other net changes included in Deferred revenue        | (539)                               | (1,242)   | (2,280)                            | 536       |
| <b>Fair value at end of period</b>                    | \$ 86,518                           | \$ 63,573 | \$ 86,518                          | \$ 63,573 |

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

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**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:

| <b>September 30, 2022</b>                 | <b>Carrying Amount</b> | <b>Level 1 Inputs</b> | <b>Level 2 Inputs</b> | <b>Level 3 Inputs</b> | <b>Balance at Fair Value</b> |
|---|------------------------|-----------------------|-----------------------|-----------------------|------------------------------|
| <b>Assets:</b>                            |                        |                       |                       |                       |                              |
| Loans and leases held for investment, net | \$ 4,503,726           | \$ —                  | \$ —                  | \$ 4,786,152          | \$ 4,786,152                 |
| Other assets                              | 28,638                 | —                     | 27,018                | 1,649                 | 28,667                       |
| <b>Total assets</b>                       | <b>\$ 4,532,364</b>    | <b>\$ —</b>           | <b>\$ 27,018</b>      | <b>\$ 4,787,801</b>   | <b>\$ 4,814,819</b>          |
| <b>Liabilities:</b>                       |                        |                       |                       |                       |                              |
| Deposits <sup>(1)</sup>                   | \$ 242,126             | \$ —                  | \$ —                  | \$ 242,126            | \$ 242,126                   |
| Short-term borrowings                     | 4,803                  | —                     | 4,803                 | —                     | 4,803                        |
| Advances from PPPLF                       | 91,671                 | —                     | —                     | 91,671                | 91,671                       |
| Other long-term debt                      | 15,300                 | —                     | —                     | 15,300                | 15,300                       |
| Other liabilities                         | 63,758                 | —                     | 28,310                | 35,448                | 63,758                       |
| <b>Total liabilities</b>                  | <b>\$ 417,658</b>      | <b>\$ —</b>           | <b>\$ 33,113</b>      | <b>\$ 384,545</b>     | <b>\$ 417,658</b>            |
| <b>December 31, 2021</b>                  |                        |                       |                       |                       |                              |
| <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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**8. Property, Equipment and Software, Net**

Property, equipment and software, net, consist of the following:

|   | September 30,<br>2022 | December 31, 2021 |
|---|-----------------------|-------------------|
| Software <sup>(1)</sup>                     | \$ 168,545            | \$ 121,102        |
| Leasehold improvements                      | 31,213                | 37,347            |
| Computer equipment                          | 27,660                | 29,598            |
| Furniture and fixtures                      | 6,064                 | 8,346             |
| Total property, equipment and software      | 233,482               | 196,393           |
| Accumulated depreciation and amortization   | (103,525)             | (98,397)          |
| Total property, equipment and software, net | \$ 129,957            | \$ 97,996         |

<sup>(1)</sup> Includes \$44.9 million and \$14.7 million of development in progress for internally-developed software and \$10.1 million and \$2.5 million of development in progress to customize purchased software as of September 30, 2022 and December 31, 2021, respectively.

Depreciation and amortization expense on property, equipment and software was \$9.5 million and \$28.3 million for the third quarter and first nine months of 2022, respectively. Depreciation and amortization expense on property, equipment and software was \$9.0 million and \$29.1 million for the third quarter and first nine months of 2021, respectively.

The Company records the above expenses in “Depreciation and amortization” expense on the Income Statement.

**9. Goodwill and Intangible Assets**

***Goodwill***

The Company’s goodwill balance was \$75.7 million as of both September 30, 2022 and December 31, 2021. The Company did not record any goodwill impairment expense for the third quarters and first nine months of 2022 and 2021. Goodwill is not amortized, but is subject to annual impairment tests that are performed in the fourth quarter of each calendar year. For additional detail, see “Part II – Item 8. Financial Statements and Supplementary Data – Note 1. Summary of Significant Accounting Policies” in the Annual Report.

***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:

|                          | September 30,<br>2022 | December 31, 2021 |
|--------------------------|-----------------------|-------------------|
| Gross carrying value     | \$ 54,500             | \$ 54,500         |
| Accumulated amortization | (36,988)              | (33,319)          |
| Net carrying value       | \$ 17,512             | \$ 21,181         |

The customer relationship intangible assets are amortized on an accelerated basis from ten to fourteen years. Amortization expense associated with intangible assets for the third quarter and first nine months of 2022 was \$1.2 million and \$3.7 million, respectively. Amortization expense associated with intangible assets for the third

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quarter and first nine months of 2021 was \$1.3 million and \$3.9 million, respectively. There was no impairment loss for the third quarters and first nine months of 2022 and 2021.

The expected future amortization expense for intangible assets as of September 30, 2022, is as follows:

|              |           |               |
|--------------|-----------|---------------|
| 2022         | \$        | 1,178         |
| 2023         |           | 4,198         |
| 2024         |           | 3,549         |
| 2025         |           | 2,901         |
| 2026         |           | 2,252         |
| Thereafter   |           | 3,434         |
| <b>Total</b> | <b>\$</b> | <b>17,512</b> |

## 10. Other Assets

Other assets consist of the following:

|  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| Deferred tax asset, net <sup>(1)</sup> | \$ 171,206                | \$ —                     |
| Servicing assets <sup>(2)</sup>        | 88,138                    | 70,370                   |
| Operating lease assets                 | 69,936                    | 77,316                   |
| Nonmarketable equity investments       | 39,569                    | 31,726                   |
| Intangible assets, net <sup>(3)</sup>  | 17,512                    | 21,181                   |
| Other                                  | 108,771                   | 101,953                  |
| <b>Total other assets</b>              | <b>\$ 495,132</b>         | <b>\$ 302,546</b>        |

<sup>(1)</sup> See “Note 15. Income Taxes” for additional detail.

<sup>(2)</sup> Loans underlying servicing assets had a total outstanding principal balance of \$12.0 billion and \$10.3 billion as of September 30, 2022 and December 31, 2021, respectively.

<sup>(3)</sup> See “Note 9. Goodwill and Intangible Assets” for additional detail.

## 11. Deposits

Deposits consist of the following:

|  | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|--|---------------------------|--------------------------|
| <b>Interest-bearing deposits:</b>      |                           |                          |
| Savings and money market accounts      | \$ 2,486,469              | \$ 856,989               |
| Checking accounts                      | 2,139,537                 | 1,993,809                |
| Certificates of deposit <sup>(1)</sup> | 242,126                   | 68,405                   |
| <b>Total</b>                           | <b>\$ 4,868,132</b>       | <b>\$ 2,919,203</b>      |
| <b>Noninterest-bearing deposits</b>    | <b>255,374</b>            | <b>216,585</b>           |
| <b>Total deposits</b>                  | <b>\$ 5,123,506</b>       | <b>\$ 3,135,788</b>      |

<sup>(1)</sup> Includes \$9.7 million and \$14.0 million in denominations exceeding the Federal Deposit Insurance Corporation (FDIC) limit of \$250 thousand as of September 30, 2022 and December 31, 2021, respectively.

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Total certificates of deposit at September 30, 2022 are scheduled to mature as follows:

|                               |            |
|-------------------------------|------------|
| 2022                          | \$ 10,496  |
| 2023                          | 137,586    |
| 2024                          | 75,236     |
| 2025                          | 9,336      |
| 2026                          | 945        |
| Thereafter                    | 8,527      |
| Total certificates of deposit | \$ 242,126 |

## 12. 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 September 30, 2022 and December 31, 2021, the Company had \$4.8 million and \$27.8 million, respectively, in aggregate debt outstanding under its repurchase agreements which is amortized over time through regular principal and interest payments collected from the pledged securities. At September 30, 2022, a majority of the Company's repurchase agreements have contractual repurchase dates ranging from October 2025 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 September 30, 2022 and December 31, 2021, the repurchase agreements bore interest rates ranging from 4.04% to 6.70% and 3.12% to 6.72%, respectively, which are either fixed or based on a benchmark of the weighted-average interest rate of the securities sold plus a spread. Underlying securities retained and pledged as collateral under repurchase agreements were \$5.0 million and \$50.5 million at September 30, 2022 and December 31, 2021, respectively.

### *Long-term Debt:*

#### *Advances from PPPLF*

As of September 30, 2022 and December 31, 2021, outstanding PPPLF borrowings were \$91.7 million and \$271.9 million, respectively, 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 member payment-dependent notes, or retail notes, and certificates as a means to allow investors to invest in the corresponding loans. Investors were able to purchase these retail notes and certificates, 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 and certificates. The total balance of outstanding retail notes and certificates 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 and certificates because loan balances, interest rates and maturities were matched and offset by an equal balance of notes and certificates with the exact same interest rates and maturities.

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The following table provides the balances of retail notes, certificates and secured borrowings at fair value as of the periods presented:

|   | September 30, 2022 | December 31, 2021 |
|---|--------------------|-------------------|
| Retail notes  | \$ 84,203          | \$ 219,435        |
| Certificates and secured borrowings                     | 2,941              | 10,284            |
| Total retail notes, certificates and secured borrowings | \$ 87,144          | \$ 229,719        |

### *Payable on Structured Program Borrowings*

Certificate participations and securities of certain consolidated VIEs held by third-party investors are included in “Payable on Structured Program borrowings” on the Balance Sheet. As of September 30, 2022, these certificate participations and securities totaled \$11.2 million and were secured by “Other loans held for investment at fair value” of \$6.4 million and restricted cash of \$6.2 million. As of December 31, 2021, these certificate participations and securities totaled \$65.5 million and were secured by “Other loans held for investment at fair value” and “Loans held for sale” of \$62.7 million and restricted cash of \$11.2 million.

### *Other Long-term Debt*

The Company has subordinated notes with an outstanding amount of \$15.3 million as of both September 30, 2022 and December 31, 2021, which are due June 30, 2027. The rate resets quarterly at a rate equal to 3-month London Interbank Offered Rate (LIBOR) plus 4.64%, with interest payments due quarterly in arrears. 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 quarterly, in whole or in part, at par plus accrued unpaid interest at the option of the Company.

## 13. Other Liabilities

Other liabilities consist of the following:

|                                       | September 30, 2022 | December 31, 2021 |
|---------------------------------------|--------------------|-------------------|
| Accounts payable and accrued expenses | \$ 92,796          | \$ 100,972        |
| Operating lease liabilities           | 83,561             | 91,588            |
| Payable to investors                  | 28,310             | 22,187            |
| Other                                 | 115,388            | 89,204            |
| Total other liabilities               | \$ 320,055         | \$ 303,951        |

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#### 14. 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.

##### *Stock-based Compensation*

Stock-based compensation expense, included in "Compensation and benefits" expense on the Income Statement, was as follows for the periods presented:

|  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|--|-------------------------------------|-----------|------------------------------------|-----------|
|  | 2022                                | 2021      | 2022                               | 2021      |
| RSUs and PBRsUs                        | \$ 16,737                           | \$ 16,691 | \$ 50,164                          | \$ 49,130 |
| Stock options                          | 6                                   | 118       | 46                                 | 582       |
| Total stock-based compensation expense | \$ 16,743                           | \$ 16,809 | \$ 50,210                          | \$ 49,712 |

The Company capitalized \$2.2 million and \$5.9 million of stock-based compensation expense associated with developing software for internal use during the third quarter and first nine months of 2022, respectively. The Company capitalized \$1.2 million and \$3.3 million of stock-based compensation expense associated with developing software for internal use during the third quarter and first nine months of 2021, respectively.

##### *Restricted Stock Units*

The following table summarizes the activities for the Company's RSUs:

|                                | Number<br>of Units | Weighted-<br>Average<br>Grant Date<br>Fair Value |
|--------------------------------|--------------------|--|
| Unvested at December 31, 2021  | 9,703,751          | \$ 12.44   |
| Granted                        | 5,216,789          | \$ 14.26   |
| Vested                         | (3,773,222)        | \$ 12.59   |
| Forfeited/expired              | (1,351,990)        | \$ 14.09   |
| Unvested at September 30, 2022 | 9,795,328          | \$ 13.09   |

During the first nine months of 2022, the Company granted 5,216,789 RSUs with an aggregate fair value of \$74.4 million.

As of September 30, 2022, there was \$114.5 million of unrecognized compensation cost related to unvested RSUs, which is expected to be recognized over the next 1.9 years.

##### *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 outstanding PBRsU awards have a multi-year market-based performance metric with no additional time-based vesting for any earned shares. For 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 period.

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The following table summarizes the activities for the Company's PBRsUs:

|                                | Number<br>of Units | Weighted-<br>Average<br>Grant Date<br>Fair Value |
|--------------------------------|--------------------|--|
| Unvested at December 31, 2021  | 1,771,869          | \$ 9.72  |
| Granted                        | 743,074            | \$ 8.83  |
| Vested                         | (506,696)          | \$ 5.48  |
| Unvested at September 30, 2022 | 2,008,247          | \$ 10.47   |

During the first nine months of 2022, the Company granted 743,074 PBRsUs with an aggregate fair value of \$6.6 million.

As of September 30, 2022, there was \$9.6 million of unrecognized compensation cost related to unvested PBRsUs, which is expected to be recognized over the next 1.2 years.

## 15. Income Taxes

For the third quarter of 2022, the Company recorded an income tax benefit of \$7.2 million, primarily due to the release of a \$5.0 million valuation allowance against the Company's deferred tax assets and a \$4.6 million tax credit, partially offset by a \$2.4 million state income tax expense. For the first nine months of 2022, the Company recorded an income tax benefit of \$134.2 million, primarily due to the release of a \$140.3 million valuation allowance against the Company's deferred tax assets.

For the third quarter of 2021, the Company recorded an income tax expense of \$2.7 million, primarily related to income tax expense for state jurisdictions that limit net operating loss utilization. For the first nine months of 2021, the Company recorded an income tax expense of \$0.1 million, primarily related to income tax expense for state jurisdictions that limit net operating loss utilization, partially offset by changes in the deferred tax asset valuation allowance resulting from a deferred tax liability assumed with the Acquisition.

The Company has evaluated both positive and negative evidence when assessing the recoverability of its net deferred tax assets. Several factors were considered, which primarily included the Company's business model transition and resulting increase in profitability and the expectation of continued profitability. These factors resulted in the release of the majority of the Company's valuation allowance against its deferred tax assets during the second quarter of 2022.

The following table summarizes the Company's net deferred tax assets:

|   | September 30,<br>2022 | December 31, 2021 |
|---|-----------------------|-------------------|
| Deferred tax assets (liabilities), net          | \$ 229,269            | \$ 223,367        |
| Valuation allowance                             | (58,063)              | (223,367)         |
| Deferred tax assets, net of valuation allowance | \$ 171,206            | \$ —              |

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**16. 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 third quarter and first nine months of 2022, interest earned on Equipment Finance was \$2.5 million and \$7.7 million, respectively, and is included in “Interest and fees on loans and leases held for investment” on the Income Statement. For the third quarter and first nine months of 2021, interest earned on Equipment Finance was \$2.9 million and \$8.1 million, respectively.

The components of Equipment Finance assets are as follows:

|                                    | September 30,<br>2022 | December 31, 2021 |
|------------------------------------|-----------------------|-------------------|
| Lease receivables                  | \$ 144,433            | \$ 122,927        |
| Unguaranteed residual asset values | 40,375                | 36,837            |
| Unearned income                    | (18,253)              | (10,989)          |
| Deferred fees                      | 892                   | 380               |
| <b>Total</b>                       | <b>\$ 167,447</b>     | <b>\$ 149,155</b> |

Future minimum lease payments based on maturity of the Company’s lessor arrangements as of September 30, 2022 were as follows:

|   |                   |
|---|-------------------|
| 2022  | \$ 12,639         |
| 2023  | 47,231            |
| 2024  | 39,093            |
| 2025  | 26,387            |
| 2026  | 15,988            |
| Thereafter  | 12,412            |
| <b>Total lease payments</b>                           | <b>\$ 153,750</b> |
| Discount effect                                       | (9,317)           |
| <b>Present value of future minimum lease payments</b> | <b>\$ 144,433</b> |

***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 September 30, 2022, 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. The Company was the sublessor of a portion of its office space in San Francisco for which lease terms have expired as of June 30, 2022. As of September 30, 2022, the Company pledged \$0.4 million of cash and \$3.9 million in letters of credit as security deposits in connection with its lease agreements.

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Balance sheet information related to leases was as follows:

| <b>ROU Assets and Lease Liabilities</b>    | <b>Balance Sheet Classification</b> | <b>September 30, 2022</b> |        | <b>December 31, 2021</b> |        |
|--|-------------------------------------|---------------------------|--------|--------------------------|--------|
| Operating lease assets                     | Other assets                        | \$                        | 69,936 | \$                       | 77,316 |
| Operating lease liabilities <sup>(1)</sup> | Other liabilities                   | \$                        | 83,561 | \$                       | 91,588 |

<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:

| <b>Net Lease Costs</b>               | <b>Income Statement Classification</b> | <b>Three Months Ended<br/>September 30,</b> |             | <b>Nine Months Ended<br/>September 30,</b> |             |
|--------------------------------------|--|---|-------------|--|-------------|
|                                      |  | <b>2022</b>                                 | <b>2021</b> | <b>2022</b>                                | <b>2021</b> |
| Operating lease costs <sup>(1)</sup> | Occupancy                              | \$ (3,195)                                  | \$ (4,561)  | \$ (12,041)                                | \$ (14,315) |
| Sublease revenue                     | Other non-interest income              | —   | 1,538       | 2,847                                      | 4,612       |
| Net lease costs                      |  | \$ (3,195)                                  | \$ (3,023)  | \$ (9,194)                                 | \$ (9,703)  |

<sup>(1)</sup> Includes variable lease costs of \$0.2 million and \$0.4 million for the third quarters of 2022 and 2021, respectively. Includes variable lease costs of \$0.9 million for both the first nine months of 2022 and 2021.

Supplemental cash flow information related to the Company's operating leases was as follows:

|   | <b>Three Months Ended<br/>September 30,</b> |             | <b>Nine Months Ended<br/>September 30,</b> |             |
|---|---|-------------|--|-------------|
|   | <b>2022</b>                                 | <b>2021</b> | <b>2022</b>                                | <b>2021</b> |
| <b>Non-cash operating activity:</b>   |   |             |  |             |
| Leased assets obtained in exchange for new and amended operating lease liabilities <sup>(1)</sup> | \$ —  | \$ —        | \$ —                                       | \$ 12,914   |

<sup>(1)</sup> Represents non-cash activity and, accordingly, is not reflected in the Condensed Consolidated Statements of Cash Flows. Amount includes noncash remeasurements of the operating lease ROU asset.

The Company's future minimum undiscounted lease payments under operating leases as of September 30, 2022 were as follows:

|  | <b>Operating Lease<br/>Payments</b> |
|--|-------------------------------------|
| 2022   | \$ 3,143                            |
| 2023   | 12,798                              |
| 2024   | 13,054                              |
| 2025   | 13,184                              |
| 2026   | 13,375                              |
| Thereafter                                     | 48,974                              |
| Total lease payments                           | \$ 104,528                          |
| Discount effect                                | (20,967)                            |
| Present value of future minimum lease payments | \$ 83,561                           |

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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>September 30, 2022</b> |
|--|---------------------------|
| Weighted-average remaining lease term (in years) | 7.93                      |
| Weighted-average discount rate                   | 5.42 %                    |

## **17. Commitments and Contingencies**

### ***Operating Lease Commitments***

For discussion regarding the Company's operating lease commitments, see "Note 16. 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. The Company believes such provisions are customary and consistent with institutional loan and securitization market standards.

### ***Unfunded Loan Commitments***

As of September 30, 2022 and December 31, 2021, the contractual amount of unfunded loan commitments was \$144.0 million and \$110.8 million, respectively. See "Note 5. 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.

### ***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.

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*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, 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.

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 assurances can be given as to the timing, outcome or consequences of any of these matters.

**18. 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.

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%.

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

| LendingClub Bank                  | September 30, 2022 |        | December 31, 2021 |        | Required Minimum plus<br>Required CCB for<br>Non-Leverage Ratios |
|-----------------------------------|--------------------|--------|-------------------|--------|--|
|                                   | Amount             | Ratio  | Amount            | Ratio  |  |
| CET1 capital <sup>(1)</sup>       | \$ 760.4           | 15.2 % | \$ 523.7          | 16.7 % | 7.0 %  |
| Tier 1 capital                    | \$ 760.4           | 15.2 % | \$ 523.7          | 16.7 % | 8.5 %  |
| Total capital                     | \$ 825.8           | 16.5 % | \$ 563.7          | 18.0 % | 10.5 %   |
| Tier 1 leverage                   | \$ 760.4           | 13.4 % | \$ 523.7          | 14.3 % | 4.0 %  |
| Risk-weighted assets              | \$ 5,018.3         | N/A    | \$ 3,130.4        | N/A    | N/A  |
| Quarterly adjusted average assets | \$ 5,692.0         | N/A    | \$ 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):

| LendingClub                       | September 30, 2022 |        | December 31, 2021 |        | Required Minimum plus<br>Required CCB for<br>Non-Leverage Ratios |
|-----------------------------------|--------------------|--------|-------------------|--------|--|
|                                   | Amount             | Ratio  | Amount            | Ratio  |  |
| CET1 capital <sup>(1)</sup>       | \$ 953.2           | 18.3 % | \$ 710.0          | 21.3 % | 7.0 %  |
| Tier 1 capital                    | \$ 953.2           | 18.3 % | \$ 710.0          | 21.3 % | 8.5 %  |
| Total capital                     | \$ 1,033.2         | 19.8 % | \$ 767.9          | 23.0 % | 10.5 %   |
| Tier 1 leverage                   | \$ 953.2           | 15.7 % | \$ 710.0          | 16.5 % | 4.0 %  |
| Risk-weighted assets              | \$ 5,210.2         | N/A    | \$ 3,333.2        | N/A    | N/A  |
| Quarterly adjusted average assets | \$ 6,061.4         | N/A    | \$ 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, resulting in a CET1 capital benefit of \$35 million at December 31, 2021. This benefit is phased out over a three-year transition period that commenced on January 1, 2022 at a rate of 25% each year through January 1, 2025.

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 September 30, 2022 and 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 September 30, 2022 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

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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 during the first nine months of 2022 or during 2021. See "*Part I – Item 1. Business – Regulation and Supervision – Broad Powers to Ensure Safety and Soundness*" in our Annual Report for further discussion regarding the OCC Operating Agreement.

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.

**19. Other Non-interest Income and Non-interest Expense**

Other non-interest income consists of the following:

|   | Three Months Ended<br>September 30, |          | Nine Months Ended<br>September 30, |           |
|---|-------------------------------------|----------|------------------------------------|-----------|
|   | 2022                                | 2021     | 2022                               | 2021      |
| Referral revenue  | \$ 3,144                            | \$ 4,293 | \$ 10,860                          | \$ 9,649  |
| Realized gains (losses) on sales of securities available for sale and other investments | —                                   | —        | 36                                 | (96)      |
| Other   | 4,256                               | 2,029    | 13,843                             | 9,117     |
| Total other non-interest income   | \$ 7,400                            | \$ 6,322 | \$ 24,739                          | \$ 18,670 |

Other non-interest expense consists of the following:

|                                  | Three Months Ended<br>September 30, |           | Nine Months Ended<br>September 30, |           |
|----------------------------------|-------------------------------------|-----------|------------------------------------|-----------|
|                                  | 2022                                | 2021      | 2022                               | 2021      |
| Consumer credit services         | \$ 4,610                            | \$ 4,266  | \$ 15,804                          | \$ 11,798 |
| Other                            | 10,496                              | 11,341    | 30,727                             | 30,575    |
| Total other non-interest expense | \$ 15,106                           | \$ 15,607 | \$ 46,531                          | \$ 42,373 |

**20. 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. 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.

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*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, servicing fee revenue for loans serviced prior to the Acquisition, and interest income and interest expense related to the Retail Program and Structured Program transactions.

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

|  | <b>LendingClub Bank</b>                 |                  | <b>LendingClub Corporation (Parent only)</b> |                 | <b>Intercompany Eliminations</b>        |                    | <b>Consolidated Total</b>               |                  |
|--|---|------------------|--|-----------------|---|--------------------|---|------------------|
|  | <b>Three Months Ended September 30,</b> |                  | <b>Three Months Ended September 30,</b>      |                 | <b>Three Months Ended September 30,</b> |                    | <b>Three Months Ended September 30,</b> |                  |
|  | <b>2022</b>                             | <b>2021</b>      | <b>2022</b>                                  | <b>2021</b>     | <b>2022</b>                             | <b>2021</b>        | <b>2022</b>                             | <b>2021</b>      |
| <b>Non-interest income:</b>                              |   |                  |  |                 |   |                    |   |                  |
| Marketplace revenue                                      | \$ 153,504                              | \$ 151,109       | \$ 9,015                                     | \$ 23,447       | \$ 11,318                               | \$ —               | \$ 173,837                              | \$ 174,556       |
| Other non-interest income                                | 25,240                                  | 25,393           | 4,794  | 4,140           | (22,634)                                | (23,211)           | 7,400                                   | 6,322            |
| <b>Total non-interest income</b>                         | <b>178,744</b>                          | <b>176,502</b>   | <b>13,809</b>                                | <b>27,587</b>   | <b>(11,316)</b>                         | <b>(23,211)</b>    | <b>181,237</b>                          | <b>180,878</b>   |
| <b>Interest income:</b>                                  |   |                  |  |                 |   |                    |   |                  |
| Interest income  | 137,142                                 | 64,606           | 6,078  | 18,254          | —                                       | —                  | 143,220                                 | 82,860           |
| Interest expense   | (15,277)                                | (2,270)          | (4,267)                                      | (15,302)        | —                                       | —                  | (19,544)                                | (17,572)         |
| <b>Net interest income</b>                               | <b>121,865</b>                          | <b>62,336</b>    | <b>1,811</b>                                 | <b>2,952</b>    | <b>—</b>                                | <b>—</b>           | <b>123,676</b>                          | <b>65,288</b>    |
| <b>Total net revenue</b>                                 | <b>300,609</b>                          | <b>238,838</b>   | <b>15,620</b>                                | <b>30,539</b>   | <b>(11,316)</b>                         | <b>(23,211)</b>    | <b>304,913</b>                          | <b>246,166</b>   |
| (Provision for) reversal of credit losses                | (82,739)                                | (38,019)         | —  | 495             | —                                       | —                  | (82,739)                                | (37,524)         |
| Non-interest expense                                     | (177,714)                               | (161,101)        | (19,821)                                     | (40,885)        | 11,316                                  | 23,211             | (186,219)                               | (178,775)        |
| <b>Income (Loss) before income tax benefit (expense)</b> | <b>40,156</b>                           | <b>39,718</b>    | <b>(4,201)</b>                               | <b>(9,851)</b>  | <b>—</b>                                | <b>—</b>           | <b>35,955</b>                           | <b>29,867</b>    |
| Income tax benefit (expense)                             | (9,440)                                 | (4,670)          | 16,683                                       | 12,607          | —                                       | (10,619)           | 7,243                                   | (2,682)          |
| <b>Net income</b>  | <b>\$ 30,716</b>                        | <b>\$ 35,048</b> | <b>\$ 12,482</b>                             | <b>\$ 2,756</b> | <b>\$ —</b>                             | <b>\$ (10,619)</b> | <b>\$ 43,198</b>                        | <b>\$ 27,185</b> |
| Capital expenditures                                     | \$ 17,301                               | \$ 9,451         | \$ —   | \$ —            | \$ —                                    | \$ —               | \$ 17,301                               | \$ 9,451         |
| Depreciation and amortization                            | \$ 4,099                                | \$ 1,220         | \$ 6,582                                     | \$ 9,329        | \$ —                                    | \$ —               | \$ 10,681                               | \$ 10,549        |

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|  | <b>LendingClub Bank</b>                |   | <b>LendingClub Corporation (Parent only)</b> |                    | <b>Intercompany Eliminations</b>       |   | <b>Consolidated Total</b>              |                    |
|--|--|---|--|--------------------|--|---|--|--------------------|
|  | <b>Nine Months Ended September 30,</b> | <b>Eight Months Ended September 30,</b> | <b>Nine Months Ended September 30,</b>       |                    | <b>Nine Months Ended September 30,</b> | <b>Eight Months Ended September 30,</b> | <b>Nine Months Ended September 30,</b> |                    |
|  | <b>2022</b>                            | <b>2021</b>                             | <b>2022</b>                                  | <b>2021</b>        | <b>2022</b>                            | <b>2021</b>                             | <b>2022</b>                            | <b>2021</b>        |
| <b>Non-interest income:</b>                              |  |   |  |                    |  |   |  |                    |
| Marketplace revenue \$                                   | 509,426                                | \$ 315,885                              | \$ 35,313                                    | \$ 92,133          | \$ 15,448                              | \$ —                                    | \$ 560,187                             | \$ 408,018         |
| Other non-interest income                                | 64,779                                 | 73,433                                  | 12,931                                       | 12,519             | (52,971)                               | (67,282)                                | 24,739                                 | 18,670             |
| <b>Total non-interest income</b>                         | <b>574,205</b>                         | <b>389,318</b>                          | <b>48,244</b>                                | <b>104,652</b>     | <b>(37,523)</b>                        | <b>(67,282)</b>                         | <b>584,926</b>                         | <b>426,688</b>     |
| <b>Interest income:</b>                                  |  |   |  |                    |  |   |  |                    |
| Interest income  | 357,117                                | 127,429                                 | 26,224                                       | 67,748             | —                                      | —                                       | 383,341                                | 195,177            |
| Interest expense   | (25,134)                               | (5,489)                                 | (18,625)                                     | (59,989)           | —                                      | —                                       | (43,759)                               | (65,478)           |
| <b>Net interest income</b>                               | <b>331,983</b>                         | <b>121,940</b>                          | <b>7,599</b>                                 | <b>7,759</b>       | <b>—</b>                               | <b>—</b>                                | <b>339,582</b>                         | <b>129,699</b>     |
| <b>Total net revenue</b>                                 | <b>906,188</b>                         | <b>511,258</b>                          | <b>55,843</b>                                | <b>112,411</b>     | <b>(37,523)</b>                        | <b>(67,282)</b>                         | <b>924,508</b>                         | <b>556,387</b>     |
| (Provision for) reversal of credit losses                | (205,814)                              | (96,938)                                | —  | 3,287              | —                                      | —                                       | (205,814)                              | (93,651)           |
| Non-interest expense                                     | (552,809)                              | (374,782)                               | (71,523)                                     | (165,666)          | 37,523                                 | 67,282                                  | (586,809)                              | (473,166)          |
| <b>Income (Loss) before income tax benefit (expense)</b> | <b>147,565</b>                         | <b>39,538</b>                           | <b>(15,680)</b>                              | <b>(49,968)</b>    | <b>—</b>                               | <b>—</b>                                | <b>131,885</b>                         | <b>(10,430)</b>    |
| Income tax benefit (expense)                             | (39,113)                               | 7,866                                   | 120,274                                      | 23,821             | 53,048                                 | (31,785)                                | 134,209                                | (98)               |
| <b>Net income (loss)</b>                                 | <b>\$ 108,452</b>                      | <b>\$ 47,404</b>                        | <b>\$ 104,594</b>                            | <b>\$ (26,147)</b> | <b>\$ 53,048</b>                       | <b>\$ (31,785)</b>                      | <b>\$ 266,094</b>                      | <b>\$ (10,528)</b> |
| Capital expenditures \$                                  | 54,659                                 | \$ 22,624                               | \$ —   | \$ 1,811           | \$ —                                   | \$ —                                    | \$ 54,659                              | \$ 24,435          |
| Depreciation and amortization \$                         | 11,109                                 | \$ 2,810                                | \$ 21,168                                    | \$ 31,013          | \$ —                                   | \$ —                                    | \$ 32,277                              | \$ 33,823          |

**LENDINGCLUB CORPORATION**  
**Notes to Condensed Consolidated Financial Statements**  
(Tabular Amounts in Thousands, Except Share and Per Share Amounts, Ratios, or as Noted)  
(Unaudited)

|   | LendingClub Bank      |                      | LendingClub Corporation<br>(Parent only) |                      | Intercompany<br>Eliminations |                      | Consolidated Total    |                      |
|---|-----------------------|----------------------|--|----------------------|------------------------------|----------------------|-----------------------|----------------------|
|   | September 30,<br>2022 | December 31,<br>2021 | September 30,<br>2022                    | December 31,<br>2021 | September 30,<br>2022        | December 31,<br>2021 | September 30,<br>2022 | December 31,<br>2021 |
| <b>Assets</b>   |                       |                      |  |                      |                              |                      |                       |                      |
| Total cash and cash equivalents                                 | \$ 896,519            | \$ 659,919           | \$ 109,200                               | \$ 88,268            | \$ (52,878)                  | \$ (61,061)          | \$ 952,841            | \$ 687,126           |
| Restricted cash   | —                     | —                    | 78,746                                   | 76,540               | (12,461)                     | (80)                 | 66,285                | 76,460               |
| Securities available for sale at fair value                     | 338,096               | 205,730              | 21,061                                   | 57,800               | —                            | —                    | 359,157               | 263,530              |
| Loans held for sale   | 90,058                | 335,449              | —  | 55,799               | —                            | —                    | 90,058                | 391,248              |
| Loans and leases held for investment, net                       | 4,503,726             | 2,754,737            | —  | —                    | —                            | —                    | 4,503,726             | 2,754,737            |
| Retail and certificate loans held for investment at fair value  | —                     | —                    | 87,144                                   | 229,719              | —                            | —                    | 87,144                | 229,719              |
| Other loans held for investment at fair value                   | —                     | —                    | 15,057                                   | 21,240               | —                            | —                    | 15,057                | 21,240               |
| Property, equipment and software, net                           | 89,576                | 36,424               | 40,381                                   | 61,572               | —                            | —                    | 129,957               | 97,996               |
| Investment in subsidiary  | —                     | —                    | 671,574                                  | 557,577              | (671,574)                    | (557,577)            | —                     | —                    |
| Goodwill  | 75,717                | 75,717               | —  | —                    | —                            | —                    | 75,717                | 75,717               |
| Other assets  | 305,456               | 254,075              | 207,556                                  | 168,042              | (17,880)                     | (119,571)            | 495,132               | 302,546              |
| <b>Total assets</b>   | <b>6,299,148</b>      | <b>4,322,051</b>     | <b>1,230,719</b>                         | <b>1,316,557</b>     | <b>(754,793)</b>             | <b>(738,289)</b>     | <b>6,775,074</b>      | <b>4,900,319</b>     |
| <b>Liabilities and Equity</b>                                   |                       |                      |  |                      |                              |                      |                       |                      |
| Total deposits  | 5,188,845             | 3,196,929            | —  | —                    | (65,339)                     | (61,141)             | 5,123,506             | 3,135,788            |
| Short-term borrowings   | 165                   | 165                  | 4,638                                    | 27,615               | —                            | —                    | 4,803                 | 27,780               |
| Advances from PPPLF   | 91,671                | 271,933              | —  | —                    | —                            | —                    | 91,671                | 271,933              |
| Retail notes, certificates and secured borrowings at fair value | —                     | —                    | 87,144                                   | 229,719              | —                            | —                    | 87,144                | 229,719              |
| Payable on Structured Program borrowings                        | —                     | —                    | 11,185                                   | 65,451               | —                            | —                    | 11,185                | 65,451               |
| Other long-term debt  | —                     | —                    | 15,300                                   | 15,455               | —                            | —                    | 15,300                | 15,455               |
| Other liabilities   | 205,814               | 218,775              | 132,121                                  | 150,727              | (17,880)                     | (65,551)             | 320,055               | 303,951              |
| Total liabilities   | 5,486,495             | 3,687,802            | 250,388                                  | 488,967              | (83,219)                     | (126,692)            | 5,653,664             | 4,050,077            |
| Total equity  | 812,653               | 634,249              | 980,331                                  | 827,590              | (671,574)                    | (611,597)            | 1,121,410             | 850,242              |
| <b>Total liabilities and equity</b>                             | <b>\$ 6,299,148</b>   | <b>\$ 4,322,051</b>  | <b>\$ 1,230,719</b>                      | <b>\$ 1,316,557</b>  | <b>\$ (754,793)</b>          | <b>\$ (738,289)</b>  | <b>\$ 6,775,074</b>   | <b>\$ 4,900,319</b>  |

**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 2. 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 condensed consolidated financial statements and related notes that appear in this Quarterly Report on Form 10-Q (Report). In addition to historical condensed 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 elsewhere in this Report, and in "Part I – Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2021 (Annual Report) as modified by "Part II – Item 1A. Risk Factors" in this Report. The forward-looking statements included in this Report are made only as of the date hereof.*

**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)

## 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 (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

We delivered the following results as we leaned into the strategic advantages of our digital bank in the face of a less favorable economic environment. We drove growth in recurring interest income supported by strong credit performance of our retained high-quality prime loan portfolio. Marketplace volumes were impacted by higher funding costs for certain loan investors, driven by rapidly increasing interest rates. Over time, as rates stabilize and we continue to reprice personal loans, we expect this impact to gradually moderate.

- **Loan originations:** Total loan originations for the third quarter of 2022 were \$3.5 billion, decreasing 8% sequentially, primarily driven by a decrease in unsecured personal loan origination volume, reflecting rapidly rising rates, tightening of underwriting standards and the corresponding impact on investor returns. We expect this market dynamic to continue in the near term, but moderate over time as we increase interest rates on loans and continue to modify underwriting to enhance investor returns. Total loan originations increased 14% year over year, primarily driven by an increase in unsecured personal loan origination volume.
  - Loan originations held for investment (HFI) were \$1.2 billion, increasing 13% sequentially and 81% year over year.
  - Loan originations HFI as a percentage of total loan originations was 33% and 27% for the third and second quarters of 2022, respectively, and 20% for the third quarter of 2021. The percentage of loan originations HFI in any period is dependent on many factors, including quarterly loan origination volume, risk-adjusted returns, liquidity and general regulatory capital considerations.
- **Total net revenue:** Total net revenue for the third quarter of 2022 was \$304.9 million, decreasing 8% sequentially and increasing 24% year over year.
  - **Marketplace revenue:** Marketplace revenue for the third quarter of 2022 was \$173.8 million, decreasing 16% sequentially and remained flat year over year, in line with loan origination volume.
  - **Net interest income:** Net interest income for the third quarter of 2022 was \$123.7 million, improving 6% sequentially and 89% year over year. The increase was primarily due to an increase in unsecured personal loans retained in current and prior periods as HFI.
  - **Net interest margin:** Net interest margin for the third quarter of 2022 was 8.3%, decreasing from 8.5% in the second quarter of 2022, primarily due to higher interest rates on deposits offset by an increase in unsecured personal loans HFI, and increasing from 6.3% in the third quarter of 2021, primarily reflecting a greater mix of personal loans which generate a higher yield than the rest of the loans HFI.
- **Provision for credit losses:** Provision for credit losses for the third quarter of 2022 was \$82.7 million, increasing 17% sequentially and 120% year over year. The increase was primarily due to growth in loans HFI, allowance net present value amortization on prior loan vintages and additional qualitative allowance reflecting a less favorable economic outlook.
- **Total non-interest expense:** Total non-interest expense for the third quarter of 2022 was \$186.2 million, decreasing 11% sequentially, primarily driven by a decrease in variable marketing expenses based on lower

**LENDINGCLUB CORPORATION**  
**Management's Discussion and Analysis of Financial Condition and Results of Operations**  
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origination volume and prudent management of expenses. Total non-interest expense increased 4% year over year, primarily driven by an increase in variable marketing expenses based on higher origination volume.

- **Net income:** Net income for the third quarter of 2022 was \$43.2 million, decreasing by \$138.9 million sequentially and increasing \$16.0 million year over year. Net income for the third and second quarters of 2022 included a tax benefit of \$5.0 million and \$135.3 million, respectively, due to the reversal of our valuation allowance against our deferred tax assets.
- **Net income excluding income tax benefit:** Net income excluding income tax benefit (related to the reversal of our valuation allowance against our deferred tax assets) for the third quarter of 2022 was \$38.2 million, decreasing by \$8.6 million sequentially and increasing by \$11.0 million year over year.
- **Diluted earnings per share:** Diluted EPS for the third quarter of 2022 was \$0.41, compared to \$1.73 for the second quarter of 2022 and \$0.26 for the same quarter last year. Diluted EPS for the second quarter of 2022 included a \$1.29 per share benefit from the reversal of the deferred tax valuation allowance. The improvement during the third quarter of 2022 from a year earlier primarily reflected revenue growth and improved operating efficiency, as well as a \$0.05 per share benefit from the reversal of the deferred tax asset valuation allowance.
- **Pre-tax, pre-provision income:** Pre-tax, pre-provision income for the third quarter of 2022 was \$118.7 million, decreasing by \$2.0 million sequentially and increasing by \$51.3 million year over year, consistent with revenue growth and improved operating efficiency.
- **Loans and leases held for investment:** Loans and leases held for investment, net of allowance for loan and lease losses, were \$4.5 billion at September 30, 2022, growing 18% sequentially and 73% year over year, reflecting growth in personal loan originations and an increase in loan originations retained as HFI.
- **Deposits:** Total deposits at September 30, 2022 were \$5.1 billion, growing 13% sequentially and 80% year over year, primarily reflecting growth in online savings deposits.
- **Total equity:** Total equity at September 30, 2022 was \$1.1 billion, up \$42.3 million sequentially and \$316.6 million year over year, primarily reflecting net income generated over the period and the release of the deferred tax asset valuation allowance.

The above summary should be read in conjunction with this 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 our select financial metrics for the periods presented:

|  | As Of and<br>For The Three Months Ended |                  |                       | Nine Months Ended September 30, |             |
|--|---|------------------|-----------------------|---------------------------------|-------------|
|  | September 30,<br>2022                   | June 30,<br>2022 | September 30,<br>2021 | 2022                            | 2021        |
| Non-interest income  | \$ 181,237                              | \$ 213,832       | \$ 180,878            | \$ 584,926                      | \$ 426,688  |
| Net interest income  | 123,676                                 | 116,226          | 65,288                | 339,582                         | 129,699     |
| Total net revenue  | 304,913                                 | 330,058          | 246,166               | 924,508                         | 556,387     |
| Non-interest expense   | 186,219                                 | 209,386          | 178,775               | 586,809                         | 473,166     |
| Pre-tax, pre-provision income  | 118,694                                 | 120,672          | 67,391                | 337,699                         | 83,221      |
| Provision for credit losses  | 82,739                                  | 70,566           | 37,524                | 205,814                         | 93,651      |
| Income (Loss) before income tax benefit (expense)                                | 35,955                                  | 50,106           | 29,867                | 131,885                         | (10,430)    |
| Income tax benefit (expense)   | 7,243                                   | 131,954          | (2,682)               | 134,209                         | (98)        |
| Net income (loss)  | 43,198                                  | 182,060          | 27,185                | 266,094                         | (10,528)    |
| Income tax benefit from release of tax valuation allowance                       | 5,015                                   | 135,300          | —                     | 140,315                         | —           |
| Net income (loss) excluding income tax benefit <sup>(1)(3)</sup>                 | \$ 38,183                               | \$ 46,760        | \$ 27,185             | \$ 125,779                      | \$ (10,528) |
| Basic EPS  | \$ 0.41                                 | \$ 1.77          | \$ 0.27               | \$ 2.59                         | \$ (0.11)   |
| Diluted EPS  | \$ 0.41                                 | \$ 1.73          | \$ 0.26               | \$ 2.56                         | \$ (0.11)   |
| Diluted EPS impact of income tax benefit from release of tax valuation allowance | \$ 0.05                                 | \$ 1.28          | —                     | \$ 1.35                         | —           |
| Diluted EPS excluding income tax benefit <sup>(1)(3)</sup>                       | \$ 0.36                                 | \$ 0.45          | \$ 0.26               | \$ 1.21                         | \$ (0.11)   |
| <b>LendingClub Corporation Performance Metrics:</b>                              |   |                  |                       |                                 |             |
| Net interest margin  | 8.3 %                                   | 8.5 %            | 6.3 %                 | 8.3 %                           | 4.8 %       |
| Efficiency ratio <sup>(2)</sup>  | 61.1 %                                  | 63.4 %           | 72.6 %                | 63.5 %                          | 85.0 %      |
| Return on average equity (ROE)   | 14.2 %                                  | 33.8 %           | 13.8 %                | 40.6 %                          | N/A         |
| Return on average total assets (ROA)   | 2.5 %                                   | 5.5 %            | 2.4 %                 | 6.8 %                           | N/A         |
| Marketing as a % of loan originations  | 1.3 %                                   | 1.6 %            | 1.6 %                 | 1.5 %                           | 1.4 %       |
| <b>LendingClub Corporation Capital Metrics:</b>                                  |   |                  |                       |                                 |             |
| Common Equity Tier 1 Capital Ratio   | 18.3 %                                  | 20.0 %           | 22.8 %                |                                 |             |
| Tier 1 Leverage Ratio  | 15.7 %                                  | 16.2 %           | 16.2 %                |                                 |             |
| Book Value per Common Share  | \$ 10.67                                | \$ 10.41         | \$ 8.07               |                                 |             |
| Tangible Book Value per Common Share <sup>(3)</sup>                              | \$ 9.78                                 | \$ 9.50          | \$ 7.08               |                                 |             |
| <b>Loan Originations (in millions):</b>  |   |                  |                       |                                 |             |
| Marketplace loans  | \$ 2,386                                | \$ 2,819         | \$ 2,471              | \$ 7,566                        | \$ 5,792    |
| Loan originations held for investment  | 1,153                                   | 1,021            | 636                   | 3,030                           | 1,521       |
| Total loan originations  | \$ 3,539                                | \$ 3,840         | \$ 3,107              | \$ 10,596                       | \$ 7,312    |
| Loan originations held for investment as % of total loan originations            | 33 %                                    | 27 %             | 20 %                  | 29 %                            | 21 %        |
| <b>Servicing portfolio AUM (in millions) <sup>(4)</sup>:</b>                     |   |                  |                       |                                 |             |
| Total servicing portfolio  | \$ 15,929                               | \$ 14,783        | \$ 11,592             |                                 |             |
| Loans serviced for others  | \$ 11,807                               | \$ 11,382        | \$ 9,744              |                                 |             |

N/A – Not applicable

<sup>(1)</sup> The third and second quarters of 2022 and first nine months of 2022 include an income tax benefit of \$5.0 million, \$135.3 million and \$140.3 million, respectively, due to the release of our deferred tax asset valuation allowance.

# 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)

- (2) Calculated as the ratio of non-interest expense to total net revenue.
- (3) Represents a non-GAAP financial measure. See “*Non-GAAP Financial Measures*” for additional information.
- (4) Assets under management (AUM) reflects loans serviced on our platform, which includes outstanding balances of unsecured personal loans, auto refinance loans and education and patient finance loans serviced for others and retained for investment by the Company.

|  | As of the Three Months Ended |                  |                       |
|--|------------------------------|------------------|-----------------------|
|  | September 30,<br>2022        | June 30,<br>2022 | September 30,<br>2021 |
| <b>Balance Sheet Data:</b>   |                              |                  |                       |
| Loans and leases held for investment, net, excluding PPP loans               | \$ 4,414,347                 | \$ 3,692,667     | \$ 2,235,698          |
| PPP loans  | \$ 89,379                    | \$ 118,794       | \$ 367,558            |
| Total loans and leases held for investment, net                              | \$ 4,503,726                 | \$ 3,811,461     | \$ 2,603,256          |
| Total assets   | \$ 6,775,074                 | \$ 6,186,765     | \$ 4,750,760          |
| Total deposits   | \$ 5,123,506                 | \$ 4,527,672     | \$ 2,838,719          |
| Total liabilities  | \$ 5,653,664                 | \$ 5,107,648     | \$ 3,945,970          |
| Total equity   | \$ 1,121,410                 | \$ 1,079,117     | \$ 804,790            |
| <b>Allowance Ratios:</b>   |                              |                  |                       |
| ALLL to total loans and leases held for investment                           | 6.3 %                        | 6.0 %            | 3.9 %                 |
| ALLL to total loans and leases held for investment, excluding PPP loans      | 6.4 %                        | 6.2 %            | 4.5 %                 |
| ALLL to consumer loans and leases held for investment                        | 7.2 %                        | 6.9 %            | 5.2 %                 |
| ALLL to commercial loans and leases held for investment                      | 1.9 %                        | 2.0 %            | 1.6 %                 |
| ALLL to commercial loans and leases held for investment, excluding PPP loans | 2.2 %                        | 2.3 %            | 2.6 %                 |

**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)

**Results of Operations**

The following tables set forth the Condensed Consolidated Statements of Income (Income Statement) data for each of the periods presented:

|  | Three Months Ended    |                   |                       | Change (%)               |                          |
|--|-----------------------|-------------------|-----------------------|--------------------------|--------------------------|
|  | September 30,<br>2022 | June 30,<br>2022  | September 30,<br>2021 | Q3 2022<br>vs<br>Q2 2022 | Q3 2022<br>vs<br>Q3 2021 |
| <b>Non-interest income:</b>  |                       |                   |                       |                          |                          |
| Marketplace revenue  | \$ 173,837            | \$ 206,384        | \$ 174,556            | (16)%                    | — %                      |
| Other non-interest income  | 7,400                 | 7,448             | 6,322                 | (1)%                     | 17 %                     |
| <b>Total non-interest income</b>   | <b>181,237</b>        | <b>213,832</b>    | <b>180,878</b>        | <b>(15)%</b>             | <b>— %</b>               |
| <b>Interest income:</b>  |                       |                   |                       |                          |                          |
| Interest on loans held for sale  | 5,879                 | 7,130             | 8,536                 | (18)%                    | (31)%                    |
| Interest and fees on loans and leases held for investment                  | 124,028               | 108,911           | 57,644                | 14 %                     | 115 %                    |
| Interest on retail and certificate loans held for investment at fair value | 3,685                 | 5,091             | 12,172                | (28)%                    | (70)%                    |
| Interest on other loans held for investment at fair value                  | 791                   | 631               | 973                   | 25 %                     | (19)%                    |
| Interest on securities available for sale                                  | 3,820                 | 4,426             | 3,180                 | (14)%                    | 20 %                     |
| Other  | 5,017                 | 2,279             | 355                   | 120 %                    | N/M                      |
| <b>Total interest income</b>   | <b>143,220</b>        | <b>128,468</b>    | <b>82,860</b>         | <b>11 %</b>              | <b>73 %</b>              |
| <b>Interest expense:</b>   |                       |                   |                       |                          |                          |
| Interest on deposits   | 15,184                | 6,078             | 1,899                 | 150 %                    | 700 %                    |
| Interest on short-term borrowings  | 87                    | 417               | 849                   | (79)%                    | (90)%                    |
| Interest on retail notes, certificates and secured borrowings              | 3,685                 | 5,091             | 12,172                | (28)%                    | (70)%                    |
| Interest on Structured Program borrowings                                  | 225                   | 360               | 2,120                 | (38)%                    | (89)%                    |
| Interest on other long-term debt   | 363                   | 296               | 532                   | 23 %                     | (32)%                    |
| <b>Total interest expense</b>  | <b>19,544</b>         | <b>12,242</b>     | <b>17,572</b>         | <b>60 %</b>              | <b>11 %</b>              |
| <b>Net interest income</b>   | <b>123,676</b>        | <b>116,226</b>    | <b>65,288</b>         | <b>6 %</b>               | <b>89 %</b>              |
| <b>Total net revenue</b>   | <b>304,913</b>        | <b>330,058</b>    | <b>246,166</b>        | <b>(8)%</b>              | <b>24 %</b>              |
| <b>Provision for credit losses</b>   | <b>82,739</b>         | <b>70,566</b>     | <b>37,524</b>         | <b>17 %</b>              | <b>120 %</b>             |
| <b>Non-interest expense:</b>   |                       |                   |                       |                          |                          |
| Compensation and benefits  | 84,916                | 85,103            | 73,304                | — %                      | 16 %                     |
| Marketing  | 46,031                | 61,497            | 50,782                | (25)%                    | (9)%                     |
| Equipment and software   | 12,491                | 12,461            | 10,297                | — %                      | 21 %                     |
| Occupancy  | 5,051                 | 6,209             | 6,486                 | (19)%                    | (22)%                    |
| Depreciation and amortization  | 10,681                | 10,557            | 10,549                | 1 %                      | 1 %                      |
| Professional services  | 11,943                | 16,138            | 11,750                | (26)%                    | 2 %                      |
| Other non-interest expense   | 15,106                | 17,421            | 15,607                | (13)%                    | (3)%                     |
| <b>Total non-interest expense</b>  | <b>186,219</b>        | <b>209,386</b>    | <b>178,775</b>        | <b>(11)%</b>             | <b>4 %</b>               |
| <b>Income before income tax benefit (expense)</b>                          | <b>35,955</b>         | <b>50,106</b>     | <b>29,867</b>         | <b>(28)%</b>             | <b>20 %</b>              |
| Income tax benefit (expense)   | 7,243                 | 131,954           | (2,682)               | N/M                      | N/M                      |
| <b>Net income</b>  | <b>\$ 43,198</b>      | <b>\$ 182,060</b> | <b>\$ 27,185</b>      | <b>(76)%</b>             | <b>59 %</b>              |

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|  | <b>Nine Months Ended<br/>September 30,</b> |                    |                   |
|--|--|--------------------|-------------------|
|  | <b>2022</b>                                | <b>2021</b>        | <b>Change (%)</b> |
| <b>Non-interest income:</b>  |  |                    |                   |
| Marketplace revenue  | \$ 560,187                                 | \$ 408,018         | 37 %              |
| Other non-interest income  | 24,739                                     | 18,670             | 33 %              |
| <b>Total non-interest income</b>   | <b>584,926</b>                             | <b>426,688</b>     | <b>37 %</b>       |
| <b>Interest income:</b>  |  |                    |                   |
| Interest on loans held for sale  | 20,459                                     | 22,387             | (9)%              |
| Interest and fees on loans and leases held for investment                  | 324,381                                    | 112,013            | 190 %             |
| Interest on retail and certificate loans held for investment at fair value | 15,745                                     | 48,448             | (68)%             |
| Interest on other loans held for investment at fair value                  | 2,015                                      | 3,674              | (45)%             |
| Interest on securities available for sale                                  | 12,757                                     | 7,954              | 60 %              |
| Other  | 7,984                                      | 701                | N/M               |
| <b>Total interest income</b>   | <b>383,341</b>                             | <b>195,177</b>     | <b>96 %</b>       |
| <b>Interest expense:</b>   |  |                    |                   |
| Interest on deposits   | 24,700                                     | 4,612              | 436 %             |
| Interest on short-term borrowings  | 939  | 3,116              | (70)%             |
| Interest on retail notes, certificates and secured borrowings              | 15,745                                     | 48,448             | (68)%             |
| Interest on Structured Program borrowings                                  | 1,349                                      | 7,996              | (83)%             |
| Interest on other long-term debt   | 1,026                                      | 1,306              | (21)%             |
| <b>Total interest expense</b>  | <b>43,759</b>                              | <b>65,478</b>      | <b>(33)%</b>      |
| <b>Net interest income</b>   | <b>339,582</b>                             | <b>129,699</b>     | <b>162 %</b>      |
| <b>Total net revenue</b>   | <b>924,508</b>                             | <b>556,387</b>     | <b>66 %</b>       |
| <b>Provision for credit losses</b>   | <b>205,814</b>                             | <b>93,651</b>      | <b>120 %</b>      |
| <b>Non-interest expense:</b>   |  |                    |                   |
| Compensation and benefits  | 251,629                                    | 209,649            | 20 %              |
| Marketing  | 162,608                                    | 105,434            | 54 %              |
| Equipment and software   | 35,998                                     | 27,471             | 31 %              |
| Occupancy  | 17,279                                     | 19,543             | (12)%             |
| Depreciation and amortization  | 32,277                                     | 33,823             | (5)%              |
| Professional services  | 40,487                                     | 34,873             | 16 %              |
| Other non-interest expense   | 46,531                                     | 42,373             | 10 %              |
| <b>Total non-interest expense</b>  | <b>586,809</b>                             | <b>473,166</b>     | <b>24 %</b>       |
| <b>Income (Loss) before income tax benefit (expense)</b>                   | <b>131,885</b>                             | <b>(10,430)</b>    | <b>N/M</b>        |
| Income tax benefit (expense)   | 134,209                                    | (98)               | N/M               |
| <b>Net income (loss)</b>   | <b>\$ 266,094</b>                          | <b>\$ (10,528)</b> | <b>N/M</b>        |

The analysis below is presented for the following periods: Third quarter of 2022 compared to the second quarter of 2022 (sequential), third quarter of 2022 compared to the third quarter of 2021 (year over year) and the first nine months of 2022 compared to the first nine months of 2021 (nine months over nine months). As a result of the timing of the Company's acquisition of Radius on February 1, 2021, our results of operations discussed below for the nine- month period ended September 30, 2021 only reflect the revenue and expenses generated by LendingClub Bank for eight months of such period.

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**Marketplace Revenue**

Marketplace revenue consists of the following:

|                            | Three Months Ended |               |                    | Change (%)         |                    |
|----------------------------|--------------------|---------------|--------------------|--------------------|--------------------|
|                            | September 30, 2022 | June 30, 2022 | September 30, 2021 | Q3 2022 vs Q2 2022 | Q3 2022 vs Q3 2021 |
| Origination fees           | \$ 127,142         | \$ 149,252    | \$ 129,125         | (15)%              | (2)%               |
| Servicing fees             | 23,760             | 18,166        | 20,819             | 31 %               | 14 %               |
| Gain on sales of loans     | 23,554             | 29,319        | 21,907             | (20)%              | 8 %                |
| Net fair value adjustments | (619)              | 9,647         | 2,705              | N/M                | N/M                |
| Total marketplace revenue  | \$ 173,837         | \$ 206,384    | \$ 174,556         | (16)%              | — %                |

  

|                            | Nine Months Ended September 30, |            | Change (%) |
|----------------------------|---------------------------------|------------|------------|
|                            | 2022                            | 2021       |            |
| Origination fees           | \$ 398,487                      | \$ 298,486 | 34 %       |
| Servicing fees             | 60,440                          | 66,699     | (9)%       |
| Gain on sales of loans     | 76,983                          | 49,547     | 55 %       |
| Net fair value adjustments | 24,277                          | (6,714)    | N/M        |
| Total marketplace revenue  | \$ 560,187                      | \$ 408,018 | 37 %       |

We elected to account for HFS loans under the fair value option. With the election of the fair value option, origination fees, net fair value adjustments prior to sale of the loans, and servicing asset gains on the sales of the loans, are reported as separate components of “Marketplace revenue.”

**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 us 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 all unsecured personal and auto refinance loans and the majority of education and patient finance loans.

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

|                                       | Three Months Ended |               |                    | Nine Months Ended  |                    |
|---------------------------------------|--------------------|---------------|--------------------|--------------------|--------------------|
|                                       | September 30, 2022 | June 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Marketplace loans                     | \$ 2,386,319       | \$ 2,819,263  | \$ 2,471,152       | \$ 7,565,820       | \$ 5,791,508       |
| Loan originations held for investment | 1,152,870          | 1,021,110     | 635,514            | 3,030,292          | 1,520,751          |
| Total loan originations               | \$ 3,539,189       | \$ 3,840,373  | \$ 3,106,666       | \$ 10,596,112      | \$ 7,312,259       |

Origination fees were \$127.1 million and \$149.3 million for the third and second quarters of 2022, respectively, a decrease of 15%. The decrease was due to lower origination volume of marketplace loans. Loan origination volume of marketplace loans decreased to \$2.4 billion for the third quarter of 2022 compared to \$2.8 billion for the second quarter of 2022, a decrease of 15%.

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Origination fees were \$127.1 million and \$129.1 million for the third quarters of 2022 and 2021, respectively, a decrease of 2%. The decrease was due to lower origination volume of marketplace loans. Loan origination volume of marketplace loans decreased to \$2.4 billion for the third quarter of 2022 compared to \$2.5 billion for the third quarter of 2021, a decrease of 3%.

Origination fees were \$398.5 million and \$298.5 million for the first nine months of 2022 and 2021, respectively, an increase of 34%. The increase was due to higher origination volume of marketplace loans. Loan origination volume of marketplace loans increased to \$7.6 billion for the first nine months of 2022 compared to \$5.8 billion for the first nine months of 2021, an increase of 31%.

*Servicing Fees*

We receive servicing fees to compensate us 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.

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

|   | Three Months Ended    |                  |                       | Change (%)               |                          |
|---|-----------------------|------------------|-----------------------|--------------------------|--------------------------|
|   | September 30,<br>2022 | June 30,<br>2022 | September 30,<br>2021 | Q3 2022<br>vs<br>Q2 2022 | Q3 2022<br>vs<br>Q3 2021 |
| <b>AUM (in millions):</b>                         |                       |                  |                       |                          |                          |
| Loans serviced for others                         | \$ 11,807             | \$ 11,382        | \$ 9,744              | 4 %                      | 21 %                     |
| Loans held by LendingClub Bank                    | 4,019                 | 3,258            | 1,438                 | 23 %                     | 179 %                    |
| Retail notes, certificates and secured borrowings | 92                    | 127              | 314                   | (28)%                    | (71)%                    |
| Other loans invested in by the Company            | 11                    | 16               | 96                    | (31)%                    | (89)%                    |
| Total   | \$ 15,929             | \$ 14,783        | \$ 11,592             | 8 %                      | 37 %                     |

In addition to the loans serviced on our marketplace platform, we earned servicing fee revenue on \$174.1 million, \$183.6 million and \$243.6 million in outstanding principal balance of commercial loans sold as of September 30, 2022, June 30, 2022 and September 30, 2021, respectively.

Servicing fees were \$23.8 million and \$18.2 million for the third and second quarters of 2022, respectively, an increase of 31%. This was primarily due to a higher principal balance of loans serviced and less changes in the fair value of our servicing asset.

Servicing fees were \$23.8 million and \$20.8 million for the third quarters of 2022 and 2021, respectively, an increase of 14%. The increase in revenue was primarily due to a higher principal balance of loans serviced.

Servicing fees were \$60.4 million and \$66.7 million for the first nine months of 2022 and 2021, respectively, a decrease of 9%. The decrease in revenue was primarily due to more changes in the fair value of our servicing asset, partially offset by a higher principal balance of loans serviced.

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*Gain on Sales of Loans*

In connection with loan sales, we recognize 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 at the time of sale. Additionally, we recognize transaction costs, if any, as a loss on sale of loans.

Gain on sales of loans was \$23.6 million and \$29.3 million for the third and second quarters of 2022, respectively, a decrease of 20%. The decrease was due to a decrease in the volume of marketplace loans sold.

Gain on sales of loans was \$23.6 million and \$21.9 million for the third quarters of 2022 and 2021, respectively, an increase of 8%. The increase was primarily due to an increase in the average contractual servicing fee, partially offset by a decrease in the volume of marketplace loans sold.

Gain on sales of loans was \$77.0 million and \$49.5 million for the first nine months of 2022 and 2021, respectively, an increase of 55%. The increase was primarily due to an increase in the volume of marketplace loans sold.

*Net Fair Value Adjustments*

We record 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 \$(0.6) million and \$9.6 million for the third and second quarters of 2022, respectively, a decrease of \$10.3 million. The decrease was primarily due to lower loan sale prices and a decrease in the volume of marketplace loans sold.

Net fair value adjustments were \$(0.6) million and \$2.7 million for the third quarters of 2022 and 2021, respectively, a decrease of \$3.3 million. The decrease was primarily due to lower loan sale prices and a decrease in the volume of marketplace loans sold.

Net fair value adjustments were \$24.3 million and \$(6.7) million for the first nine months of 2022 and 2021, respectively, an increase of \$31.0 million. The increase was primarily due to higher loan sale prices and an increase in the volume of marketplace loans sold.

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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 tables below illustrate the composition of other non-interest income for each period presented:

|                           | Three Months Ended    |                  |                       | Change (%)               |                          |
|---------------------------|-----------------------|------------------|-----------------------|--------------------------|--------------------------|
|                           | September 30,<br>2022 | June 30,<br>2022 | September 30,<br>2021 | Q3 2022<br>vs<br>Q2 2022 | Q3 2022<br>vs<br>Q3 2021 |
| Referral revenue          | \$ 3,144              | \$ 4,025         | \$ 4,293              | (22)%                    | (27)%                    |
| Other                     | 4,256                 | 3,423            | 2,029                 | 24 %                     | 110 %                    |
| Other non-interest income | \$ 7,400              | \$ 7,448         | \$ 6,322              | (1)%                     | 17 %                     |

|   | Nine Months Ended September 30, |           | Change (%) |
|---|---------------------------------|-----------|------------|
|   | 2022                            | 2021      |            |
| Referral revenue  | \$ 10,860                       | \$ 9,649  | 13 %       |
| Realized gains (losses) on sales of securities available for sale and other investments | 36                              | (96)      | N/M        |
| Other   | 13,843                          | 9,117     | 52 %       |
| Other non-interest income   | \$ 24,739                       | \$ 18,670 | 33 %       |

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### Net Interest Income

The tables below present net interest income information corresponding to interest-earning assets and interest-bearing funding sources on a consolidated basis for the Company. The average yield/rate is calculated by dividing the annualized period-end interest income/expense by the average balance.

|  | Three Months Ended<br>September 30, 2022 |                                |                           | Three Months Ended<br>June 30, 2022 |                                |                           | Three Months Ended<br>September 30, 2021 |                                |                           |
|--|--|--------------------------------|---------------------------|-------------------------------------|--------------------------------|---------------------------|--|--------------------------------|---------------------------|
|  | Average<br>Balance                       | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance                  | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance                       | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate |
| <b>Interest-earning assets <sup>(1)</sup></b>                        |  |                                |                           |                                     |                                |                           |  |                                |                           |
| Cash, cash equivalents,<br>restricted cash and other                 | \$ 893,655                               | \$ 5,017                       | 2.25 %                    | \$ 1,023,192                        | \$ 2,279                       | 0.89 %                    | \$ 778,667                               | \$ 355                         | 0.18 %                    |
| Securities available for sale at<br>fair value                       | 396,556                                  | 3,820                          | 3.85 %                    | 409,327                             | 4,426                          | 4.32 %                    | 266,686                                  | 3,180                          | 4.77 %                    |
| Loans held for sale  | 126,487                                  | 5,879                          | 18.59 %                   | 156,503                             | 7,130                          | 18.22 %                   | 226,422                                  | 8,536                          | 15.08 %                   |
| Loans and leases held for<br>investment:                             |  |                                |                           |                                     |                                |                           |  |                                |                           |
| Unsecured personal loans   | 3,268,649                                | 110,446                        | 13.52 %                   | 2,692,148                           | 95,529                         | 14.19 %                   | 991,297                                  | 39,532                         | 15.95 %                   |
| Secured consumer loans   | 337,191                                  | 3,039                          | 3.60 %                    | 268,091                             | 2,351                          | 3.51 %                    | 464,194                                  | 4,688                          | 4.04 %                    |
| Commercial loans and<br>leases                                       | 692,783                                  | 9,262                          | 5.35 %                    | 644,002                             | 8,732                          | 5.42 %                    | 616,823                                  | 7,887                          | 5.11 %                    |
| PPP loans  | 105,500                                  | 1,281                          | 4.86 %                    | 149,454                             | 2,299                          | 6.15 %                    | 436,785                                  | 5,537                          | 5.07 %                    |
| Loans and leases held for<br>investment                              | 4,404,123                                | 124,028                        | 11.26 %                   | 3,753,695                           | 108,911                        | 11.61 %                   | 2,509,099                                | 57,644                         | 9.19 %                    |
| Retail and certificate loans<br>held for investment at fair<br>value | 104,010                                  | 3,685                          | 14.17 %                   | 144,613                             | 5,091                          | 14.08 %                   | 344,205                                  | 12,172                         | 14.15 %                   |
| Other loans held for<br>investment at fair value                     | 17,763                                   | 791                            | 17.83 %                   | 16,991                              | 631                            | 14.85 %                   | 30,981                                   | 973                            | 12.58 %                   |
| <b>Total interest-earning assets</b>                                 | <b>5,942,594</b>                         | <b>143,220</b>                 | <b>9.64 %</b>             | <b>5,504,321</b>                    | <b>128,468</b>                 | <b>9.34 %</b>             | <b>4,156,060</b>                         | <b>82,860</b>                  | <b>7.97 %</b>             |
| Cash and due from banks and<br>restricted cash                       | 58,411                                   |                                |                           | 75,517                              |                                |                           | 96,733                                   |                                |                           |
| Allowance for loan and lease<br>losses                               | (254,849)                                |                                |                           | (202,904)                           |                                |                           | (86,686)                                 |                                |                           |
| Other non-interest earning<br>assets                                 | 597,169                                  |                                |                           | 490,412                             |                                |                           | 449,964                                  |                                |                           |
| <b>Total assets</b>  | <b>\$ 6,343,325</b>                      |                                |                           | <b>\$ 5,867,346</b>                 |                                |                           | <b>\$ 4,616,071</b>                      |                                |                           |
| <b>Interest-bearing liabilities</b>                                  |  |                                |                           |                                     |                                |                           |  |                                |                           |
| Interest-bearing deposits:   |  |                                |                           |                                     |                                |                           |  |                                |                           |
| Checking and money<br>market accounts                                | \$ 2,192,904                             | \$ 4,575                       | 0.83 %                    | \$ 2,463,710                        | \$ 2,664                       | 0.43 %                    | \$ 2,221,365                             | \$ 1,707                       | 0.30 %                    |
| Savings accounts and<br>certificates of deposit                      | 2,260,170                                | 10,609                         | 1.86 %                    | 1,555,607                           | 3,414                          | 0.88 %                    | 307,807                                  | 192                            | 0.25 %                    |
| Interest-bearing deposits <sup>(2)</sup>                             | 4,453,074                                | 15,184                         | 1.35 %                    | 4,019,317                           | 6,078                          | 0.61 %                    | 2,529,172                                | 1,899                          | 0.30 %                    |
| Short-term borrowings  | 6,848                                    | 87                             | 5.09 %                    | 10,874                              | 417                            | 15.35 %                   | 57,224                                   | 849                            | 5.93 %                    |
| Advances from PPPLF  | 104,897                                  | 93                             | 0.36 %                    | 151,278                             | 135                            | 0.36 %                    | 416,748                                  | 371                            | 0.36 %                    |
| Retail notes, certificates and<br>secured borrowings                 | 104,010                                  | 3,685                          | 14.17 %                   | 144,613                             | 5,091                          | 14.08 %                   | 344,087                                  | 12,172                         | 14.15 %                   |
| Structured Program<br>borrowings                                     | 13,859                                   | 225                            | 6.50 %                    | 18,439                              | 360                            | 7.81 %                    | 100,178                                  | 2,120                          | 8.46 %                    |
| Other long-term debt   | 15,300                                   | 270                            | 7.04 %                    | 15,357                              | 161                            | 4.20 %                    | 15,606                                   | 161                            | 4.13 %                    |
| <b>Total interest-bearing<br/>liabilities</b>                        | <b>4,697,988</b>                         | <b>19,544</b>                  | <b>1.65 %</b>             | <b>4,359,878</b>                    | <b>12,242</b>                  | <b>1.12 %</b>             | <b>3,463,015</b>                         | <b>17,572</b>                  | <b>2.03 %</b>             |

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|  | Three Months Ended<br>September 30, 2022 |                                |                           | Three Months Ended<br>June 30, 2022 |                                |                           | Three Months Ended<br>September 30, 2021 |                                |                           |
|--|--|--------------------------------|---------------------------|-------------------------------------|--------------------------------|---------------------------|--|--------------------------------|---------------------------|
|  | Average<br>Balance                       | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance                  | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate | Average<br>Balance                       | Interest<br>Income/<br>Expense | Average<br>Yield/<br>Rate |
| <b>Interest-earning assets <sup>(1)</sup></b>      |  |                                |                           |                                     |                                |                           |  |                                |                           |
| Non-interest bearing deposits                      | 284,134                                  |                                |                           | 292,750                             |                                |                           | 81,491                                   |                                |                           |
| Other liabilities                                  | 250,086                                  |                                |                           | 261,796                             |                                |                           | 285,292                                  |                                |                           |
| <b>Total liabilities</b>                           | <u>\$ 5,232,208</u>                      |                                |                           | <u>\$ 4,914,424</u>                 |                                |                           | <u>\$ 3,829,798</u>                      |                                |                           |
| <b>Total equity</b>                                | <u>\$ 1,111,117</u>                      |                                |                           | <u>\$ 952,922</u>                   |                                |                           | <u>\$ 786,273</u>                        |                                |                           |
| <b>Total liabilities and equity</b>                | <u>\$ 6,343,325</u>                      |                                |                           | <u>\$ 5,867,346</u>                 |                                |                           | <u>\$ 4,616,071</u>                      |                                |                           |
| <b>Interest rate spread</b>                        |  |                                | 7.99 %                    |                                     |                                | 8.21 %                    |  |                                | 5.95 %                    |
| <b>Net interest income and net interest margin</b> |  | <u>\$ 123,676</u>              | <u>8.32 %</u>             |                                     | <u>\$ 116,226</u>              | <u>8.45 %</u>             |  | <u>\$ 65,288</u>               | <u>6.28 %</u>             |

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

(2) The average yield/rate for unsecured personal loans decreased both sequentially and year over year primarily due to a shift in the mix toward higher credit quality loans. The average yield/rate for interest-bearing deposits increased due to a higher federal funds rate and an increasing concentration of online deposits. We expect the decrease in net interest margin to continue in the fourth quarter of 2022.

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

|  | Three Months Ended September 30, 2022<br>Compared to<br>Three Months Ended June 30, 2022 |                             |           |               |
|--|--|-----------------------------|-----------|---------------|
|  | Increase (Decrease) Due to Change in:  |                             |           |               |
|  | Average Volume <sup>(1)</sup>  | Average Rate <sup>(1)</sup> | Total     |               |
| <b>Interest-earning assets</b>   |  |                             |           |               |
| Cash, cash equivalents, restricted cash and other                              | \$ (322)   | \$ 3,060                    | \$        | 2,738         |
| Securities available for sale at fair value                                    | (135)  | (471)                       |           | (606)         |
| Loans held for sale  | (1,392)  | 141                         |           | (1,251)       |
| Loans and leases held for investment   | 18,398   | (3,281)                     |           | 15,117        |
| Retail and certificate loans held for investment at fair value                 | (1,438)  | 32                          |           | (1,406)       |
| Other loans held for investment at fair value                                  | 30   | 130                         |           | 160           |
| <b>Total increase (decrease) in interest income on interest-earning assets</b> | <b>\$ 15,141</b>   | <b>\$ (389)</b>             | <b>\$</b> | <b>14,752</b> |
| <b>Interest-bearing liabilities</b>  |  |                             |           |               |
| Checking and money market accounts   | \$ (318)   | \$ 2,229                    | \$        | 1,911         |
| Savings accounts and certificates of deposit                                   | 2,078  | 5,117                       |           | 7,195         |
| Interest-bearing deposits  | 1,760  | 7,346                       |           | 9,106         |
| Short-term borrowings  | (118)  | (212)                       |           | (330)         |
| Advances from PPPLF  | (42)   | —                           |           | (42)          |
| Retail notes, certificates and secured borrowings                              | (1,438)  | 32                          |           | (1,406)       |
| Structured Program borrowings  | (81)   | (54)                        |           | (135)         |
| Other long-term debt   | (1)  | 110                         |           | 109           |
| <b>Total increase in interest expense on interest-bearing liabilities</b>      | <b>\$ 80</b>   | <b>\$ 7,222</b>             | <b>\$</b> | <b>7,302</b>  |
| <b>Increase (decrease) in net interest income</b>                              | <b>\$ 15,061</b>   | <b>\$ (7,611)</b>           | <b>\$</b> | <b>7,450</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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|  | Three Months Ended September 30, 2022<br>Compared to<br>Three Months Ended September 30, 2021 |                             |           |               |
|--|---|-----------------------------|-----------|---------------|
|  | Increase (Decrease) Due to Change in:   |                             |           | Total         |
|  | Average Volume <sup>(1)</sup>   | Average Rate <sup>(1)</sup> |           |               |
| <b>Interest-earning assets</b>   |   |                             |           |               |
| Cash, cash equivalents, restricted cash and other                                    | \$ 60   | \$ 4,602                    | \$        | 4,662         |
| Securities available for sale at fair value  | 1,335   | (695)                       |           | 640           |
| Loans held for sale  | (4,342)   | 1,685                       |           | (2,657)       |
| Loans and leases held for investment   | 51,105  | 15,279                      |           | 66,384        |
| Retail and certificate loans held for investment at fair value                       | (8,510)   | 23                          |           | (8,487)       |
| Other loans held for investment at fair value  | (503)   | 321                         |           | (182)         |
| <b>Total increase in interest income on interest-earning assets</b>                  | <b>\$ 39,145</b>  | <b>\$ 21,215</b>            | <b>\$</b> | <b>60,360</b> |
| <b>Interest-bearing liabilities</b>  |   |                             |           |               |
| Checking and money market accounts   | \$ (22)   | \$ 2,890                    | \$        | 2,868         |
| Savings accounts and certificates of deposit   | 5,135   | 5,282                       |           | 10,417        |
| Interest-bearing deposits  | 5,113   | 8,172                       |           | 13,285        |
| Short-term borrowings  | (656)   | (106)                       |           | (762)         |
| Advances from PPPLF  | (278)   | —                           |           | (278)         |
| Retail notes, certificates and secured borrowings                                    | (8,506)   | 19                          |           | (8,487)       |
| Structured Program borrowings  | (1,493)   | (402)                       |           | (1,895)       |
| Other long-term debt   | (3)   | 112                         |           | 109           |
| <b>Total increase (decrease) in interest expense on interest-bearing liabilities</b> | <b>\$ (5,823)</b>   | <b>\$ 7,795</b>             | <b>\$</b> | <b>1,972</b>  |
| <b>Increase in net interest income</b>   | <b>\$ 44,968</b>  | <b>\$ 13,420</b>            | <b>\$</b> | <b>58,388</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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|  | Nine Months Ended September 30, |                         |                    |                     |                         |                    |
|--|---------------------------------|-------------------------|--------------------|---------------------|-------------------------|--------------------|
|  | 2022                            |                         |                    | 2021                |                         |                    |
|  | Average Balance                 | Interest Income/Expense | Average Yield/Rate | Average Balance     | Interest Income/Expense | Average Yield/Rate |
| <b>Interest-earning assets <sup>(1)</sup></b>                  |                                 |                         |                    |                     |                         |                    |
| Cash, cash equivalents, restricted cash and other              | \$ 936,592                      | \$ 7,984                | 1.14 %             | \$ 769,759          | \$ 701                  | 0.12 %             |
| Securities available for sale at fair value                    | 377,274                         | 12,757                  | 4.51 %             | 295,949             | 7,954                   | 3.58 %             |
| Loans held for sale  | 178,905                         | 20,459                  | 15.25 %            | 229,785             | 22,387                  | 12.99 %            |
| Loans and leases held for investment:                          |                                 |                         |                    |                     |                         |                    |
| Unsecured personal loans <sup>(2)</sup>                        | 2,678,133                       | 284,350                 | 14.16 %            | 605,126             | 62,423                  | 15.47 %            |
| Secured consumer loans   | 279,556                         | 7,665                   | 3.66 %             | 503,798             | 13,076                  | 3.89 %             |
| Commercial loans and leases                                    | 652,745                         | 25,583                  | 5.23 %             | 616,660             | 22,068                  | 5.37 %             |
| PPP loans  | 158,729                         | 6,783                   | 5.70 %             | 549,137             | 14,446                  | 3.95 %             |
| Loans and leases held for investment                           | 3,769,163                       | 324,381                 | 11.47 %            | 2,274,721           | 112,013                 | 7.39 %             |
| Retail and certificate loans held for investment at fair value | 148,798                         | 15,745                  | 14.11 %            | 454,886             | 48,448                  | 14.20 %            |
| Other loans held for investment at fair value                  | 17,756                          | 2,015                   | 15.13 %            | 38,563              | 3,674                   | 12.71 %            |
| <b>Total interest-earning assets</b>                           | <b>5,428,488</b>                | <b>383,341</b>          | <b>9.42 %</b>      | <b>4,063,663</b>    | <b>195,177</b>          | <b>6.86 %</b>      |
| Cash and due from banks and restricted cash                    | 75,412                          |                         |                    | 125,310             |                         |                    |
| Allowance for loan and lease losses                            | (207,462)                       |                         |                    | (59,262)            |                         |                    |
| Other non-interest earning assets                              | 525,053                         |                         |                    | 413,309             |                         |                    |
| <b>Total assets</b>  | <b>\$ 5,821,491</b>             |                         |                    | <b>\$ 4,543,020</b> |                         |                    |
| <b>Interest-bearing liabilities</b>                            |                                 |                         |                    |                     |                         |                    |
| Interest-bearing deposits:                                     |                                 |                         |                    |                     |                         |                    |
| Checking and money market accounts                             | \$ 2,298,847                    | \$ 8,964                | 0.52 %             | \$ 2,046,355        | \$ 4,238                | 0.31 %             |
| Savings accounts and certificates of deposit                   | 1,633,325                       | 15,736                  | 1.29 %             | 309,500             | 374                     | 0.18 %             |
| Interest-bearing deposits <sup>(2)</sup>                       | 3,932,172                       | 24,700                  | 0.84 %             | 2,355,855           | 4,612                   | 0.30 %             |
| Short-term borrowings  | 12,648                          | 939                     | 9.90 %             | 78,467              | 3,116                   | 5.30 %             |
| Advances from PPPLF  | 163,206                         | 434                     | 0.35 %             | 374,841             | 876                     | 0.35 %             |
| Retail notes, certificates and secured borrowings              | 148,798                         | 15,745                  | 14.11 %            | 455,779             | 48,448                  | 14.18 %            |
| Structured Program borrowings                                  | 24,671                          | 1,349                   | 7.29 %             | 121,654             | 7,996                   | 8.76 %             |
| Other long-term debt   | 15,359                          | 592                     | 5.14 %             | 16,665              | 430                     | 3.44 %             |
| <b>Total interest-bearing liabilities</b>                      | <b>4,296,854</b>                | <b>43,759</b>           | <b>1.36 %</b>      | <b>3,403,261</b>    | <b>65,478</b>           | <b>2.59 %</b>      |
| Non-interest bearing deposits                                  | 268,281                         |                         |                    | 93,813              |                         |                    |
| Other liabilities  | 276,788                         |                         |                    | 287,868             |                         |                    |
| <b>Total liabilities</b>                                       | <b>\$ 4,841,923</b>             |                         |                    | <b>\$ 3,784,942</b> |                         |                    |
| <b>Total equity</b>  | <b>\$ 979,568</b>               |                         |                    | <b>\$ 758,078</b>   |                         |                    |
| <b>Total liabilities and equity</b>                            | <b>\$ 5,821,491</b>             |                         |                    | <b>\$ 4,543,020</b> |                         |                    |
| <b>Interest rate spread</b>                                    |                                 |                         | <b>8.06 %</b>      |                     |                         | <b>4.27 %</b>      |
| <b>Net interest income and net interest margin</b>             |                                 | <b>\$ 339,582</b>       | <b>8.34 %</b>      |                     | <b>\$ 129,699</b>       | <b>4.76 %</b>      |

<sup>(1)</sup> Nonaccrual loans and any related income are included in their respective loan categories.

<sup>(2)</sup> The average yield/rate for unsecured personal loans decreased nine months over nine months primarily due to a shift in the mix toward higher credit quality loans. The average yield/rate for interest-bearing deposits increased due to a higher federal funds rate and an increasing concentration of online deposits.

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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 discounted cash flow (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, available for sale (AFS) securities and unfunded lending commitments. The table below illustrates the composition of the provision for credit losses for each period presented:

|  | Three Months Ended    |                  |                       | Nine Months Ended     |                       |
|--|-----------------------|------------------|-----------------------|-----------------------|-----------------------|
|  | September 30,<br>2022 | June 30,<br>2022 | September 30,<br>2021 | September 30,<br>2022 | September 30,<br>2021 |
| Credit loss expense for Radius loans at acquisition              | \$ —                  | \$ —             | \$ —                  | \$ —                  | \$ 6,929              |
| Credit loss expense for loans and leases held for investment     | 82,599                | 70,053           | 37,133                | 204,880               | 88,733                |
| Credit loss expense for unfunded lending commitments             | 140                   | 513              | 887                   | 934                   | 1,277                 |
| Total credit loss expense  | 82,739                | 70,566           | 38,020                | 205,814               | 96,939                |
| Reversal of credit loss expense on securities available for sale | —                     | —                | (496)                 | —                     | (3,288)               |
| Total provision for credit losses                                | \$ 82,739             | \$ 70,566        | \$ 37,524             | \$ 205,814            | \$ 93,651             |

The provision for credit losses was \$82.7 million and \$70.6 million for the third and second quarters of 2022, respectively. The increase was primarily due to growth in the volume of loans HFI, allowance net present value amortization on prior loan vintages and additional qualitative allowance reflecting a less favorable economic outlook. Total volume of loans HFI was \$1.2 billion and \$1.0 billion for the third and second quarters of 2022, respectively.

The provision for credit losses was \$82.7 million and \$37.5 million for the third quarters of 2022 and 2021, respectively. The increase was primarily due to growth in the volume of loans HFI, allowance net present value amortization on prior loan vintages and additional qualitative allowance reflecting a less favorable economic outlook. Total volume of loans HFI was \$1.2 billion and \$635.5 million for the third quarters of 2022 and 2021, respectively.

The provision for credit losses was \$205.8 million and \$93.7 million for the first nine months of 2022 and 2021, respectively. The increase was primarily due to growth in the volume of loans HFI, allowance net present value amortization on prior loan vintages and additional qualitative allowance reflecting a less favorable economic outlook. Total volume of loans HFI was \$3.0 billion and \$1.5 billion for the first nine months of 2022 and 2021, respectively.

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The activity in the ACL was as follows:

|   | Three Months Ended    |                  |                       | Nine Months Ended September 30, |            |
|---|-----------------------|------------------|-----------------------|---------------------------------|------------|
|   | September 30,<br>2022 | June 30,<br>2022 | September 30,<br>2021 | 2022                            | 2021       |
| Allowance for loan and lease losses, beginning of period  | \$ 243,260            | \$ 187,985       | \$ 71,081             | \$ 144,389                      | \$ —       |
| Credit loss expense for loans and leases held for investment  | 82,599                | 70,053           | 37,133                | 204,880                         | 95,662     |
| Initial allowance for purchased credit deteriorated (PCD) loans acquired during the period <sup>(1)</sup> | —                     | —                | —                     | —                               | 12,440     |
| Charge-offs   | (23,728)              | (15,852)         | (4,336)               | (48,669)                        | (4,582)    |
| Recoveries  | 1,070                 | 1,074            | 858                   | 2,601                           | 1,216      |
| Allowance for loan and lease losses, end of period  | \$ 303,201            | \$ 243,260       | \$ 104,736            | \$ 303,201                      | \$ 104,736 |
| Reserve for unfunded lending commitments, beginning of period   | \$ 2,025              | \$ 1,512         | \$ 390                | \$ 1,231                        | \$ —       |
| Credit loss expense for unfunded lending commitments  | 140                   | 513              | 887                   | 934                             | 1,277      |
| Reserve for unfunded lending commitments, end of period <sup>(2)</sup>                                    | \$ 2,165              | \$ 2,025         | \$ 1,277              | \$ 2,165                        | \$ 1,277   |

<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 \$144.0 million, \$132.6 million and \$115.5 million of unfunded commitments as of September 30, 2022, June 30, 2022 and September 30, 2021, respectively.

|   | Three Months Ended    |                  |                       | Nine Months Ended September 30, |              |
|---|-----------------------|------------------|-----------------------|---------------------------------|--------------|
|   | September 30,<br>2022 | June 30,<br>2022 | September 30,<br>2021 | 2022                            | 2021         |
| Ratio of allowance for loan and lease losses to total loans and leases held for investment                      | 6.31 %                | 6.00 %           | 3.87 %                | 6.31 %                          | 3.87 %       |
| Ratio of allowance for loan and lease losses to total loans and leases held for investment, excluding PPP loans | 6.43 %                | 6.18 %           | 4.48 %                | 6.43 %                          | 4.48 %       |
| Average loans and leases held for investment  | \$ 4,404,123          | \$ 3,753,695     | \$ 2,509,099          | \$ 3,769,163                    | \$ 2,274,721 |
| Ratio of net charge-offs to average loans and leases held for investment  | 0.51 %                | 0.39 %           | 0.14 %                | 1.22 %                          | 0.15 %       |

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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. Unsecured personal loans are charged-off no later than 120 days past due. The following table presents nonaccrual loans and leases as of the periods presented <sup>(1)</sup>:

|   | <b>September 30, 2022</b> | <b>December 31, 2021</b> |
|---|---------------------------|--------------------------|
| Total nonaccrual loans and leases held for investment   | \$ 24,507                 | \$ 9,985                 |
| Ratio of total nonaccrual loans and leases held for investment to total loans and leases held for investment                      | 0.51 %                    | 0.34 %                   |
| Ratio of total nonaccrual loans and leases held for investment to total loans and leases held for investment, excluding PPP loans | 0.52 %                    | 0.38 %                   |

<sup>(1)</sup> Excluding PPP loans, there were no loans that were 90 days or more past due and accruing as of both September 30, 2022 and December 31, 2021.

For additional information on the ACL and nonaccrual loans and leases, see “*Notes to Consolidated Financial Statements – Note 1. Summary of Significant Accounting Policies*” of our Annual Report and “*Note 5. Loans and Leases Held for Investment, Net of Allowance For Loan and Lease Losses*” in this Report.

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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.

|                                   | Three Months Ended    |                   |                       | Change (%)               |                          |
|-----------------------------------|-----------------------|-------------------|-----------------------|--------------------------|--------------------------|
|                                   | September 30,<br>2022 | June 30,<br>2022  | September 30,<br>2021 | Q3 2022<br>vs<br>Q2 2022 | Q3 2022<br>vs<br>Q3 2021 |
| <b>Non-interest expense:</b>      |                       |                   |                       |                          |                          |
| Compensation and benefits         | \$ 84,916             | \$ 85,103         | \$ 73,304             | — %                      | 16 %                     |
| Marketing                         | 46,031                | 61,497            | 50,782                | (25)%                    | (9)%                     |
| Equipment and software            | 12,491                | 12,461            | 10,297                | — %                      | 21 %                     |
| Occupancy                         | 5,051                 | 6,209             | 6,486                 | (19)%                    | (22)%                    |
| Depreciation and amortization     | 10,681                | 10,557            | 10,549                | 1 %                      | 1 %                      |
| Professional services             | 11,943                | 16,138            | 11,750                | (26)%                    | 2 %                      |
| Other non-interest expense        | 15,106                | 17,421            | 15,607                | (13)%                    | (3)%                     |
| <b>Total non-interest expense</b> | <b>\$ 186,219</b>     | <b>\$ 209,386</b> | <b>\$ 178,775</b>     | <b>(11)%</b>             | <b>4 %</b>               |

|                                   | Nine Months Ended September 30, |                   | Change (%)  |
|-----------------------------------|---------------------------------|-------------------|-------------|
|                                   | 2022                            | 2021              |             |
| <b>Non-interest expense:</b>      |                                 |                   |             |
| Compensation and benefits         | \$ 251,629                      | \$ 209,649        | 20 %        |
| Marketing                         | 162,608                         | 105,434           | 54 %        |
| Equipment and software            | 35,998                          | 27,471            | 31 %        |
| Occupancy                         | 17,279                          | 19,543            | (12)%       |
| Depreciation and amortization     | 32,277                          | 33,823            | (5)%        |
| Professional services             | 40,487                          | 34,873            | 16 %        |
| Other non-interest expense        | 46,531                          | 42,373            | 10 %        |
| <b>Total non-interest expense</b> | <b>\$ 586,809</b>               | <b>\$ 473,166</b> | <b>24 %</b> |

Compensation and benefits expense remained flat for the third quarter of 2022 compared to the second quarter of 2022.

Compensation and benefits expense increased \$11.6 million, or 16%, and \$42.0 million, or 20%, for the third quarter and first nine months of 2022, respectively, compared to the same periods in 2021. The increases were primarily due to an increase in headcount.

Marketing expense decreased \$15.5 million, or 25%, for the third quarter of 2022 compared to the second quarter of 2022. The decrease was primarily due to a decrease in variable marketing expenses based on lower origination volume, as well as the deferral of applicable marketing expenses for HFI loans.

Marketing expense decreased \$4.8 million, or 9%, for the third quarter of 2022 compared to the third quarter of 2021. The decrease was primarily due to the deferral of applicable marketing expenses for HFI loans, partially offset by an increase in variable marketing expenses based on higher origination volume.

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Marketing expense increased \$57.2 million, or 54%, for the first nine months of 2022 compared to the same period in 2021. 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 remained flat for the third quarter of 2022 compared to the second quarter of 2022.

Equipment and software expense increased \$2.2 million, or 21%, and \$8.5 million, or 31%, for the third quarter and first nine months of 2022, respectively, compared to the same periods in 2021. The increases were primarily due to an increase in hosting fees and subscription costs.

Occupancy expense was \$5.1 million, \$6.2 million, and \$6.5 million for the third quarter of 2022, second quarter of 2022, and third quarter of 2021, respectively.

Occupancy expense was \$17.3 million and \$19.5 million for the first nine months of 2022 and 2021, respectively.

Depreciation and amortization expense remained relatively flat for the third quarter of 2022 compared to the second quarter of 2022 and third quarter of 2021.

Depreciation and amortization expense decreased \$1.5 million, or 5%, for the first nine months of 2022 compared to the same period in 2021. The decrease was primarily due to an increase in fully depreciated assets, partially offset by an increase in the amortization of intangible assets resulting from the Acquisition.

Professional services decreased \$4.2 million, or 26%, for the third quarter of 2022 compared to the second quarter of 2022. The decrease was primarily due to a decrease in consulting fees.

Professional services increased \$0.2 million, or 2%, and \$5.6 million, or 16%, for the third quarter and first nine months of 2022, respectively, compared to the same periods in 2021. The increases were primarily due to an increase in consulting fees.

### ***Income Taxes***

For the third quarter of 2022, we recorded an income tax benefit of \$7.2 million, primarily due to the release of a \$5.0 million valuation allowance against our deferred tax assets and a \$4.6 million tax credit, partially offset by a \$2.4 million state income tax expense. For the first nine months of 2022, we recorded an income tax benefit of \$134.2 million, primarily due to the release of a \$140.3 million valuation allowance against our deferred tax assets.

For the third quarter of 2021, we recorded an income tax expense of \$2.7 million, primarily related to income tax expense for state jurisdictions that limit net operating loss utilization. For the first nine months of 2021, we recorded an income tax expense of \$0.1 million, primarily related to income tax expense for state jurisdictions that limit net operating loss utilization, partially offset by changes in the deferred tax asset valuation allowance resulting from a deferred tax liability assumed with the Acquisition.

We have evaluated both positive and negative evidence when assessing the recoverability of our net deferred tax assets. Several factors were considered, which primarily included our business model transition and resulting increase in profitability and the expectation of continued profitability. These factors resulted in the release of the majority of our valuation allowance against our deferred tax assets during the second quarter of 2022.

As of September 30, 2022, we maintained a valuation allowance of \$58.1 million related to NOLs and tax credit carryforwards, of which certain NOLs' tax benefit will be realized through our effective tax rate during the fourth quarter of 2022. The realization and timing of any remaining state NOLs and tax credit carryforwards, based on the

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allocation of taxable income to the Parent, is uncertain and may expire before being utilized. We expect that our effective tax rate in 2023 will approximate our statutory tax rate of 28%.

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, servicing fee revenue for loans serviced prior to the Acquisition, and interest income and interest expense related to the Retail Program and Structured Program transactions.

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

|  | <b>LendingClub Bank</b>                 |                  | <b>LendingClub Corporation (Parent only)</b> |                 | <b>Intercompany Eliminations</b>        |                    | <b>Consolidated Total</b>               |                  |
|--|---|------------------|--|-----------------|---|--------------------|---|------------------|
|  | <b>Three Months Ended September 30,</b> |                  | <b>Three Months Ended September 30,</b>      |                 | <b>Three Months Ended September 30,</b> |                    | <b>Three Months Ended September 30,</b> |                  |
|  | <b>2022</b>                             | <b>2021</b>      | <b>2022</b>                                  | <b>2021</b>     | <b>2022</b>                             | <b>2021</b>        | <b>2022</b>                             | <b>2021</b>      |
| <b>Non-interest income:</b>                              |   |                  |  |                 |   |                    |   |                  |
| Marketplace revenue                                      | \$ 153,504                              | \$ 151,109       | \$ 9,015                                     | \$ 23,447       | \$ 11,318                               | \$ —               | \$ 173,837                              | \$ 174,556       |
| Other non-interest income                                | 25,240                                  | 25,393           | 4,794  | 4,140           | (22,634)                                | (23,211)           | 7,400                                   | 6,322            |
| <b>Total non-interest income</b>                         | <b>178,744</b>                          | <b>176,502</b>   | <b>13,809</b>                                | <b>27,587</b>   | <b>(11,316)</b>                         | <b>(23,211)</b>    | <b>181,237</b>                          | <b>180,878</b>   |
| <b>Interest income:</b>                                  |   |                  |  |                 |   |                    |   |                  |
| Interest income  | 137,142                                 | 64,606           | 6,078  | 18,254          | —                                       | —                  | 143,220                                 | 82,860           |
| Interest expense   | (15,277)                                | (2,270)          | (4,267)                                      | (15,302)        | —                                       | —                  | (19,544)                                | (17,572)         |
| <b>Net interest income</b>                               | <b>121,865</b>                          | <b>62,336</b>    | <b>1,811</b>                                 | <b>2,952</b>    | <b>—</b>                                | <b>—</b>           | <b>123,676</b>                          | <b>65,288</b>    |
| <b>Total net revenue</b>                                 | <b>300,609</b>                          | <b>238,838</b>   | <b>15,620</b>                                | <b>30,539</b>   | <b>(11,316)</b>                         | <b>(23,211)</b>    | <b>304,913</b>                          | <b>246,166</b>   |
| (Provision for) reversal of credit losses                | (82,739)                                | (38,019)         | —  | 495             | —                                       | —                  | (82,739)                                | (37,524)         |
| Non-interest expense                                     | (177,714)                               | (161,101)        | (19,821)                                     | (40,885)        | 11,316                                  | 23,211             | (186,219)                               | (178,775)        |
| <b>Income (Loss) before income tax benefit (expense)</b> | <b>40,156</b>                           | <b>39,718</b>    | <b>(4,201)</b>                               | <b>(9,851)</b>  | <b>—</b>                                | <b>—</b>           | <b>35,955</b>                           | <b>29,867</b>    |
| Income tax benefit (expense)                             | (9,440)                                 | (4,670)          | 16,683                                       | 12,607          | —                                       | (10,619)           | 7,243                                   | (2,682)          |
| <b>Net income</b>  | <b>\$ 30,716</b>                        | <b>\$ 35,048</b> | <b>\$ 12,482</b>                             | <b>\$ 2,756</b> | <b>\$ —</b>                             | <b>\$ (10,619)</b> | <b>\$ 43,198</b>                        | <b>\$ 27,185</b> |

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|  | LendingClub Bank                |                                  | LendingClub Corporation (Parent only) |                    | Intercompany Eliminations       |                                  | Consolidated Total              |                    |
|--|---------------------------------|----------------------------------|---------------------------------------|--------------------|---------------------------------|----------------------------------|---------------------------------|--------------------|
|  | Nine Months Ended September 30, | Eight Months Ended September 30, | Nine Months Ended September 30,       |                    | Nine Months Ended September 30, | Eight Months Ended September 30, | Nine Months Ended September 30, |                    |
|  | 2022                            | 2021                             | 2022                                  | 2021               | 2022                            | 2021                             | 2022                            | 2021               |
| <b>Non-interest income:</b>                              |                                 |                                  |                                       |                    |                                 |                                  |                                 |                    |
| Marketplace revenue \$                                   | 509,426                         | \$ 315,885                       | \$ 35,313                             | \$ 92,133          | \$ 15,448                       | \$ —                             | \$ 560,187                      | \$ 408,018         |
| Other non-interest income                                | 64,779                          | 73,433                           | 12,931                                | 12,519             | (52,971)                        | (67,282)                         | 24,739                          | 18,670             |
| <b>Total non-interest income</b>                         | <b>574,205</b>                  | <b>389,318</b>                   | <b>48,244</b>                         | <b>104,652</b>     | <b>(37,523)</b>                 | <b>(67,282)</b>                  | <b>584,926</b>                  | <b>426,688</b>     |
| <b>Interest income:</b>                                  |                                 |                                  |                                       |                    |                                 |                                  |                                 |                    |
| Interest income  | 357,117                         | 127,429                          | 26,224                                | 67,748             | —                               | —                                | 383,341                         | 195,177            |
| Interest expense   | (25,134)                        | (5,489)                          | (18,625)                              | (59,989)           | —                               | —                                | (43,759)                        | (65,478)           |
| <b>Net interest income</b>                               | <b>331,983</b>                  | <b>121,940</b>                   | <b>7,599</b>                          | <b>7,759</b>       | <b>—</b>                        | <b>—</b>                         | <b>339,582</b>                  | <b>129,699</b>     |
| <b>Total net revenue</b>                                 | <b>906,188</b>                  | <b>511,258</b>                   | <b>55,843</b>                         | <b>112,411</b>     | <b>(37,523)</b>                 | <b>(67,282)</b>                  | <b>924,508</b>                  | <b>556,387</b>     |
| (Provision for) reversal of credit losses                | (205,814)                       | (96,938)                         | —                                     | 3,287              | —                               | —                                | (205,814)                       | (93,651)           |
| Non-interest expense                                     | (552,809)                       | (374,782)                        | (71,523)                              | (165,666)          | 37,523                          | 67,282                           | (586,809)                       | (473,166)          |
| <b>Income (Loss) before income tax benefit (expense)</b> | <b>147,565</b>                  | <b>39,538</b>                    | <b>(15,680)</b>                       | <b>(49,968)</b>    | <b>—</b>                        | <b>—</b>                         | <b>131,885</b>                  | <b>(10,430)</b>    |
| Income tax benefit (expense)                             | (39,113)                        | 7,866                            | 120,274                               | 23,821             | 53,048                          | (31,785)                         | 134,209                         | (98)               |
| <b>Net income (loss) \$</b>                              | <b>\$ 108,452</b>               | <b>\$ 47,404</b>                 | <b>\$ 104,594</b>                     | <b>\$ (26,147)</b> | <b>\$ 53,048</b>                | <b>\$ (31,785)</b>               | <b>\$ 266,094</b>               | <b>\$ (10,528)</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 third quarter and first nine months of 2022 compared to the second quarter of 2022 and the third quarter and first nine months of 2021 is provided on a consolidated basis in "Results of Operations."

### Non-GAAP Financial Measures

To supplement our financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures: Net Income (Loss) Excluding Income Tax Benefit, Diluted EPS Excluding Income Tax Benefit, and Tangible Book Value (TBV) Per Common Share. Our non-GAAP financial measures do have limitations as analytical tools and you should not consider them in isolation or as a substitute for an analysis of our results under GAAP.

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We believe these non-GAAP financial measures provide management and investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies.

We believe Net Income (Loss) Excluding Income Tax Benefit and Diluted EPS Excluding Income Tax Benefit are important measures because they reflect the financial performance of our business operations. Net Income (Loss) Excluding Income Tax Benefit adjusts for the release of a deferred tax asset valuation allowance in the third and second quarters of 2022. Diluted EPS Excluding Income Tax Benefit is a non-GAAP financial measure calculated by dividing Net Income (Loss) Excluding Income Tax Benefit by the weighted-average diluted common shares outstanding. We believe TBV Per Common Share is an important measure used to evaluate the Company's use of equity. TBV Per Common Share is a non-GAAP financial measure representing the book value of common equity reduced by goodwill and intangible assets, divided by ending number of common shares issued and outstanding.

The following tables provide a reconciliation of such measures to the nearest GAAP measures:

|  |  | As of and For The Three Months Ended |                  |                       | As of and For The Nine Months Ended |                       |  |
|--|--|--------------------------------------|------------------|-----------------------|-------------------------------------|-----------------------|--|
|  |  | September 30,<br>2022                | June 30,<br>2022 | September 30,<br>2021 | September 30,<br>2022               | September 30,<br>2021 |  |
| GAAP Net income (loss)                                     | \$   | 43,198                               | \$ 182,060       | \$ 27,185             | \$ 266,094                          | \$ (10,528)           |  |
| Income tax benefit from release of tax valuation allowance |  | 5,015                                | 135,300          | —                     | 140,315                             | —                     |  |
| Net income (loss) excluding income tax benefit             | \$   | 38,183                               | \$ 46,760        | \$ 27,185             | \$ 125,779                          | \$ (10,528)           |  |
|  |  |                                      |                  |                       |                                     |                       |  |
| GAAP Diluted EPS – common stockholders                     | \$   | 0.41                                 | \$ 1.73          | \$ 0.26               | \$ 2.56                             | \$ (0.11)             |  |
|  |  |                                      |                  |                       |                                     |                       |  |
| (A)  | Income tax benefit from release of tax valuation allowance | \$ 5,015                             | \$ 135,300       | N/A                   | 140,315                             | N/A                   |  |
| (B)  | Weighted-average common shares – Diluted                   | 105,853,938                          | 105,042,626      | N/A                   | 104,116,240                         | N/A                   |  |
| (A/B)  | Diluted EPS impact of income tax benefit                   | \$ 0.05                              | \$ 1.29          | N/A                   | 1.35                                | N/A                   |  |
|  |  |                                      |                  |                       |                                     |                       |  |
| Diluted EPS excluding income tax benefit                   | \$   | 0.36                                 | \$ 0.44          | \$ 0.26               | \$ 1.21                             | \$ (0.11)             |  |

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|   | September 30,<br>2022 | June 30,<br>2022  | December 31,<br>2021 | September 30,<br>2021 |
|---|-----------------------|-------------------|----------------------|-----------------------|
| GAAP common equity                          | \$ 1,121,410          | \$ 1,079,117      | \$ 850,242           | \$ 804,790            |
| Less: Goodwill                              | (75,717)              | (75,717)          | (75,717)             | (75,717)              |
| Less: Intangible assets                     | (17,512)              | (18,690)          | (21,181)             | (22,521)              |
| <b>Tangible common equity</b>               | <b>\$ 1,028,181</b>   | <b>\$ 984,710</b> | <b>\$ 753,344</b>    | <b>\$ 706,552</b>     |
| <b>Book value per common share</b>          |                       |                   |                      |                       |
| GAAP common equity                          | \$ 1,121,410          | \$ 1,079,117      | \$ 850,242           | \$ 804,790            |
| Common shares issued and outstanding        | 105,088,761           | 103,630,776       | 101,043,924          | 99,782,192            |
| <b>Book value per common share</b>          | <b>\$ 10.67</b>       | <b>\$ 10.41</b>   | <b>\$ 8.41</b>       | <b>\$ 8.07</b>        |
| <b>Tangible book value per common share</b> |                       |                   |                      |                       |
| Tangible common equity                      | \$ 1,028,181          | \$ 984,710        | \$ 753,344           | \$ 706,552            |
| Common shares issued and outstanding        | 105,088,761           | 103,630,776       | 101,043,924          | 99,782,192            |
| <b>Tangible book value per common share</b> | <b>\$ 9.78</b>        | <b>\$ 9.50</b>    | <b>\$ 7.46</b>       | <b>\$ 7.08</b>        |

### Supervision and Regulatory Environment

We are regularly subject to claims, individual and class action lawsuits, and 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/or 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.

#### *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 the Acquisition, 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 Board of Governors of the Federal Reserve System (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.

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#### *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*” in our 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 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*” in our Annual Report and “*Notes to Condensed Consolidated Financial Statements – Note 18. Regulatory Requirements*” in this Report for additional information.

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

| LendingClub Bank                  | September 30, 2022 |        | December 31, 2021 |        | Required Minimum plus<br>Required CCB for<br>Non-Leverage Ratios |
|-----------------------------------|--------------------|--------|-------------------|--------|--|
|                                   | Amount             | Ratio  | Amount            | Ratio  |  |
| CET1 capital <sup>(1)</sup>       | \$ 760.4           | 15.2 % | \$ 523.7          | 16.7 % | 7.0 %  |
| Tier 1 capital                    | \$ 760.4           | 15.2 % | \$ 523.7          | 16.7 % | 8.5 %  |
| Total capital                     | \$ 825.8           | 16.5 % | \$ 563.7          | 18.0 % | 10.5 %   |
| Tier 1 leverage                   | \$ 760.4           | 13.4 % | \$ 523.7          | 14.3 % | 4.0 %  |
| Risk-weighted assets              | \$ 5,018.3         | N/A    | \$ 3,130.4        | N/A    | N/A  |
| Quarterly adjusted average assets | \$ 5,692.0         | N/A    | \$ 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):

| LendingClub                       | September 30, 2022 |        | December 31, 2021 |        | Required Minimum plus<br>Required CCB for<br>Non-Leverage Ratios |
|-----------------------------------|--------------------|--------|-------------------|--------|--|
|                                   | Amount             | Ratio  | Amount            | Ratio  |  |
| CET1 capital <sup>(1)</sup>       | \$ 953.2           | 18.3 % | \$ 710.0          | 21.3 % | 7.0 %  |
| Tier 1 capital                    | \$ 953.2           | 18.3 % | \$ 710.0          | 21.3 % | 8.5 %  |
| Total capital                     | \$ 1,033.2         | 19.8 % | \$ 767.9          | 23.0 % | 10.5 %   |
| Tier 1 leverage                   | \$ 953.2           | 15.7 % | \$ 710.0          | 16.5 % | 4.0 %  |
| Risk-weighted assets              | \$ 5,210.2         | N/A    | \$ 3,333.2        | N/A    | N/A  |
| Quarterly adjusted average assets | \$ 6,061.4         | N/A    | \$ 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 delay the estimated impact of CECL on regulatory capital, resulting in a CET1 capital benefit of \$35 million at December 31, 2021. This benefit is phased out over a three-year transition period that commenced on January 1, 2022 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 originating loans, a key role of liquidity management is to ensure that customers have timely access to funds from deposits and for loans. Liquidity

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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). Additionally, customer deposits provide LC Bank with a significant source of relatively low-cost funds. The primary uses of LC Bank liquidity include the funding/acquisition of loans and securities purchases; withdrawals, maturities and the payment of interest on deposits; 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 \$54.7 million, or 6.0% of total net revenue, and \$22.6 million, or 4.4% of total net revenue, for the first nine months of 2022 and 2021, respectively. Capital expenditures in 2022 are expected to be approximately \$70 million, primarily related to costs associated with the continued development and support of our online lending marketplace platform, including regulatory compliance costs.

As of September 30, 2022 and December 31, 2021, cash and cash equivalents at LC Bank were \$896.5 million and \$659.9 million, respectively, reflecting the continued growth in LC Bank deposits during the first nine months of 2022. Outstanding PPPLF borrowings were \$91.7 million and \$271.9 million at September 30, 2022 and December 31, 2021, respectively, 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 \$297.8 million and \$173.4 million at September 30, 2022 and December 31, 2021, respectively. As of September 30, 2022 and December 31, 2021, LC Bank also has secured borrowing capacity available under the FRB Discount Window totaling \$187.6 million and \$75.2 million, respectively.

***LendingClub Holding Company Liquidity***

The primary source of liquidity at the holding company is \$109.2 million and \$88.3 million in cash and cash equivalents as of September 30, 2022 and December 31, 2021, respectively. 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 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 are sufficient to meet our liquidity needs for the next twelve months, as well as beyond the next twelve months. See "Item 1. Financial Statements – Condensed Consolidated Statements of Cash Flows" for additional detail regarding our cash flows.

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## 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 September 30, 2022:

|                          |        |
|--------------------------|--------|
| 200 basis point increase | (3.9)% |
| 100 basis point decrease | 0.5 %  |

The impact of these projected instantaneous interest rate changes would not have a significant impact to LC Bank's net interest income. In the 200 basis point increase simulation, net interest income would slightly decline as deposit costs reset to market prices more quickly than interest-earning assets. However, in the 100 basis point decrease simulation, the benefit from lower deposit rates would more than offset the downward repricing of interest-earning assets.

For additional details regarding maturities of loans and leases HFI, see "Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Market Risk" in our Annual Report.

For the weighted-average yields on our AFS securities portfolio, see "Notes to Condensed Consolidated Financial Statements – Note 4. 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 at fair value 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 September 30, 2022, see "Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 17. Commitments and Contingencies."

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**Critical Accounting Estimates**

Certain of the Company's accounting policies that involve a higher degree of judgment and complexity are discussed in "*Part II – Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Estimates*" in our Annual Report. There have been no significant changes to these critical accounting estimates during the first nine months of 2022.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

For a comprehensive discussion regarding quantitative and qualitative disclosures about market risk, see “*Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Market Risk.*”

### **Item 4. 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 September 30, 2022. 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 September 30, 2022, 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.

#### ***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 third quarter of 2022, that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **Item 1. Legal Proceedings**

For a comprehensive discussion of legal proceedings, see “*Part I. Financial Information – Item 1. Financial Statements – Notes to Condensed Consolidated Financial Statements – Note 17. Commitments and Contingencies – Legal,*” which is incorporated herein by reference.

### **Item 1A. Risk Factors**

The risks described in “*Part I – Item 1A. Risk Factors*” in our Annual Report, could materially and adversely affect our business, financial condition, operating results and prospects, and the trading price of our common stock could decline. While we believe the risks and uncertainties described therein include all material risks currently known by us, it is possible that these may not be the only ones we face. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods. The Risk Factors section of our Annual Report remains current in all material respects, with the exception of the below.

## LENDINGCLUB CORPORATION

*Our business operations may be adversely impacted by political events, terrorism, military conflict or acts of war, 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, military conflict or acts of war (including the war in Ukraine), cyber-attacks, public health issues, natural disasters, severe weather, climate change, infrastructure failure or outages, labor disputes and other events which could: (i) decrease demand for our products and services, (ii) adversely affect the macroeconomy and/or our customers, or (iii) make it difficult or impossible for us to deliver a satisfactory experience to our customers. Any such events could also affect the Company by impacting the stability of our deposit base, impairing the ability of our borrowers to repay their outstanding loans, causing significant property damage or otherwise impair the value of collateral securing our loans, and/or resulting in loss of revenue and/or cause us to incur additional expenses. 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.

For example, the Ukrainian-Russian conflict, the responses thereto (such as sanctions imposed by the United States and other countries) and any expansion thereof is likely to have unpredictable and/or adverse effects on the domestic and global economy and financial markets. Although we have not yet experienced any material direct impact from the Ukrainian-Russian conflict, in part because our business is conducted exclusively in the United States, our business, financial condition or results of operations may be impacted if the conflict prolongs and/or its impact exacerbates. Further, the Ukrainian-Russian conflict 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 escalating inflation, elevating the possibility of a decline in economic conditions and increasing cybersecurity risk.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

#### Issuer Purchases of Equity Securities

The following table summarizes purchases made by or on behalf of LendingClub of its common stock for each calendar month in the third quarter of 2022:

| Month                                     | Total Number of<br>Shares<br>Purchased | Average Price<br>Paid per Share | Total Number of Shares<br>Purchased as Part of<br>Publicly Announced<br>Program | Approximate Dollar Value of<br>Shares that May Yet Be<br>Purchased Under the<br>Program |
|---|--|---------------------------------|---|---|
| July 1 - July 31 <sup>(1)</sup>           | 3,326                                  | \$ 14.70                        | —   | \$ —  |
| August 1 - August 31                      | —                                      | \$ —                            | —   | \$ —  |
| September 1 - September 30 <sup>(1)</sup> | 4,425                                  | \$ 11.05                        | —   | \$ —  |
| <b>Total</b>                              | <b>7,751</b>                           | <b>\$ 12.62</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.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not applicable.

**Item 5. Other Information**

Not applicable.

# LENDINGCLUB CORPORATION

## Item 6. Exhibits

### Exhibit Index

The exhibits noted in the accompanying Exhibit Index are filed or incorporated by reference as a part of this Report and such Exhibit Index is incorporated herein by reference.

| Exhibit Number       | Exhibit Description  | Incorporated by Reference |                           |                     |                                   | Filed Herewith    |
|----------------------|--|---------------------------|---------------------------|---------------------|-----------------------------------|-------------------|
|                      |  | Form                      | File No.                  | Exhibit             | Filing Date                       |                   |
| <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="#">Second Certificate of Amendment of Restated Certificate of Incorporation of LendingClub Corporation, effective June 7, 2022</a>    | <a href="#">8-K</a>       | <a href="#">001-36771</a> | <a href="#">3.1</a> | <a href="#">June 7, 2022</a>      |                   |
| <a href="#">3.4</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="#">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> |
| 101.INS              | XBRL Instance Document†  |                           |                           |                     |                                   | <a href="#">X</a> |
| 101.SCH              | XBRL Taxonomy Extension Schema Document  |                           |                           |                     |                                   | <a href="#">X</a> |
| 101.CAL              | XBRL Taxonomy Extension Calculation Linkbase   |                           |                           |                     |                                   | <a href="#">X</a> |
| 101.DEF              | XBRL Taxonomy Extension Definition Linkbase  |                           |                           |                     |                                   | <a href="#">X</a> |
| 101.LAB              | XBRL Taxonomy Extension Label Linkbase   |                           |                           |                     |                                   | <a href="#">X</a> |
| 101.PRE              | XBRL Taxonomy Extension Presentation Linkbase  |                           |                           |                     |                                   | <a href="#">X</a> |
| 104                  | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)   |                           |                           |                     |                                   |                   |

† The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

## LENDINGCLUB CORPORATION

### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

#### LENDINGCLUB CORPORATION

(Registrant)

Date: November 1, 2022

/s/ SCOTT SANBORN

\_\_\_\_\_  
Scott Sanborn

*Chief Executive Officer*

Date: November 1, 2022

/s/ ANDREW LABENNE

\_\_\_\_\_  
Andrew LaBenne

*Chief Financial Officer*

**CERTIFICATION**

I, Scott Sanborn, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 1, 2022

/s/ SCOTT SANBORN

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Scott Sanborn

*Chief Executive Officer*

*(Principal Executive Officer)*

**CERTIFICATION**

I, Andrew LaBenne, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: November 1, 2022

/s/ ANDREW LABENNE

Andrew LaBenne

*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 Quarterly Report of LendingClub Corporation (the “Company”) on Form 10-Q for the quarter ended September 30, 2022, 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/ ANDREW LABENNE

Andrew LaBenne  
*Chief Financial Officer*

Dated: November 1, 2022