



# Transforming the Banking System

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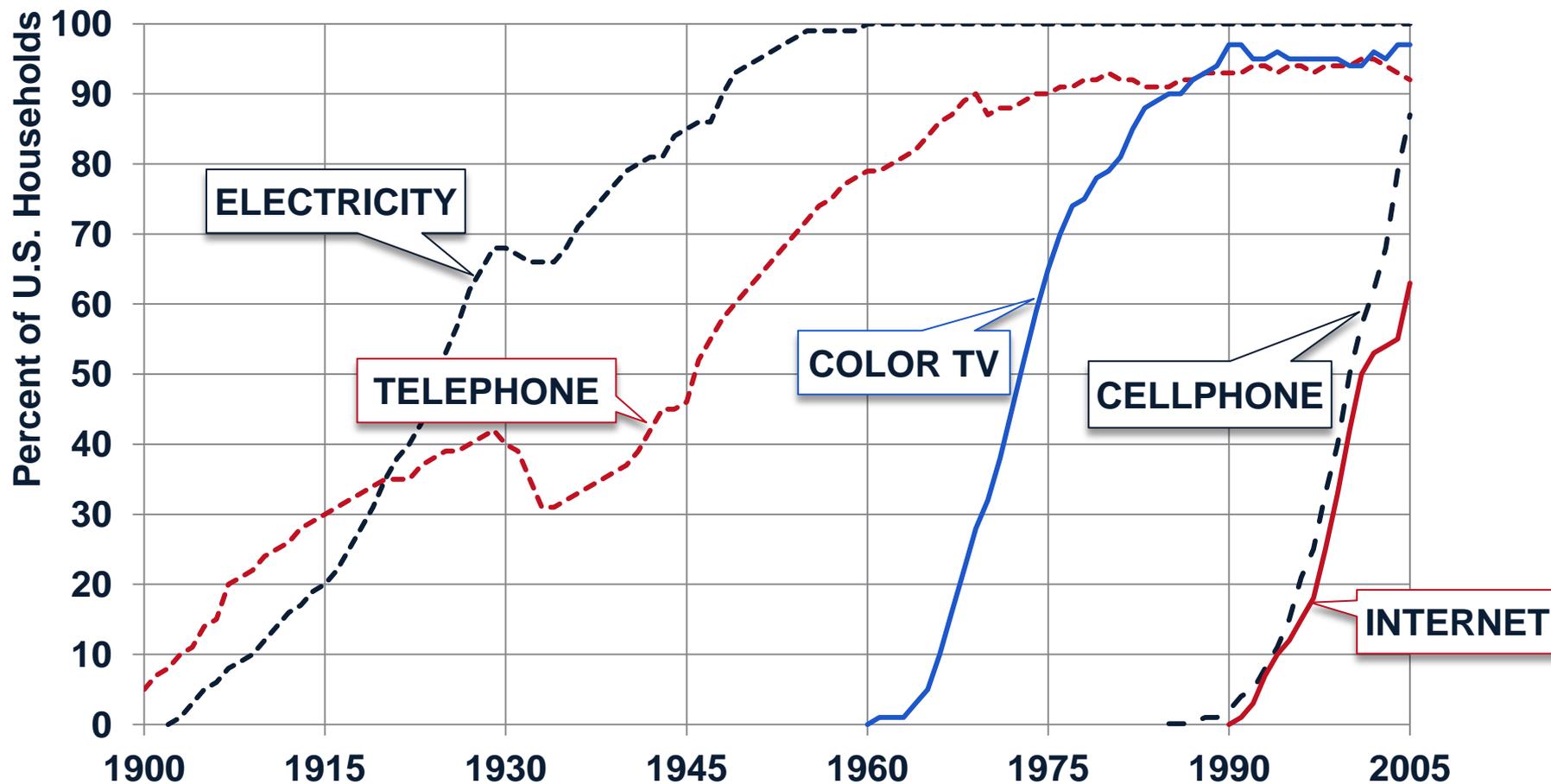
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# Adoption of new technologies seems to get faster

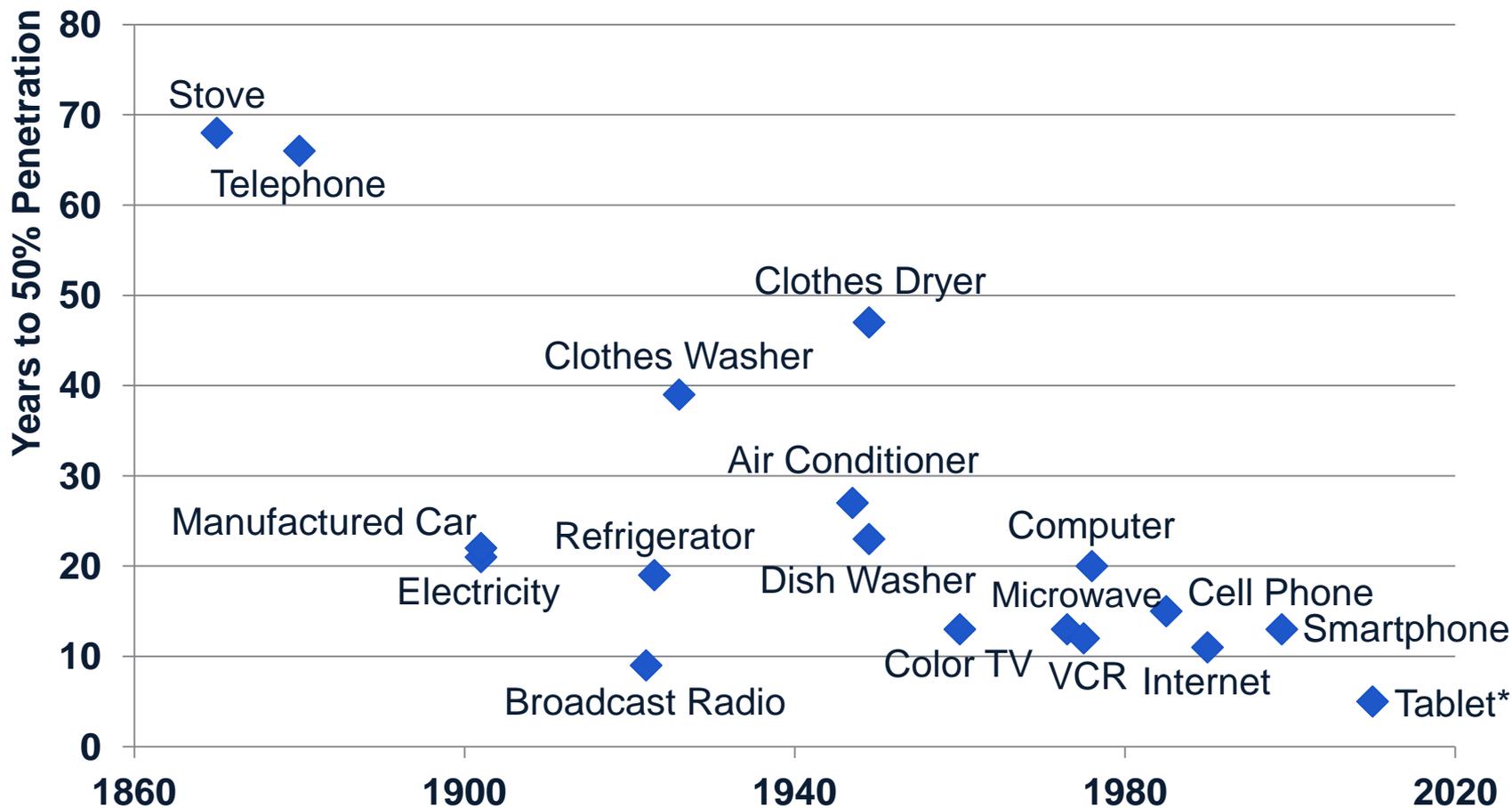
## Rates of Adoption of New Technologies



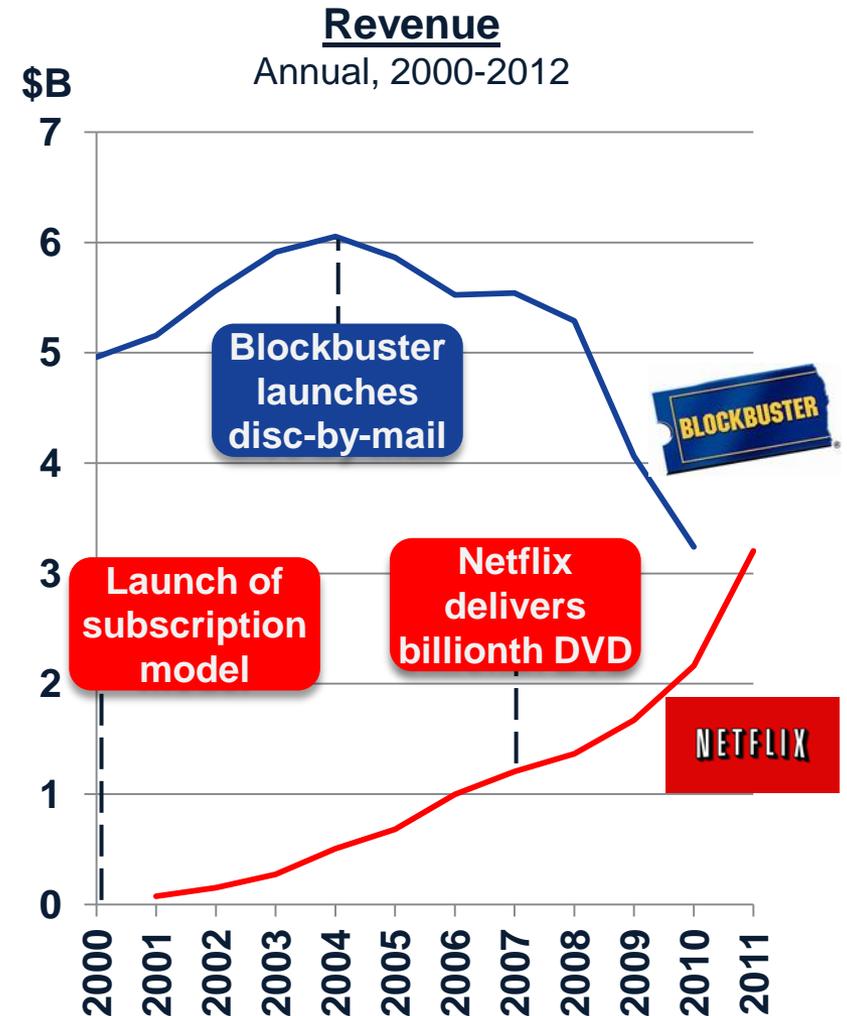
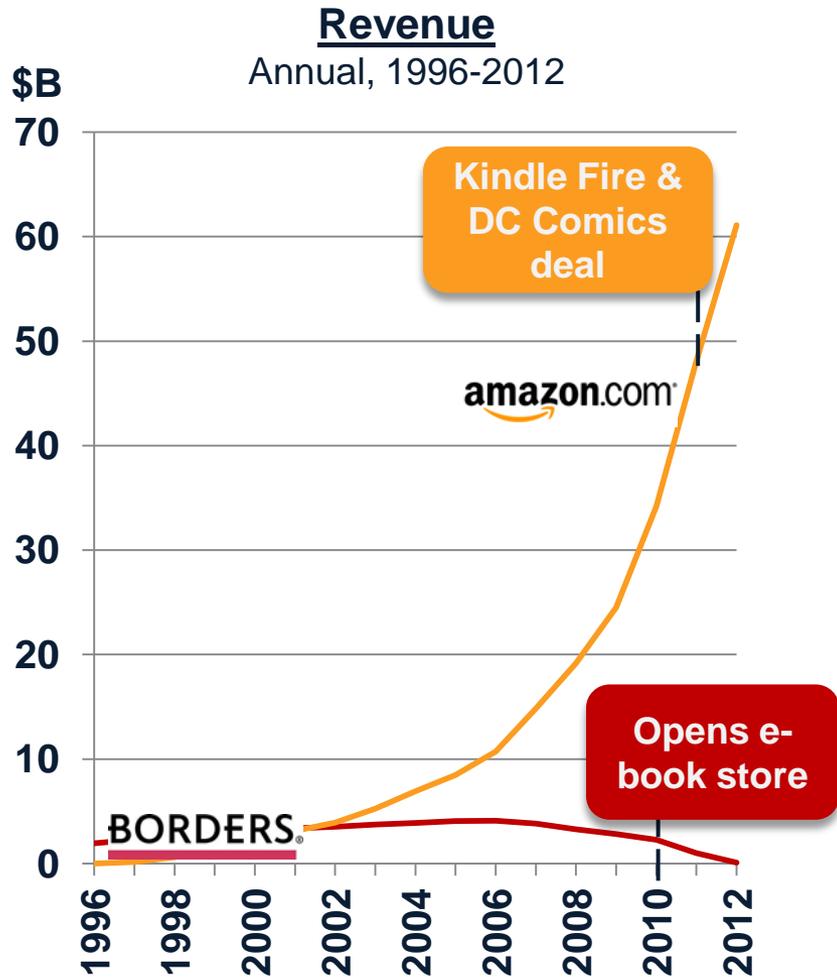
# And the data shows it is getting faster

## U.S. Household Adoption Rates

from time of mass availability

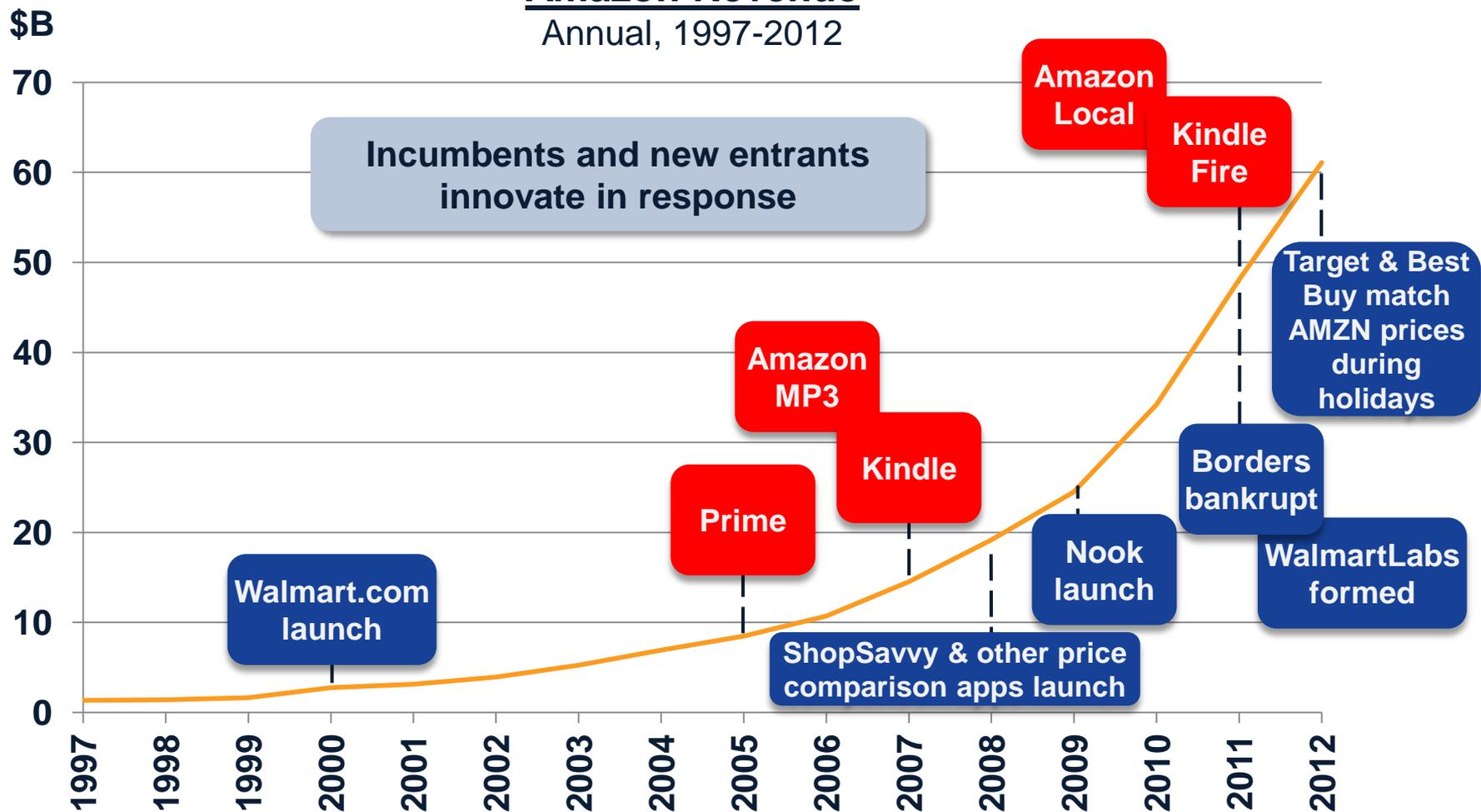


# Incumbents often cling to the past until it's too late



# Disruptors change their industries for the better

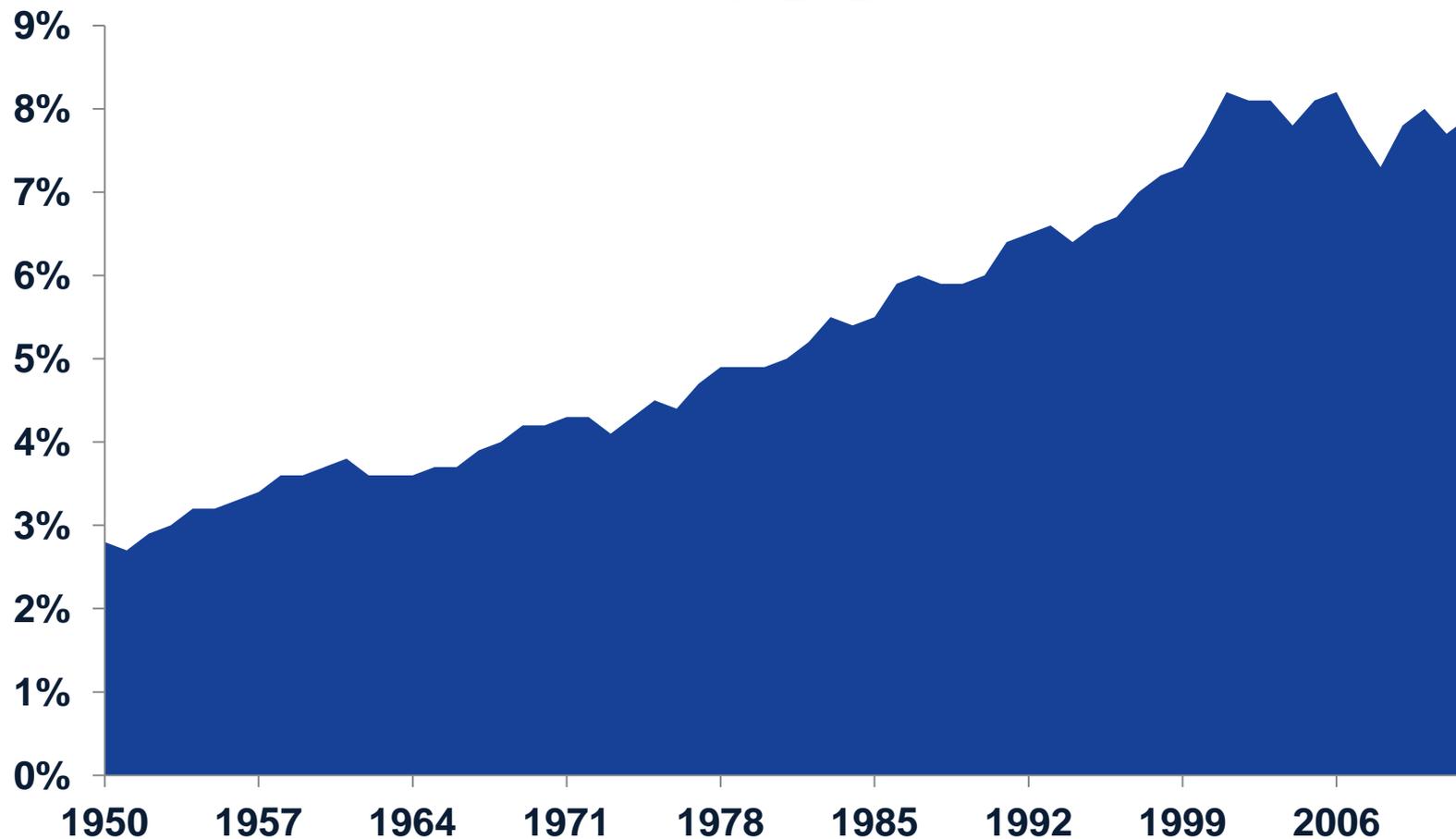
**Amazon Revenue**  
Annual, 1997-2012



# The financial sector has gotten big

## Financial Sector as a Percentage of GDP

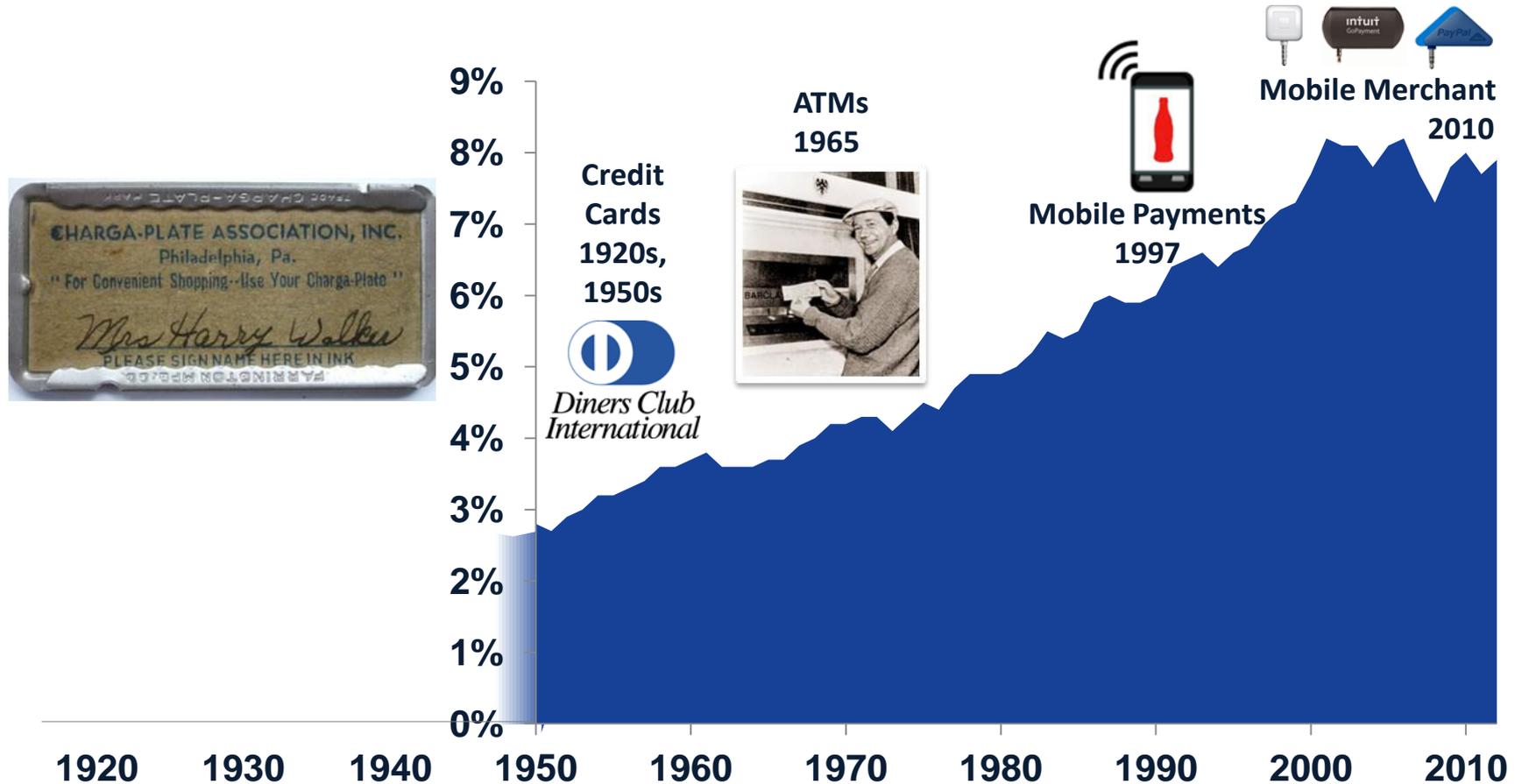
1950-2012



# Innovation has often come from outside banking

## Financial Sector as a Percentage of GDP

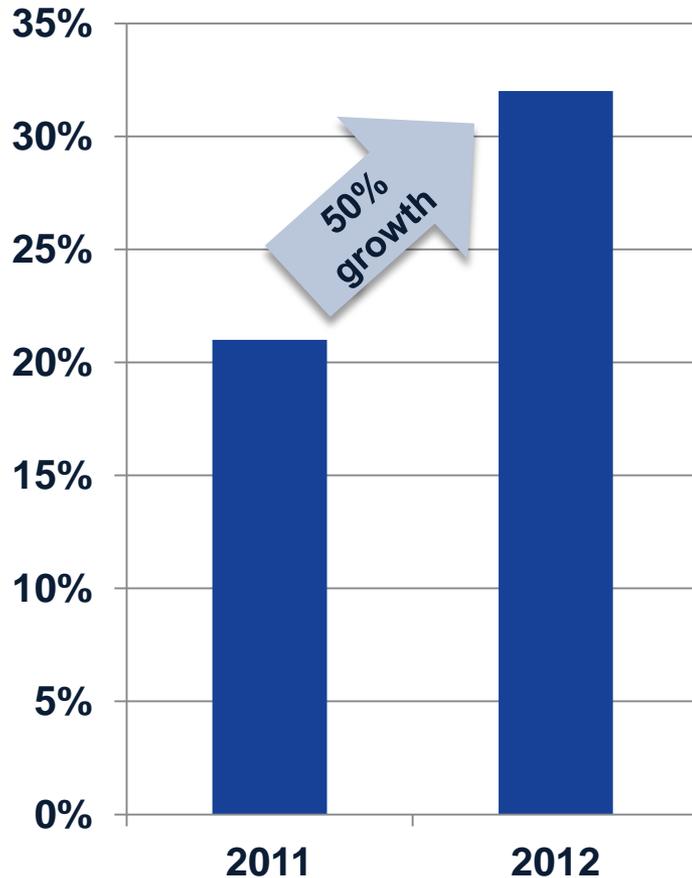
1950-2012



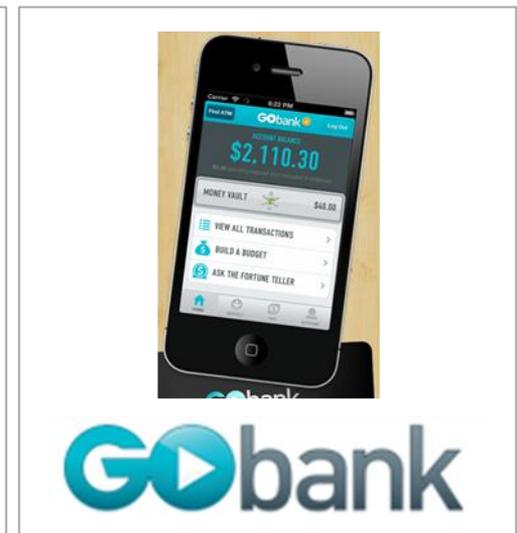
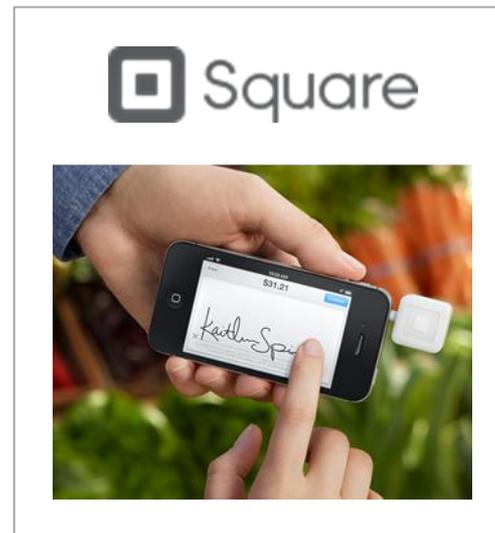
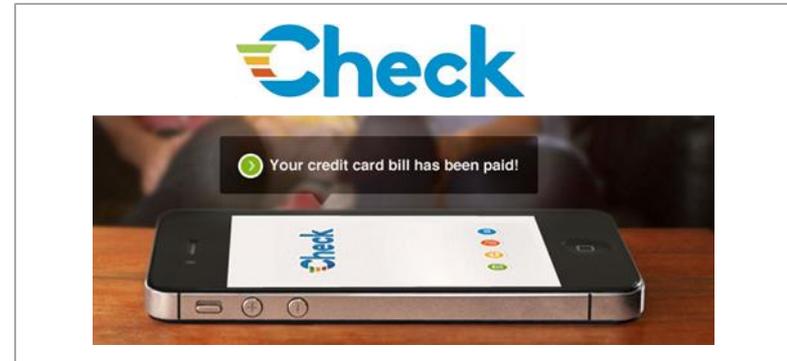
# Mobile innovation also coming from outside banking

## Banking Customers Using Mobile

3-month period



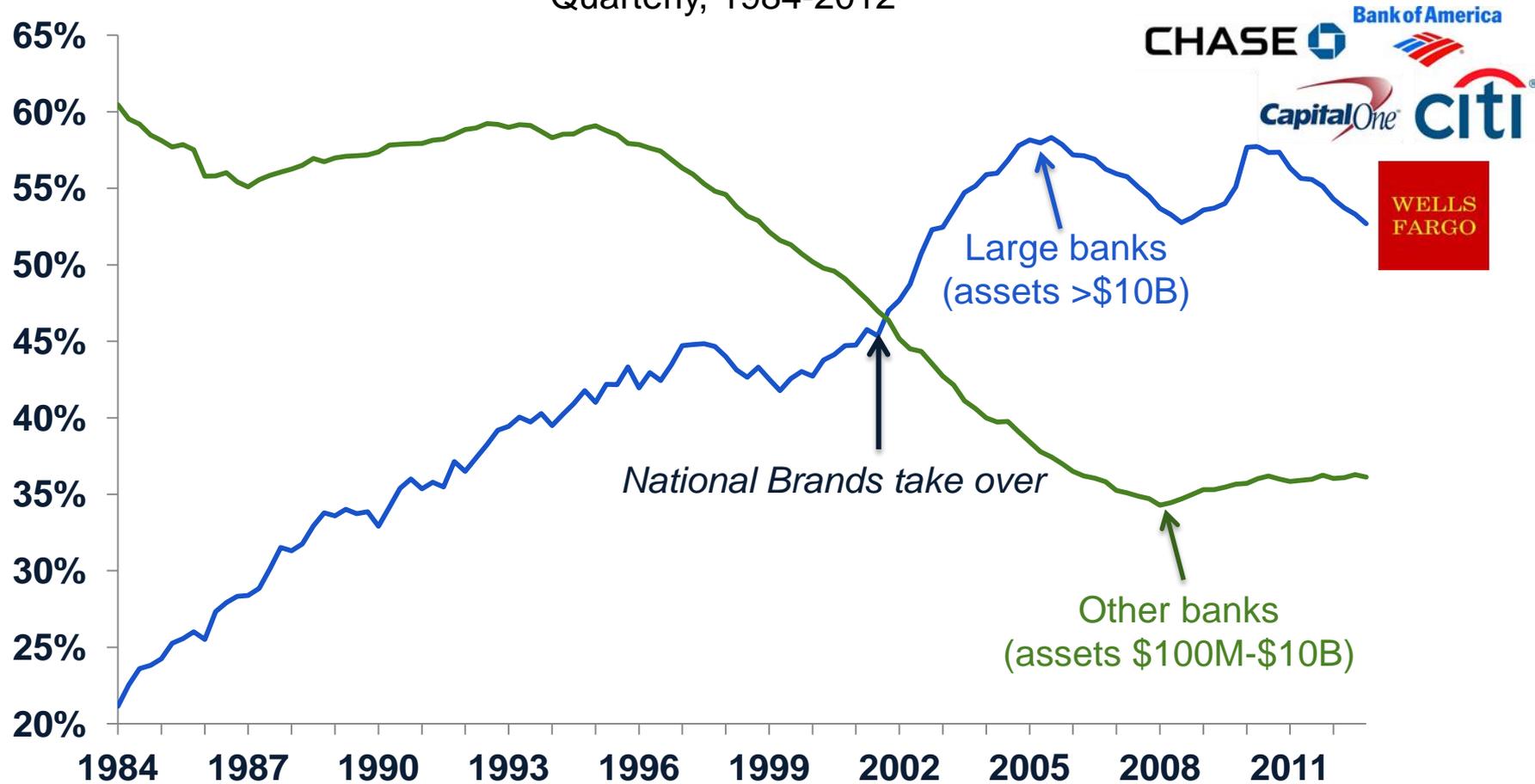
## Innovations



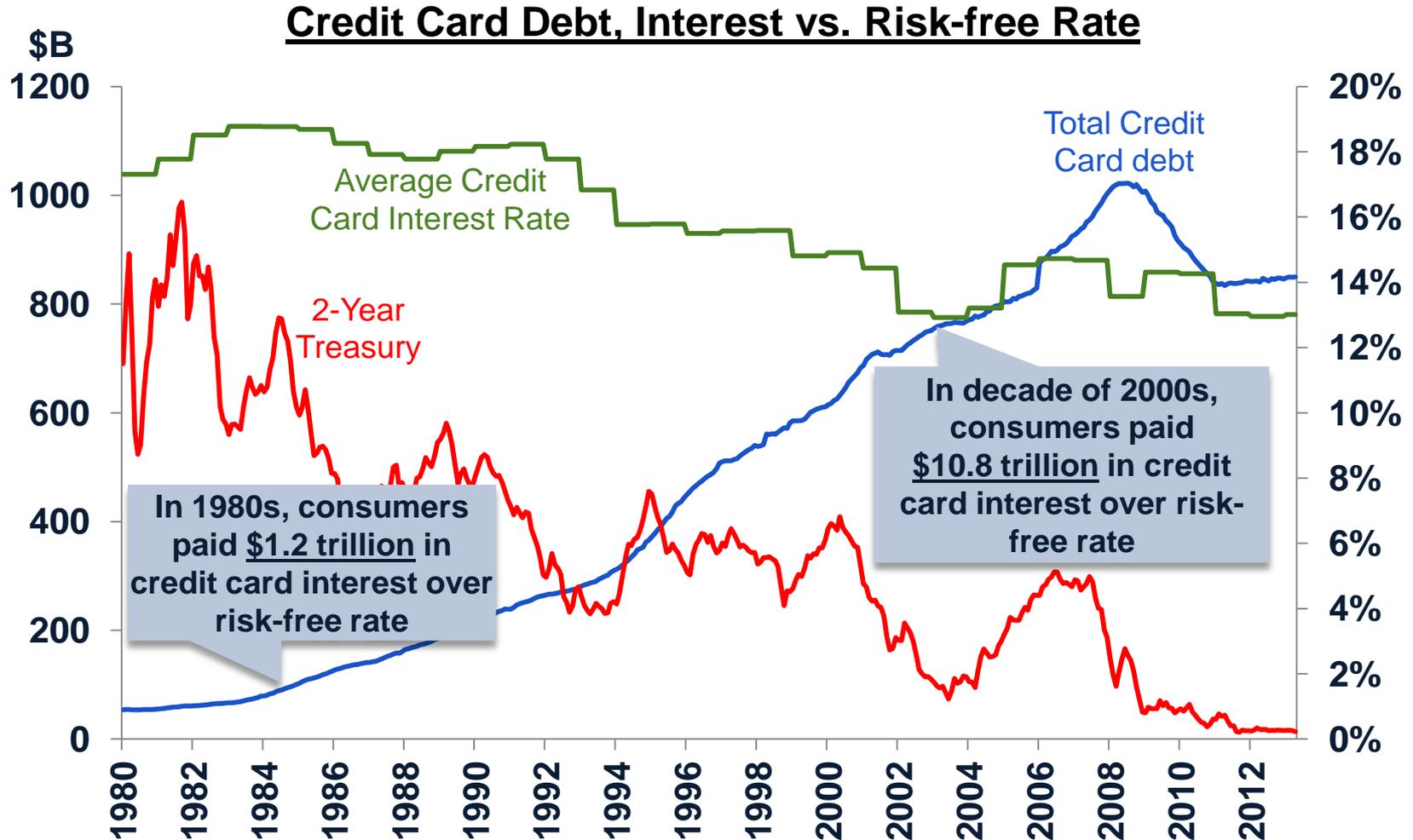
# Big banks have taken retail from community & regionals

## Retail Loans as a Percent of Total Loans

Quarterly, 1984-2012



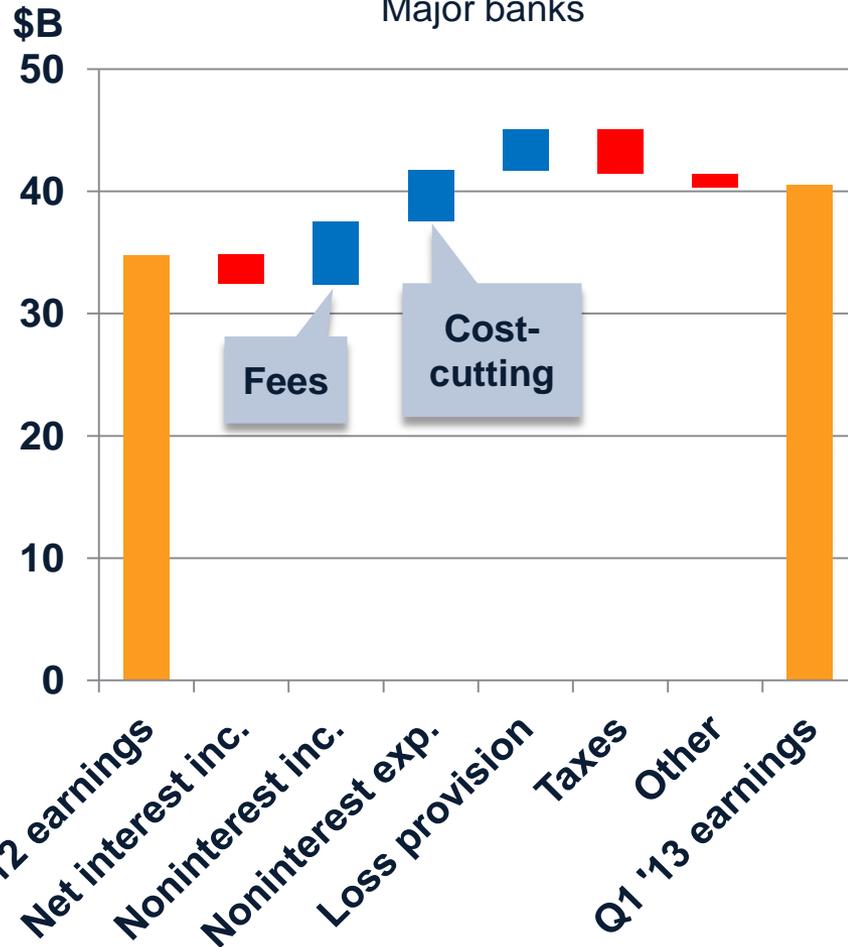
# Credit card debt has continued to grow



# Banks are driving earnings the old-fashioned way

## Q1 2012 vs. Q1 2013 Earnings

Major banks



“We saw improvement in asset quality indicators over the quarter...However, tighter net interest margins and slow loan growth create an incentive for institutions to reach for yield, which is a matter of ongoing supervisory attention.”

– FDIC Chairman Martin J. Gruenberg, May 29, 2013

# Large banks have not earned customers' loyalty

NPS measures loyalty and advocacy through one question which ties to customer economics

Would you recommend us to a friend?

Extremely likely

9-10



% promoters

7-8

minus

0-6

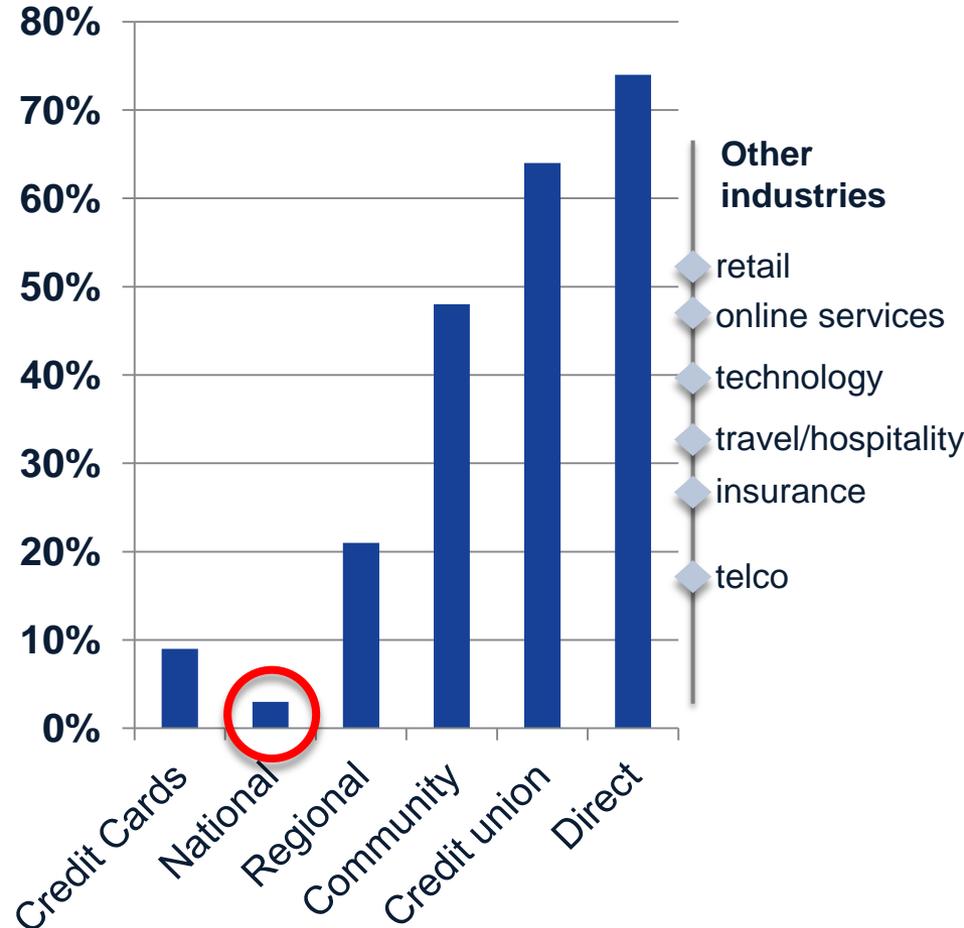


% detractors

Extremely unlikely

Net Promoter Score (NPS)

Average NPS Scores  
2012



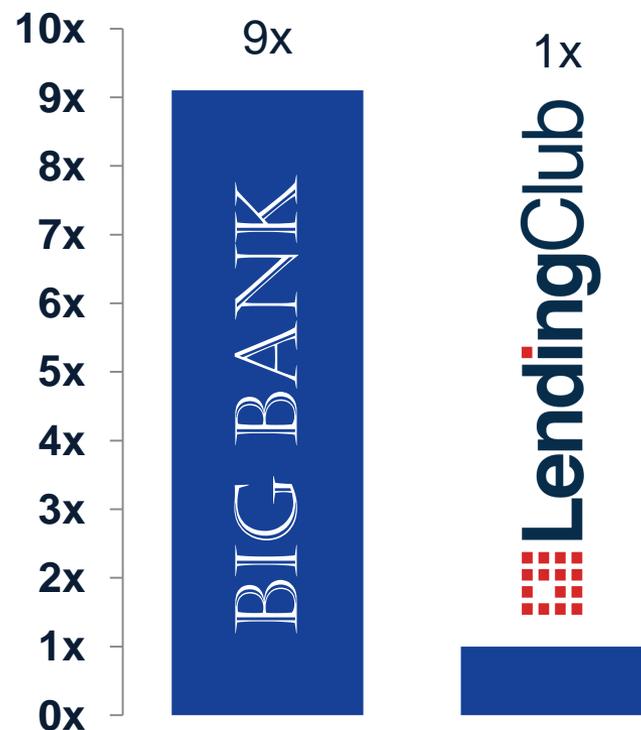
# Traditional model introduces inefficiency and risk

## Branch Networks



Institution	Branches	Branch employees
Bank of America	5,400	~38,000
Wells Fargo	6,200	~43,000

## Leverage in System



# We radically transformed lending

No inherent leverage

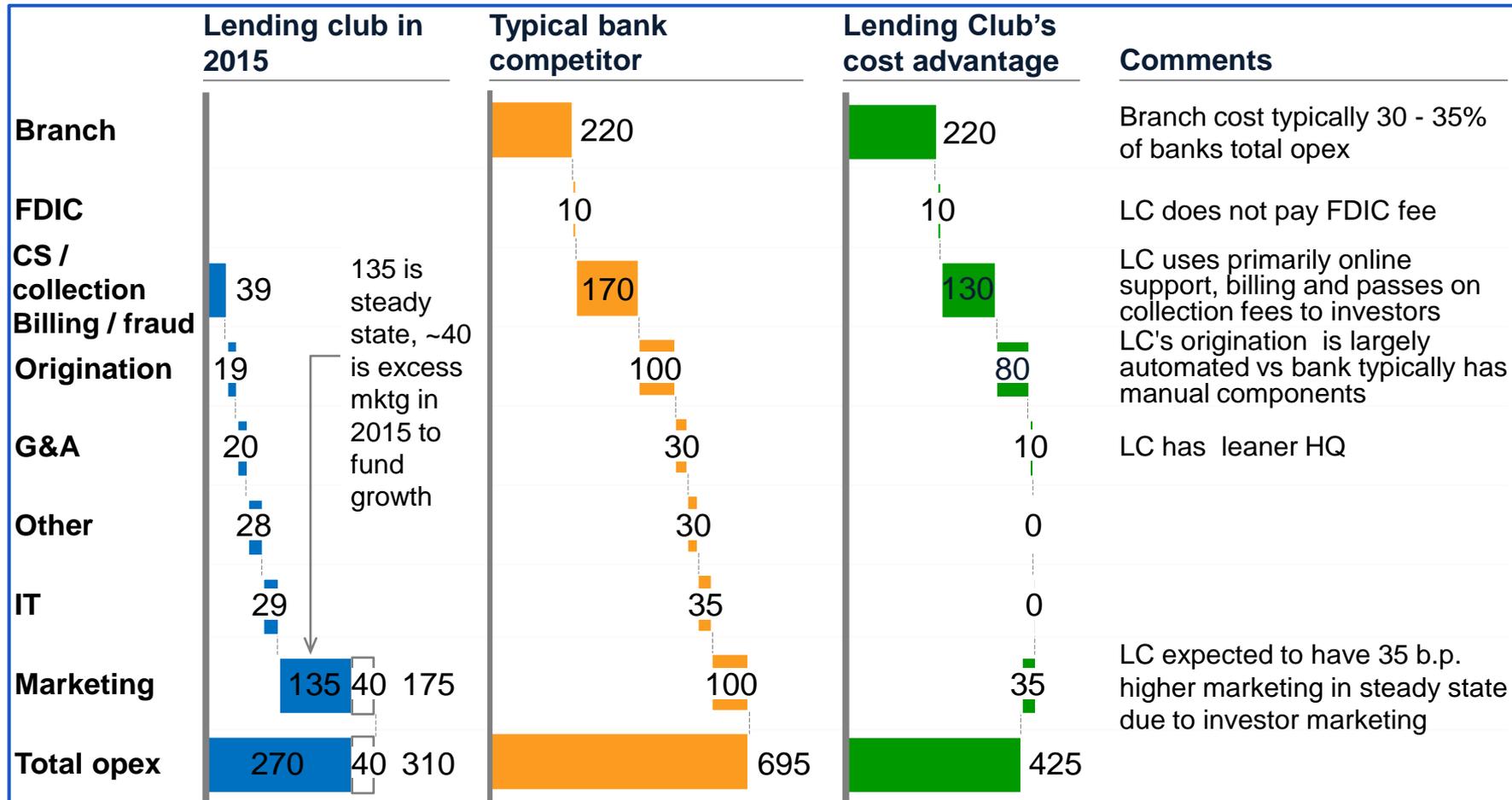
No branches

Use of automation



# Business model is fundamentally lower cost than banks

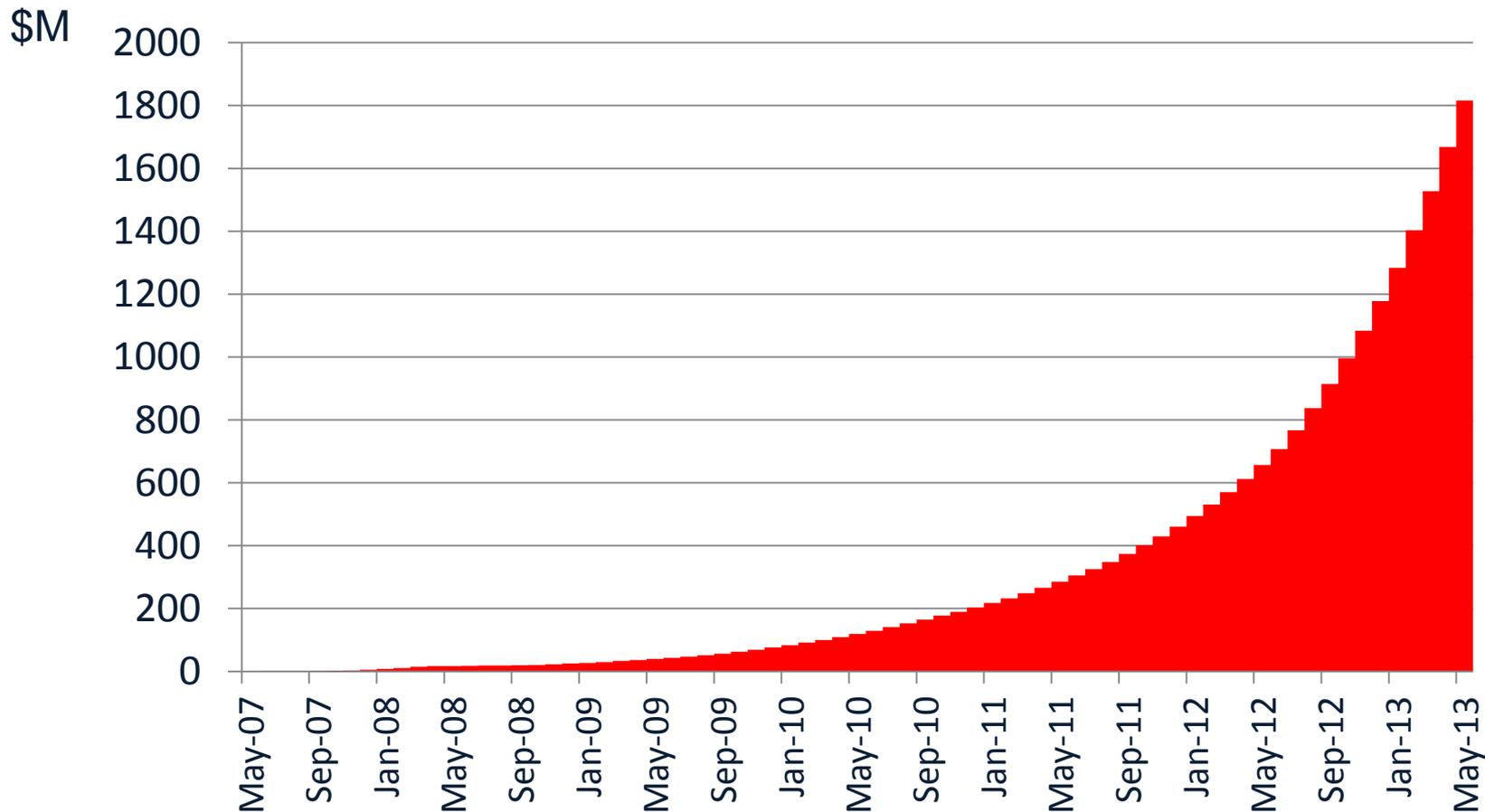
Opex / total balance outstanding, Basis points



LC's op cost drop from 750 bps of o/s loans in '12 to 310 bps in '15 is driven primarily by operating leverage – fixed cost decline from 450 to 120 bps

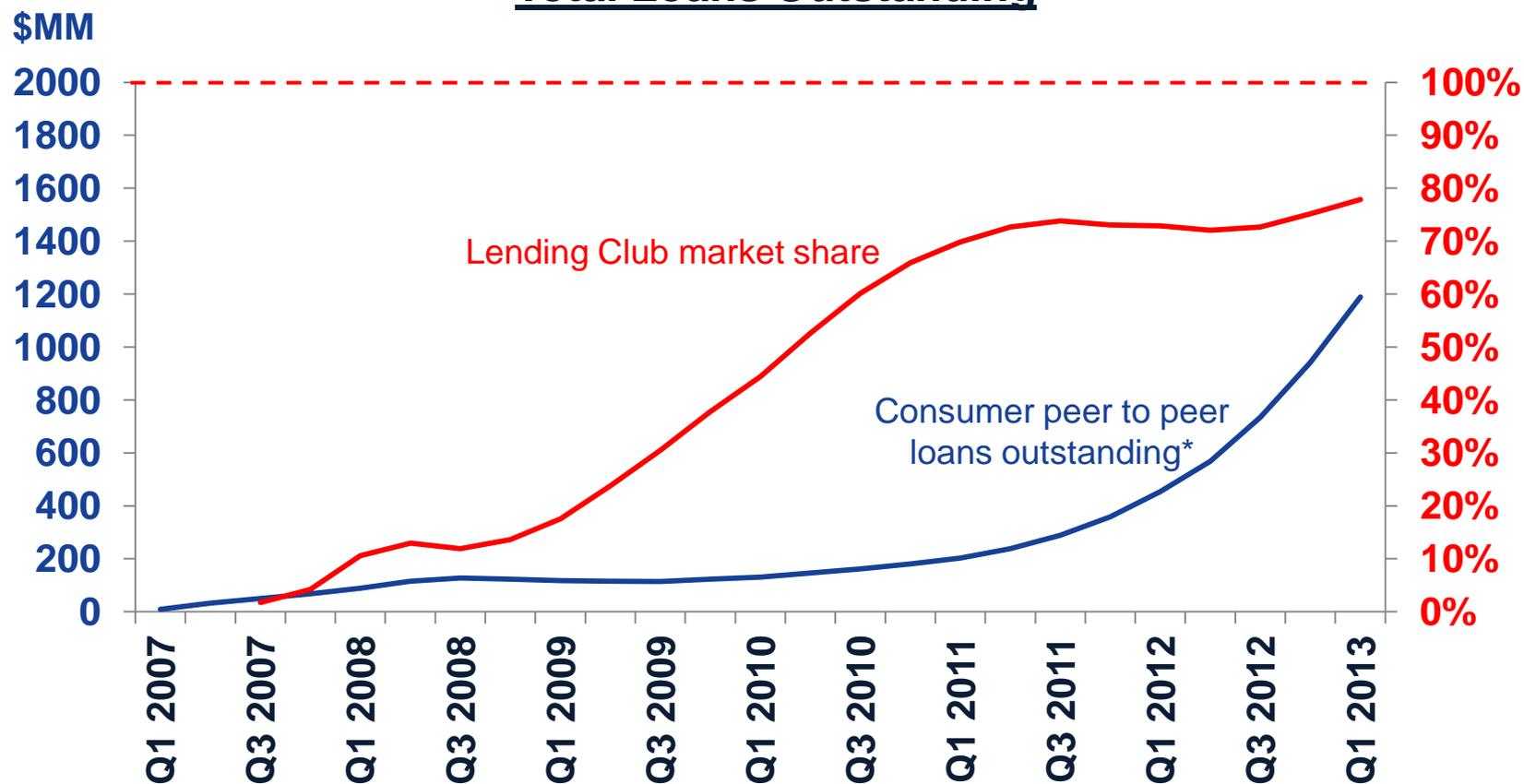
# Lending Club has shown fast, consistent growth

## Cumulative Lending Club Originations



# The model continues to grow

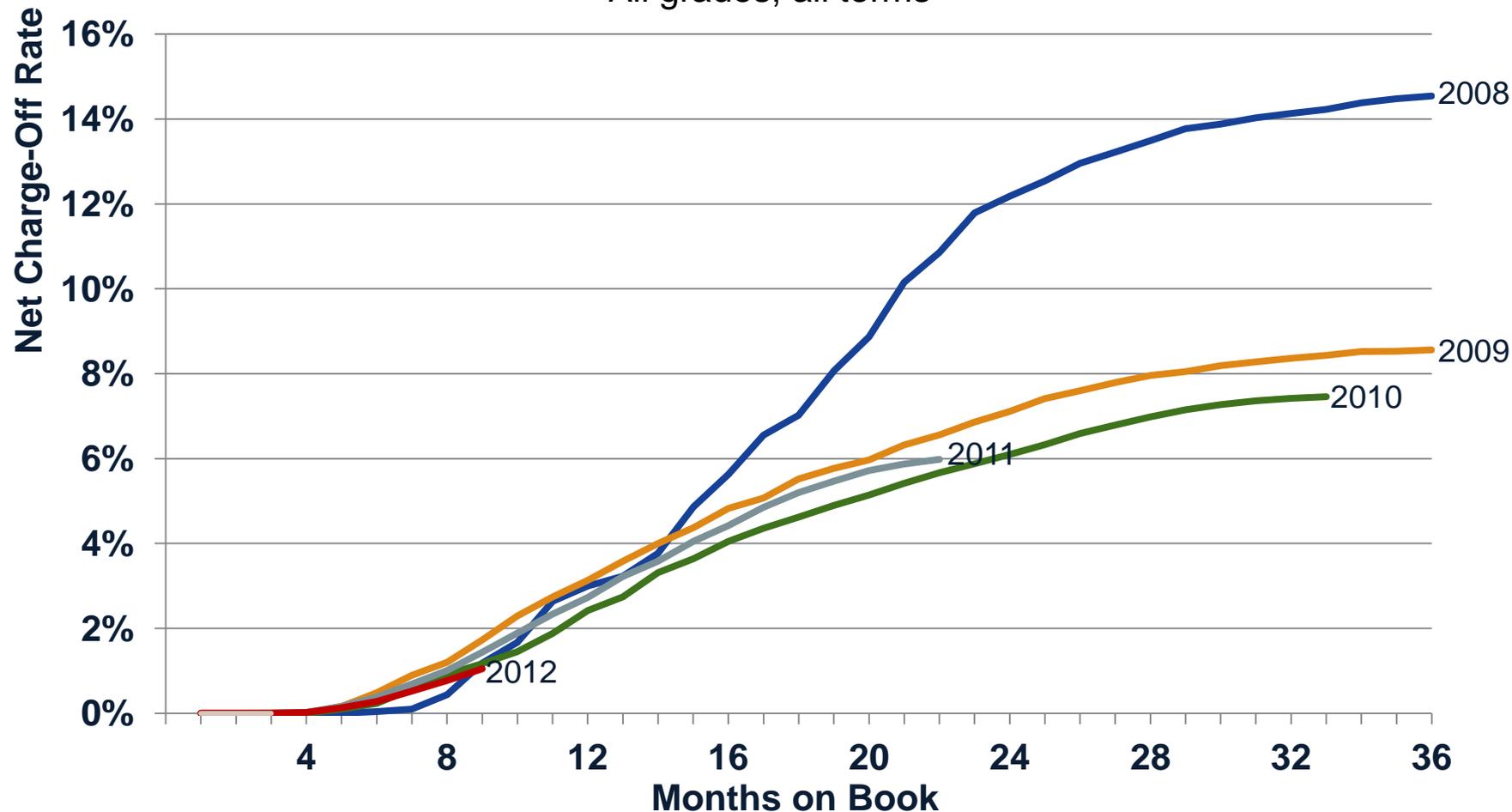
## Total Loans Outstanding



# We have not compromised on risk performance

## Net Charge-Off Rates

All grades, all terms



# We're proud of our customer experience

**1** Check Your Rate

Get a custom rate for your \$35,000 loan in 1 click

First Name

Last Name

Street Address

City

State: Choose One

Zip Code

Date of Birth: Month  Day  Year

Email Address

Create Password

Yearly Income

Clicking the boxes below constitutes:

the Terms Of Use

the Credit Profile Authorization

**2** Check Your Rate

Excellent! You Qualify for a Credit Card Refinance Loan

**We have a great rate for you:**

Loan Amount: \$15,000 \*

APR: 22.81%

Interest Rate: 19.05%

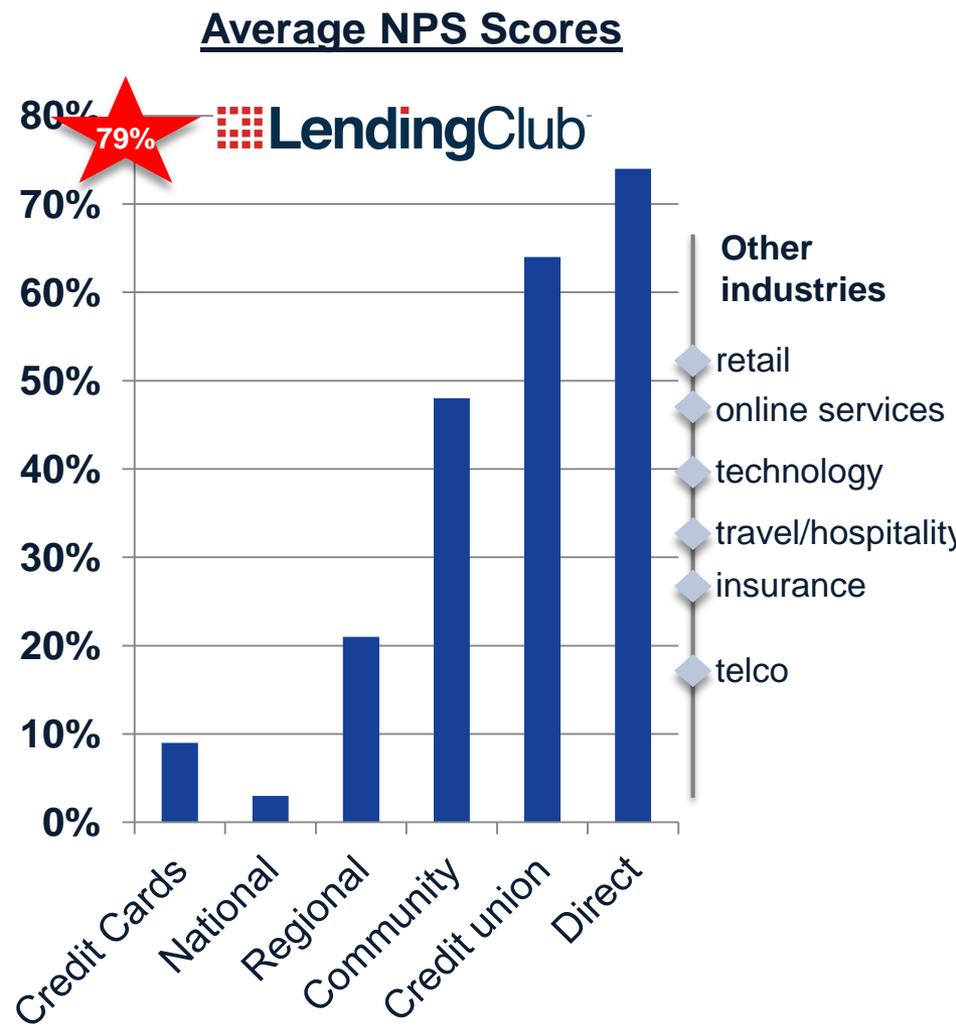
Monthly Payment: \$550.22 (36 payments)

Save and Continue Later **Get Loan**

You also qualify for these loan amounts:

Lower Total Loan Costs 36 Month Loans				Lower Monthly Payments 60 Month Loans			
Amount	Rate	APR	Payment	Amount	Rate	APR	Payment
<input type="radio"/> \$6,000	17.27%	20.99%	\$214.73	<input type="radio"/> \$18,000	22.47%	25.01%	\$501.97
<input type="radio"/> \$9,000	18.49%	22.24%	\$327.59	<input type="radio"/> \$21,000	22.47%	25.01%	\$585.63
<input type="radio"/> \$12,000	18.49%	22.24%	\$436.79	<input type="radio"/> \$24,000	23.28%	25.84%	\$680.44
<input checked="" type="radio"/> \$15,000	19.05%	22.81%	\$550.22				
<input type="radio"/> \$18,000	19.05%	22.81%	\$660.27				
<input type="radio"/> \$21,000	19.05%	22.81%	\$770.31				
<input type="radio"/> \$24,000	20.49%	24.29%	\$897.93				

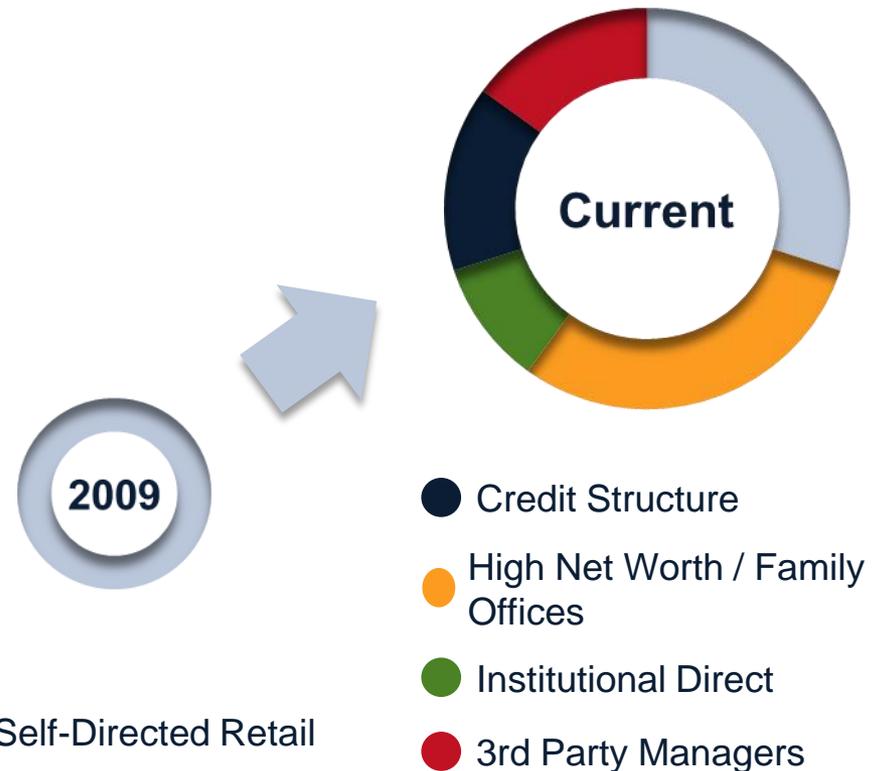
**Get this loan instead**



# Investors have been flocking to us

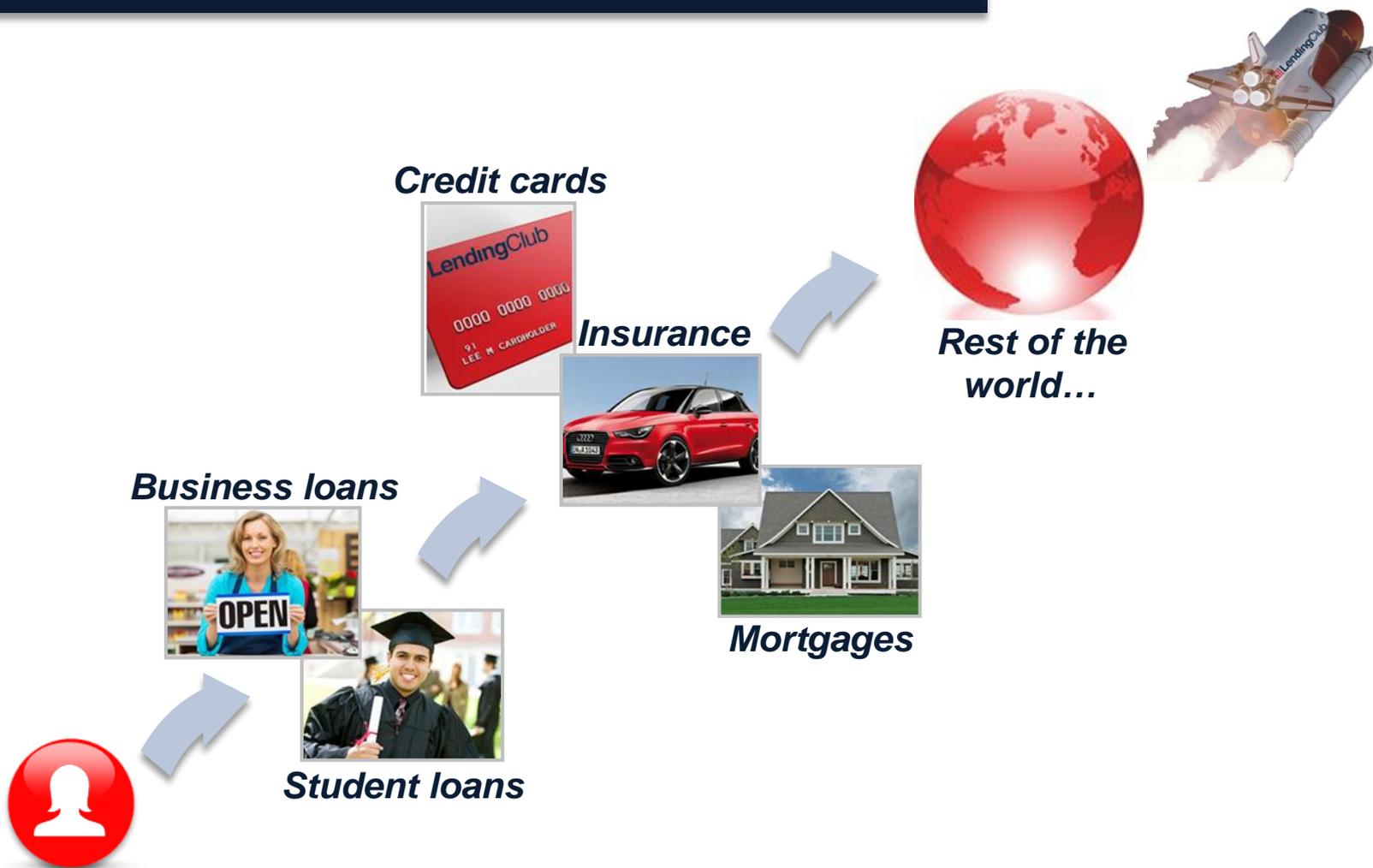
**Lending Club Notes have provided a Net Annual Return between 6%-10%\***

**We have added sources of institutional capital**

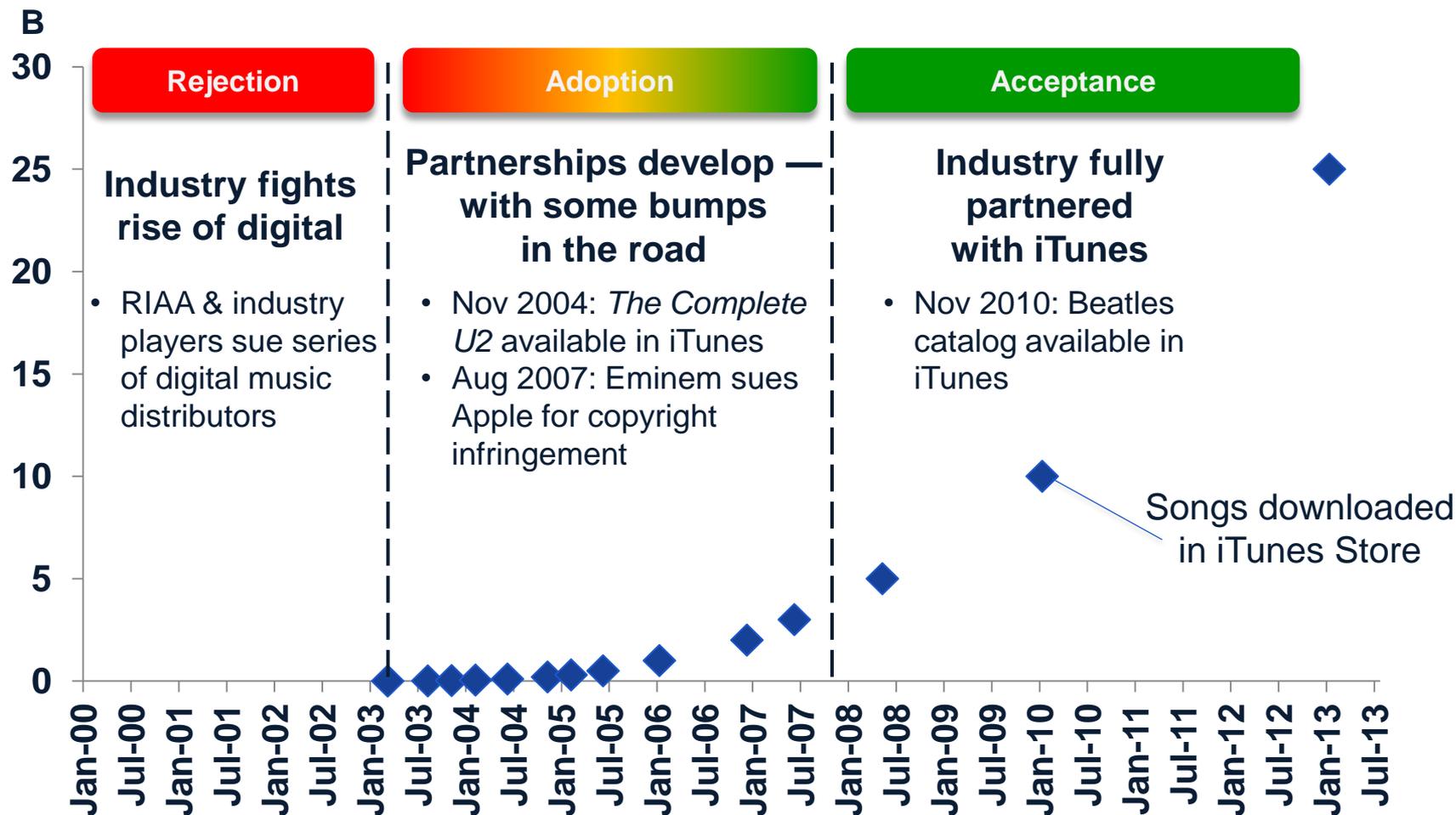


# The future...the sky's the limit

*...and beyond*



# The music industry decided to work with Apple



# And retailers with eBay

Retailers did not want to be associated with this



But now some are partnering with eBay



# Banks now working with Lending Club



Q&A



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