



Second Quarter 2018 Results

August 7, 2018

## Disclaimer

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

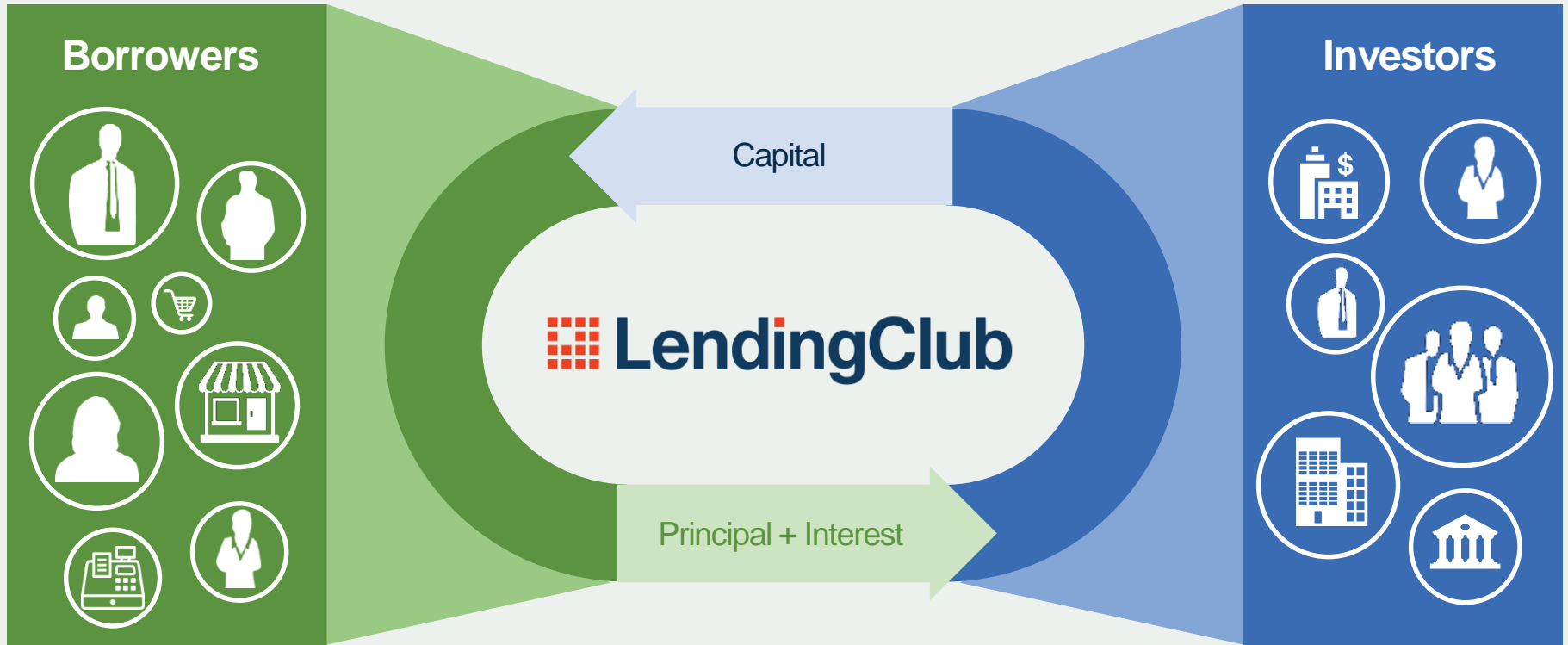
This presentation contains non-GAAP measures relating to our performance. In addition, we have included certain pro forma adjustments in our presentation of non-GAAP operating expenses, non-GAAP adjusted earnings per diluted share, non-GAAP contribution margin, non-GAAP contribution as a percentage of originations, non-GAAP adjusted EBITDA, non-GAAP adjusted investor fees, non-GAAP sales and marketing expense, non-GAAP origination and servicing expense, non-GAAP engineering and product development expense, non-GAAP general and administrative expense as well as total net revenue adjusted for structured program revenue. We believe these non-GAAP measures provide management and investors with useful supplemental information about the financial performance of our business, enable comparison of financial results between periods where certain items may vary independent of business performance, and enable comparison of our financial results with other public companies, many of which present similar non-GAAP financial measures.

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

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

Additional information about LendingClub is available in the prospectus for LendingClub’s notes, which can be obtained on LendingClub’s website at <https://www.lendingclub.com/info/prospectus.action>.

# An Online Marketplace



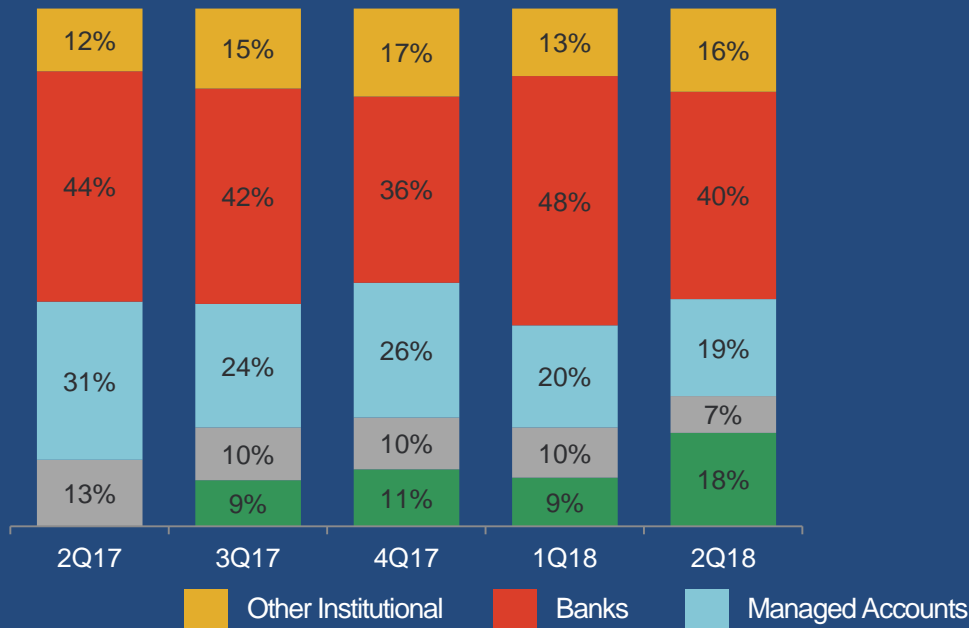
All loans originated and issued by our federally regulated issuing bank partners.

# Variety of Investors Across the LendingClub Platform

Diverse investor mix provides breadth of credit appetite and flexibility to adapt to various market conditions

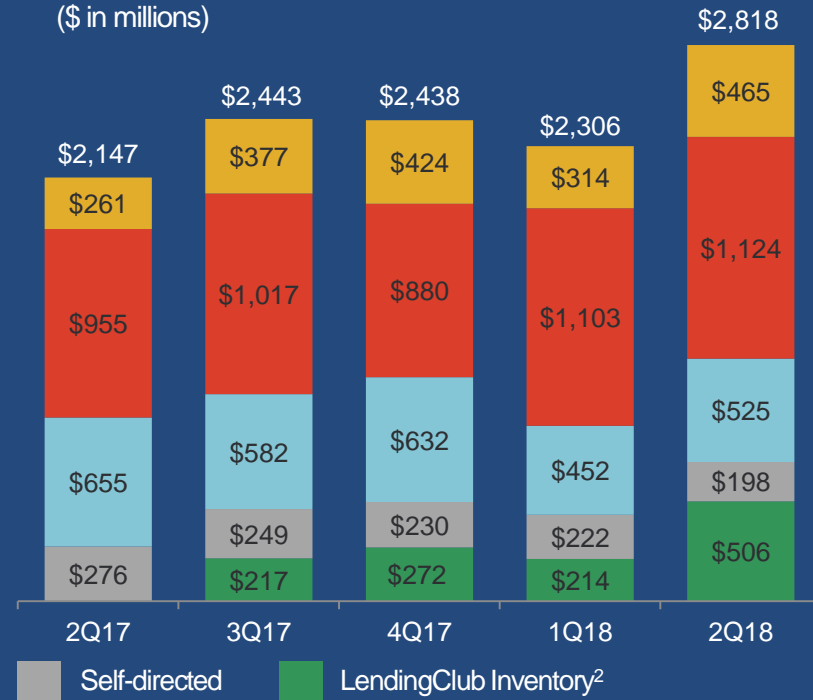
## Originations Mix by Funding Source

(as a % of total platform originations)



## Platform Originations by Funding Source<sup>1</sup>

(\$ in millions)



(1) There may be differences between the sum of the quarterly results due to rounding.

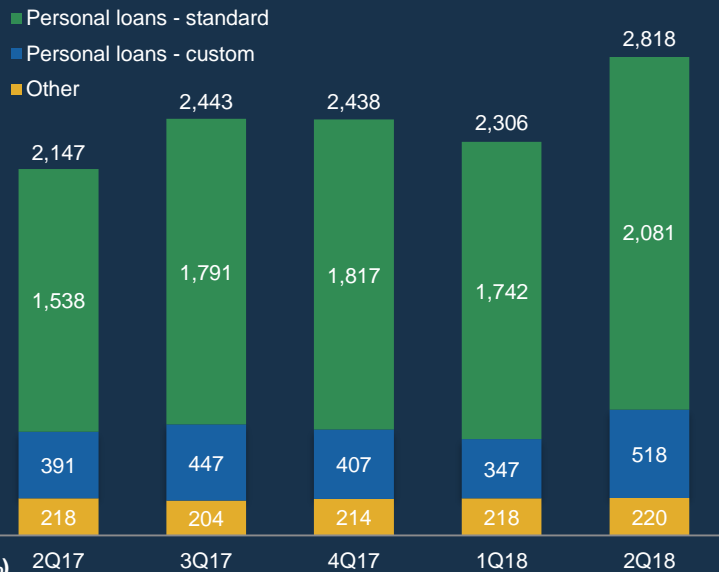
(2) Represents the percentage of loan originations in the period that were purchased by the Company during the period and not yet sold as of the period end. It is the Company's expectation that most of these loans will be included in future structured transactions or sold in whole loan format in subsequent periods.

# Originations & Revenue

Delivered the highest quarterly net revenue in company history, accelerating to 27% growth year-over-year

## Quarterly Originations<sup>1</sup>

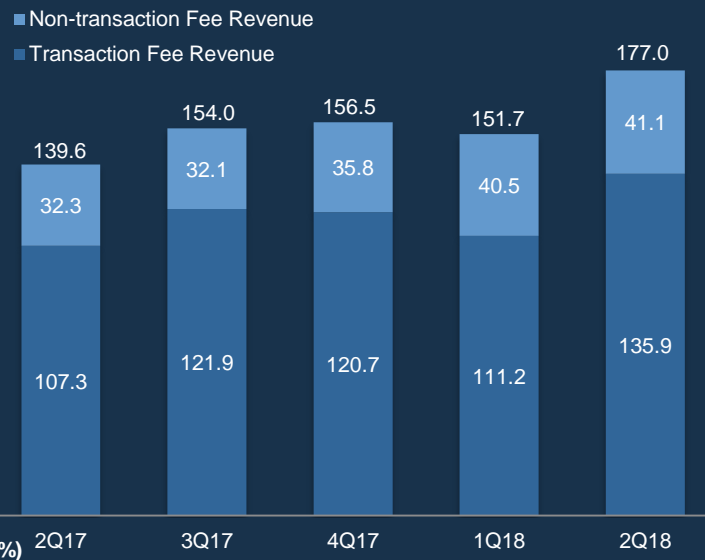
(\$ in millions)



Growth (%)	2Q17	3Q17	4Q17	1Q18	2Q18
YoY	10%	24%	23%	18%	31%
QoQ	10%	14%	0%	(5%)	22%

## Quarterly Total Net Revenue<sup>1</sup>

(\$ in millions)



Growth (%)	2Q17	3Q17	4Q17	1Q18	2Q18
YoY	35%	34%	20%	22%	27%
QoQ	12%	10%	2%	(3%)	17%
Yield	6.50%	6.31%	6.42%	6.58%	6.28%

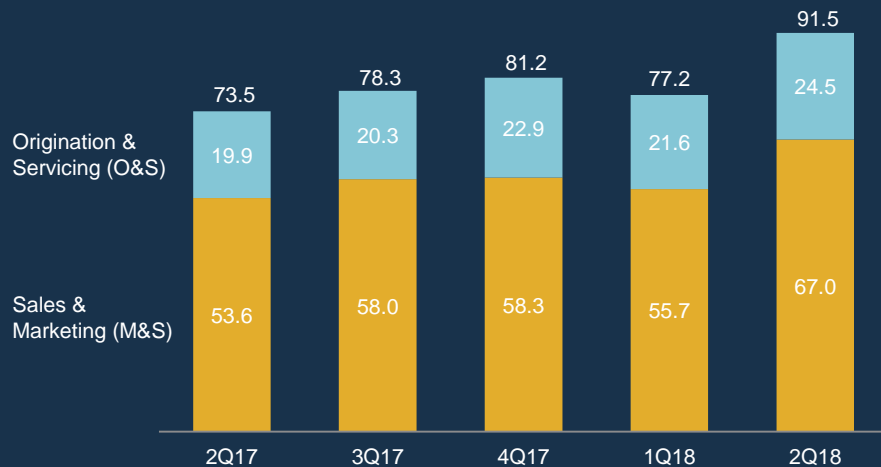
(1) There may be differences between the sum of the quarterly results due to rounding.

## Contribution Margin<sup>2</sup>

Achieved a record quarterly contribution margin of \$85.4M, or 48.3%

### Quarterly expenses impacting Contribution Margin<sup>1</sup>

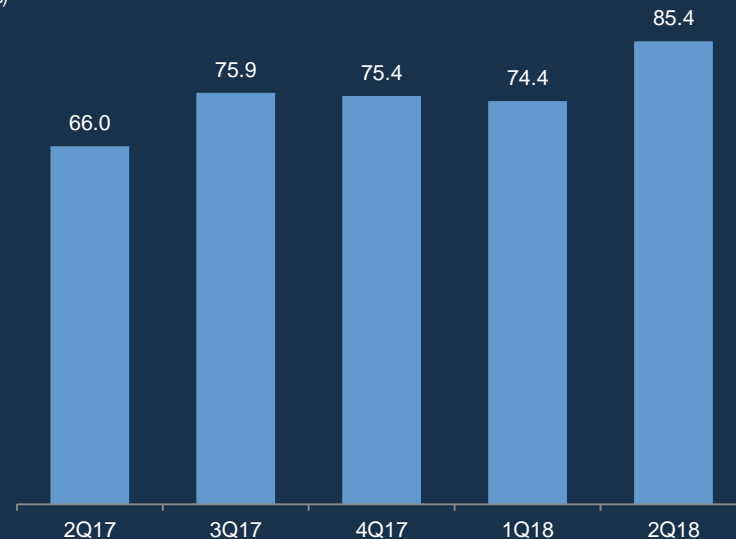
(\$ in millions)



	2Q17	3Q17	4Q17	1Q18	2Q18
O&S % of Originations	0.93%	0.83%	0.94%	0.94%	0.87%
M&S % of Originations	2.50%	2.37%	2.39%	2.41%	2.38%
Total % of Originations	3.42%	3.20%	3.33%	3.35%	3.25%
Total % of Revenues	52.7%	50.8%	51.9%	50.9%	51.7%

### Quarterly Contribution Margin<sup>1,2</sup>

(\$ in millions)



	2Q17	3Q17	4Q17	1Q18	2Q18
Margin % of Revenue	47.3%	49.3%	48.2%	49.1%	48.3%

(1) There may be differences between the sum of the quarterly results due to rounding.

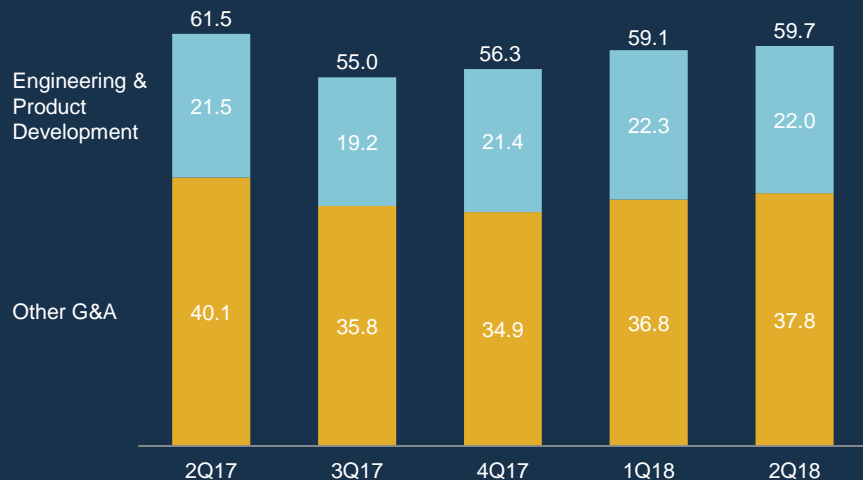
(2) Contribution is calculated as net revenue less "sales and marketing" and "origination and servicing" expenses on the Company's Statements of Operations, adjusted to exclude non-cash stock-based compensation expense within these captions and (income) loss attributable to noncontrolling interests. Contribution margin is a non-GAAP financial measure calculated by dividing contribution by total net revenue. See Appendix for a reconciliation of this non-GAAP measure.

## Adjusted EBITDA Margin<sup>2</sup>

Delivered \$25.7M in Adjusted EBITDA, up \$21.2M year-over-year, driven by higher revenues and improving operating leverage

### Quarterly Expenses impacting Adjusted EBITDA Margin<sup>1</sup>

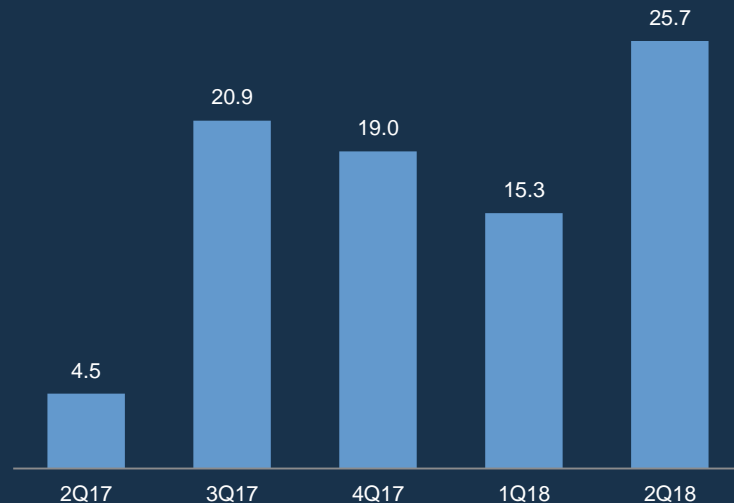
(\$ in millions)



Eng. & PD (% of Rev.)	15.4%	12.5%	13.7%	14.7%	12.4%
Other G&A (% of Rev.)	28.7%	23.3%	22.3%	24.3%	21.3%
Total % of Revenue	44.1%	35.7%	36.0%	39.0%	33.8%

### Quarterly Adjusted EBITDA Margin<sup>1</sup>

(\$ in millions)



Margin % of Revenue	3.2%	13.6%	12.2%	10.1%	14.5%
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(1) There may be differences between the sum of the quarterly results due to rounding.

(2) Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss), excluding depreciation and impairment expense, amortization of intangible assets, stock-based compensation expense, income tax expense (benefit), acquisition related expenses, legal and regulatory expense related to legacy issues, goodwill impairment and (income) loss attributable to noncontrolling interests. In the fourth quarter of 2017, the Company included a new adjustment for outstanding legacy issues that result in elevated legal costs (including ongoing regulatory and government investigations, indemnification obligations and litigation) to calculate adjusted EBITDA. Legacy legal expenses incurred in 2017 and prior were generally offset by insurance proceeds, resulting in no material net cumulative impact to earnings. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by total net revenue. See Appendix for a reconciliation of this non-GAAP measure.

# Q3 & FY18 Outlook

	<b>Q3 2018</b> (\$ in millions)	<b>FY 2018</b> (\$ in millions)	<b>Notes</b>
Total Net Revenue	\$175 - \$185	\$680 - \$705	--
GAAP Consolidated Net Loss <sup>1</sup>	(\$15) – (\$10)	(\$124) – (\$109)	FY18 GAAP Consolidated Net Loss includes outstanding legacy expenses of \$18.5 million and a goodwill impairment of \$35.6 million recognized in Q2
Adjusted EBITDA <sup>2</sup>	\$18 – \$23	\$75 – \$90	--

- (1) Forecasted GAAP Consolidated Net Loss excludes expenses associated with outstanding legacy issues, as those expenses are neither probable nor estimable as of the time of this earnings release. We will update forecasted Net Income (Loss) as expenses associated with outstanding legacy issues become available for the remainder of the year. For the first half of 2018, we recognized \$35.5 million of expenses related to outstanding legacy issues and \$35.6 million of goodwill impairment related to the Company's patient education finance unit, which are now reflected in our full year 2018 GAAP Consolidated Net Loss.
- (2) Adjusted EBITDA includes non-GAAP reconciling items consisting of stock-based compensation expense of approximately \$20 million in Q3 2018 and \$77 million in full year 2018, and depreciation, impairment, amortization and other net adjustments of approximately \$13 million in Q3 2018 and \$51 million in full year 2018. Adjusted EBITDA will also exclude \$35.5 million of expenses related to outstanding legacy issues and \$35.6 million of goodwill impairment related to the Company's patient and education finance unit, that we recognized in the first half of 2018. Please refer to the discussion under "Non-GAAP Measures" of our earnings release for further information.



Appendix:

# Financial Recons & Metrics

## GAAP to Non-GAAP Reconciliation: Operating Expenses

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,		Three Months Ended						Six Months Ended		
	2016	2017	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	2Q18
<b>Total net revenue</b>	<b>\$ 500,812</b>	<b>\$ 574,540</b>	<b>\$ 130,522</b>	<b>\$ 124,482</b>	<b>\$ 139,573</b>	<b>\$ 154,030</b>	<b>\$ 156,455</b>	<b>\$ 151,667</b>	<b>\$ 176,979</b>	<b>\$ 264,055</b>	<b>\$ 328,646</b>
GAAP sales and marketing	\$ 216,670	\$ 229,865	\$ 55,457	\$ 54,583	\$ 55,582	\$ 59,570	\$ 60,130	\$ 57,517	\$ 69,046	\$ 110,165	\$ 126,563
Stock-based compensation expense	7,546	7,654	2,530	2,299	1,967	1,591	1,797	1,860	2,023	4,266	3,883
<b>Non-GAAP sales and marketing</b>	<b>\$ 209,124</b>	<b>\$ 222,211</b>	<b>\$ 52,927</b>	<b>\$ 52,284</b>	<b>\$ 53,615</b>	<b>\$ 57,979</b>	<b>\$ 58,333</b>	<b>\$ 55,657</b>	<b>\$ 67,023</b>	<b>\$ 105,899</b>	<b>\$ 122,680</b>
% Total net revenue	41.8%	38.7%	40.6%	42.0%	38.4%	37.6%	37.3%	36.7%	37.9%	40.1%	37.3%
GAAP origination and servicing	\$ 74,760	\$ 86,891	\$ 18,296	\$ 20,449	\$ 21,274	\$ 21,321	\$ 23,847	\$ 22,645	\$ 25,593	\$ 41,723	\$ 48,238
Stock-based compensation expense	4,159	4,804	1,437	1,416	1,354	1,049	985	1,072	1,102	2,770	2,174
<b>Non-GAAP origination and servicing</b>	<b>\$ 70,601</b>	<b>\$ 82,087</b>	<b>\$ 16,859</b>	<b>\$ 19,033</b>	<b>\$ 19,920</b>	<b>\$ 20,272</b>	<b>\$ 22,862</b>	<b>\$ 21,573</b>	<b>\$ 24,491</b>	<b>\$ 38,953</b>	<b>\$ 46,064</b>
% Total net revenue	14.1%	14.3%	12.9%	15.3%	14.3%	13.2%	14.6%	14.2%	13.8%	14.8%	14.0%
GAAP engineering and product development	\$ 115,357	\$ 142,264	\$ 32,522	\$ 35,760	\$ 35,718	\$ 32,860	\$ 37,926	\$ 36,837	\$ 37,650	\$ 71,478	\$ 74,487
Stock-based compensation expense	19,858	22,047	6,724	6,588	5,773	4,640	5,046	5,279	5,464	12,361	10,743
Depreciation and amortization	20,906	36,790	6,134	7,794	8,483	9,026	11,487	9,247	10,197	16,277	19,444
<b>Non-GAAP engineering and product development</b>	<b>\$ 74,953</b>	<b>\$ 83,427</b>	<b>\$ 19,664</b>	<b>\$ 21,378</b>	<b>\$ 21,462</b>	<b>\$ 19,194</b>	<b>\$ 21,393</b>	<b>\$ 22,311</b>	<b>\$ 21,989</b>	<b>\$ 42,840</b>	<b>\$ 44,300</b>
% Total net revenue	15.0%	14.5%	15.1%	17.2%	15.4%	12.5%	13.7%	14.7%	12.4%	16.2%	13.5%
GAAP other general and administrative, legal and regulatory expense related to legacy issues and goodwill impairment	\$ 244,222	\$ 268,933	\$ 56,740	\$ 43,574	\$ 52,495	\$ 46,925	\$ 125,939	\$ 65,809	\$ 105,478	\$ 96,069	\$ 171,287
Stock-based compensation expense	37,638	36,478	12,120	9,195	9,994	8,826	8,463	9,590	11,208	19,189	20,798
Depreciation	4,216	5,130	1,213	1,298	1,305	1,246	1,281	1,419	1,420	2,603	2,839
Acquisition and related expenses	1,174	349	294	293	56	—	—	—	—	349	—
Amortization of intangibles	4,760	4,288	1,161	1,162	1,057	1,034	1,035	1,035	959	2,219	1,994
Goodwill impairment	37,050	—	—	—	—	—	—	—	35,633	—	35,633
Legal and regulatory expense related to legacy issues <sup>(1)</sup>	—	80,250	—	—	—	—	80,250	16,973	18,501	—	35,474
<b>Non-GAAP other general and administrative</b>	<b>\$ 159,384</b>	<b>\$ 142,438</b>	<b>\$ 41,952</b>	<b>\$ 31,626</b>	<b>\$ 40,083</b>	<b>\$ 35,819</b>	<b>\$ 34,910</b>	<b>\$ 36,792</b>	<b>\$ 37,757</b>	<b>\$ 71,709</b>	<b>\$ 74,549</b>
% Total net revenue	31.8%	24.8%	32.1%	25.4%	28.7%	23.3%	22.3%	24.3%	21.3%	27.2%	22.7%

<sup>(1)</sup> Includes expense related to outstanding legacy issues. The second quarter of 2018 and the fourth quarter of 2017 also include class action settlement expense. Amounts prior to the fourth quarter of 2017 have not been reclassified because legacy legal expenses incurred in 2017 and prior were generally offset by insurance proceeds, resulting in no net material cumulative impact to earnings.

## Adjusted EPS Reconciliation

Adjusted EPS is a non-GAAP financial measure that we calculate as LendingClub net income (loss), excluding acquisition and related expense, amortization of intangible assets, legal and regulatory expense related to legacy issues, goodwill impairment, stock-based compensation expense and income tax expense (benefit).

(in thousands, except per share data) (unaudited)	Year Ended Dec. 31,		Three Months Ended						Six Months Ended		
	2016	2017	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	2Q18
GAAP LendingClub net income (loss)	\$ (145,969)	\$ (153,835)	\$ (32,269)	\$ (29,844)	\$ (25,454)	\$ (6,530)	\$ (92,007)	\$ (31,181)	\$ (60,861)	\$ (55,298)	\$ (92,042)
Acquisition and related expense	1,174	349	294	293	56	—	—	—	—	349	—
Amortization of intangible assets	4,760	4,288	1,161	1,162	1,057	1,034	1,035	1,035	959	2,219	1,994
Goodwill impairment	37,050	—	—	—	—	—	—	—	35,633	—	35,633
Legal and regulatory expense related to legacy issues <sup>(1)</sup>	—	80,250	—	—	—	—	80,250	16,973	18,501	—	35,474
Stock-based compensation expense	69,201	70,983	22,811	19,498	19,088	16,106	16,291	17,801	19,797	38,586	37,598
Income tax expense (benefit)	(4,118)	—	(114)	—	—	—	—	—	—	—	—
<b>Adjusted net income (loss)</b>	<b>\$ (37,902)</b>	<b>\$ 2,035</b>	<b>\$ (8,117)</b>	<b>\$ (8,891)</b>	<b>\$ (5,253)</b>	<b>\$ 10,610</b>	<b>\$ 5,569</b>	<b>\$ 4,628</b>	<b>\$ 14,029</b>	<b>\$ (14,144)</b>	<b>\$ 18,657</b>
Weighted-average GAAP diluted shares	387,762	408,996	395,877	400,309	406,677	412,779	416,005	418,299	421,194	403,510	419,755
Weighted-average other dilutive equity awards	—	—	—	—	—	—	—	—	—	—	—
<b>Non-GAAP diluted shares <sup>(2)</sup></b>	<b>387,762</b>	<b>408,996</b>	<b>395,877</b>	<b>400,309</b>	<b>406,677</b>	<b>412,779</b>	<b>416,005</b>	<b>418,299</b>	<b>421,194</b>	<b>403,510</b>	<b>419,755</b>
<b>Adjusted EPS - diluted</b>	<b>\$ (0.10)</b>	<b>\$ 0.00</b>	<b>\$ (0.02)</b>	<b>\$ (0.02)</b>	<b>\$ (0.01)</b>	<b>\$ 0.03</b>	<b>\$ 0.01</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>	<b>\$ (0.04)</b>	<b>\$ 0.04</b>

<sup>(1)</sup> Includes expense related to outstanding legacy issues. The second quarter of 2018 and the fourth quarter of 2017 also include class action settlement expense. Amounts prior to the fourth quarter of 2017 have not been reclassified because legacy legal expenses incurred in 2017 and prior were generally offset by insurance proceeds, resulting in no net material cumulative impact to earnings.

<sup>(2)</sup> Net of shares repurchased in the first quarter of 2016 under the Company's share repurchase program.

## Contribution Reconciliation & Definition

Contribution is a non-GAAP financial measure that we calculate as net revenue less “sales and marketing” and “origination and servicing” expenses on the Company’s Statements of Operations, adjusted to exclude non-cash stock-based compensation expense within these captions and (income) loss attributable to noncontrolling interests. Contribution margin is a non-GAAP financial measure calculated by dividing contribution by total net revenue.

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,		Three Months Ended						Six Months Ended		
	2016	2017	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	2Q18
GAAP consolidated net income (loss)	\$ (145,969)	\$ (154,045)	\$ (32,269)	\$ (29,844)	\$ (25,444)	\$ (6,659)	\$ (92,098)	\$ (31,180)	\$ (60,812)	\$ (55,288)	\$ (91,992)
GAAP general and administrative expense:											
Engineering and product development	115,357	142,264	32,522	35,760	35,718	32,860	37,926	36,837	37,650	71,478	74,487
Other general and administrative	207,172	191,683	56,740	43,574	52,495	46,925	48,689	52,309	57,583	96,069	109,892
Goodwill impairment	37,050	—	—	—	—	—	—	—	35,633	—	35,633
Class action settlement and regulatory litigation expense	—	77,250	—	—	—	—	77,250	13,500	12,262	—	25,762
Stock-based compensation expense: <sup>(1)</sup>											
Sales and marketing	7,546	7,654	2,530	2,299	1,967	1,591	1,797	1,860	2,023	4,266	3,883
Origination and servicing	4,159	4,804	1,437	1,416	1,354	1,049	985	1,072	1,102	2,770	2,174
Income tax expense (benefit)	(4,228)	632	(224)	(40)	(52)	13	711	39	24	(92)	63
(Income) Loss attributable to noncontrolling interests	—	210	—	—	(10)	129	91	(1)	(49)	(10)	(50)
<b>Contribution <sup>(2)</sup></b>	<b>\$ 221,087</b>	<b>\$ 270,452</b>	<b>\$ 60,736</b>	<b>\$ 53,165</b>	<b>\$ 66,028</b>	<b>\$ 75,908</b>	<b>\$ 75,351</b>	<b>\$ 74,436</b>	<b>\$ 85,416</b>	<b>\$ 119,193</b>	<b>\$ 159,852</b>
Total net revenue	\$ 500,812	\$ 574,540	\$ 130,522	\$ 124,482	\$ 139,573	\$ 154,030	\$ 156,455	\$ 151,667	\$ 176,979	\$ 264,055	\$ 328,646
<b>Contribution margin <sup>(2)</sup></b>	<b>44.1%</b>	<b>47.1%</b>	<b>46.5%</b>	<b>42.7%</b>	<b>47.3%</b>	<b>49.3%</b>	<b>48.2%</b>	<b>49.1%</b>	<b>48.3%</b>	<b>45.1%</b>	<b>48.6%</b>

<sup>(1)</sup> Contribution excludes stock-based compensation expense included in the “Sales and marketing” and “Origination and servicing” expense categories.

<sup>(2)</sup> Beginning in the third quarter of 2017, contribution excludes (income) loss attributable to noncontrolling interests. Prior period amounts have been reclassified to conform to the current period presentation.

## Contribution as a Percent of Originations

Contribution is a non-GAAP financial measure that we calculate as net revenue less “sales and marketing” and “origination and servicing” expenses on the Company’s Statements of Operations, adjusted to exclude non-cash stock-based compensation expense within these captions and (income) loss attributable to noncontrolling interests. Contribution margin is a non-GAAP financial measure calculated by dividing contribution by total net revenue.

(in thousands, except percentages or as noted) (unaudited) <sup>(1)</sup>	Year Ended Dec. 31,		Three Months Ended						Six Months Ended		
	2016	2017	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	2Q18
<b>Loan originations (\$ mm)</b>	\$ 8,665	\$ 8,987	\$ 1,987	\$ 1,959	\$ 2,147	\$ 2,443	\$ 2,438	\$ 2,306	\$ 2,818	\$ 4,106	\$ 5,124
<b>Total net revenue</b>	\$ 500,812	\$ 574,540	\$ 130,522	\$ 124,482	\$ 139,573	\$ 154,030	\$ 156,455	\$ 151,667	\$ 176,979	\$ 264,055	\$ 328,646
<i>% of loan originations</i>	5.78%	6.39%	6.57%	6.36%	6.50%	6.31%	6.42%	6.58%	6.28%	6.43%	6.41%
Non-GAAP sales and marketing	\$ 209,124	\$ 222,211	\$ 52,927	\$ 52,284	\$ 53,615	\$ 57,979	\$ 58,333	\$ 55,657	\$ 67,023	\$ 105,899	\$ 122,680
Non-GAAP origination and servicing	\$ 70,601	\$ 82,087	\$ 16,859	\$ 19,033	\$ 19,920	\$ 20,272	\$ 22,862	\$ 21,573	\$ 24,491	\$ 38,953	\$ 46,064
<b>Total non-GAAP sales and marketing &amp; origination and servicing <sup>(1)</sup></b>	\$ 279,725	\$ 304,298	\$ 69,786	\$ 71,317	\$ 73,535	\$ 78,251	\$ 81,195	\$ 77,230	\$ 91,514	\$ 144,852	\$ 168,744
<i>% of loan originations</i>	3.23%	3.39%	3.51%	3.64%	3.43%	3.20%	3.33%	3.35%	3.25%	3.53%	3.29%
(Income) Loss attributable to noncontrolling interests	\$ —	\$ 210	\$ —	\$ —	\$ (10)	\$ 129	\$ 91	\$ (1)	\$ (49)	\$ (10)	\$ (50)
<b>Contribution <sup>(2)</sup></b>	\$ 221,087	\$ 270,452	\$ 60,736	\$ 53,165	\$ 66,028	\$ 75,908	\$ 75,351	\$ 74,436	\$ 85,416	\$ 119,193	\$ 159,852
<i>% of loan originations</i>	2.55%	3.01%	3.06%	2.71%	3.08%	3.11%	3.09%	3.23%	3.03%	2.90%	3.12%

<sup>(1)</sup> There may be differences between the sum of the quarterly results and the total annual results due to rounding.

<sup>(2)</sup> Beginning in the third quarter of 2017, contribution excludes (income) loss attributable to noncontrolling interests. Prior period amounts have been reclassified to conform to the current period presentation.

## Adjusted EBITDA Definition and Reconciliation

Adjusted EBITDA is a non-GAAP financial measure that we calculate as net income (loss) before depreciation, impairment and amortization expense, stock-based compensation expense, income tax expense (benefit), acquisition related expenses, legal and regulatory expense related to legacy issues, goodwill impairment and (income) loss attributable to noncontrolling interests. Adjusted EBITDA margin is a non-GAAP financial measure calculated by dividing adjusted EBITDA by total net revenue.

(in thousands, except percentages) (unaudited)	Year Ended Dec. 31,		Three Months Ended						Six Months Ended		
	2016	2017	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	2Q17	2Q18
GAAP consolidated net income (loss)	\$ (145,969)	\$ (154,045)	\$ (32,269)	\$ (29,844)	\$ (25,444)	\$ (6,659)	\$ (92,098)	\$ (31,180)	\$ (60,812)	\$ (55,288)	\$ (91,992)
Acquisition and related expense	1,174	349	294	293	56	—	—	—	—	349	—
Depreciation and impairment expense:											
Engineering and product development	20,906	36,790	6,134	7,794	8,483	9,026	11,487	9,247	10,197	16,277	19,444
Other general and administrative	4,216	5,130	1,213	1,298	1,305	1,246	1,281	1,419	1,420	2,603	2,839
Amortization of intangible assets	4,760	4,288	1,161	1,162	1,057	1,034	1,035	1,035	959	2,219	1,994
Goodwill impairment	37,050	—	—	—	—	—	—	—	35,633	—	35,633
Legal and regulatory expense related to legacy issues <sup>(1)</sup>	—	80,250	—	—	—	—	80,250	16,973	18,501	—	35,474
Stock-based compensation expense	69,201	70,983	22,811	19,498	19,088	16,106	16,291	17,801	19,797	38,586	37,598
Income tax expense (benefit)	(4,228)	632	(224)	(40)	(52)	13	711	39	24	(92)	63
(Income) Loss attributable to noncontrolling interests	—	210	—	—	(10)	129	91	(1)	(49)	(10)	(50)
<b>Adjusted EBITDA <sup>(2)</sup></b>	<b>\$ (12,890)</b>	<b>\$ 44,587</b>	<b>\$ (880)</b>	<b>\$ 161</b>	<b>\$ 4,483</b>	<b>\$ 20,895</b>	<b>\$ 19,048</b>	<b>\$ 15,333</b>	<b>\$ 25,670</b>	<b>\$ 4,644</b>	<b>\$ 41,003</b>
Total net revenue	\$ 500,812	\$ 574,540	\$ 130,522	\$ 124,482	\$ 139,573	\$ 154,030	\$ 156,455	\$ 151,667	\$ 176,979	\$ 264,055	\$ 328,646
<b>Adjusted EBITDA margin <sup>(2)</sup></b>	<b>(2.6)%</b>	<b>7.8%</b>	<b>(0.7)%</b>	<b>0.1%</b>	<b>3.2%</b>	<b>13.6%</b>	<b>12.2%</b>	<b>10.1%</b>	<b>14.5%</b>	<b>1.8%</b>	<b>12.5%</b>

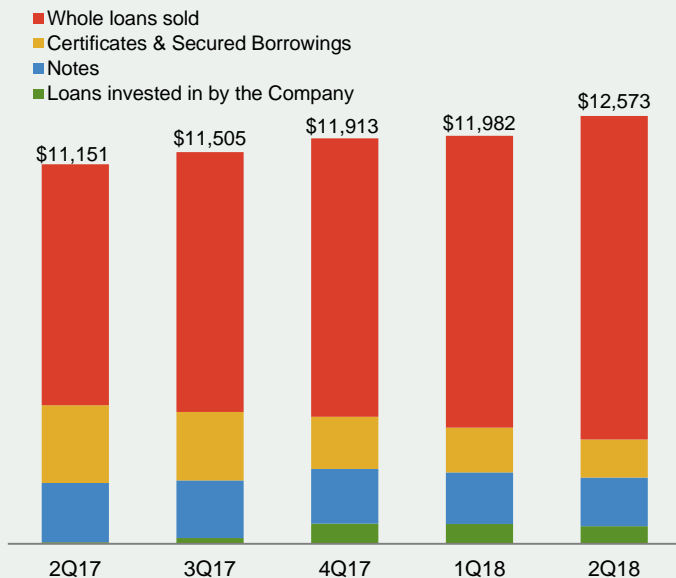
<sup>(1)</sup> Includes expense related to outstanding legacy issues. The second quarter of 2018 and the fourth quarter of 2017 also include class action settlement expense. Amounts prior to the fourth quarter of 2017 have not been reclassified because legacy legal expenses incurred in 2017 and prior were generally offset by insurance proceeds, resulting in no net material cumulative impact to earnings.

<sup>(2)</sup> Beginning in the third quarter of 2017, adjusted EBITDA excludes (income) loss attributable to noncontrolling interests. Prior period amounts have been reclassified to conform to the current period presentation.

# Servicing Portfolio Recurring Revenue

## Servicing Portfolio Balance<sup>(1)</sup>

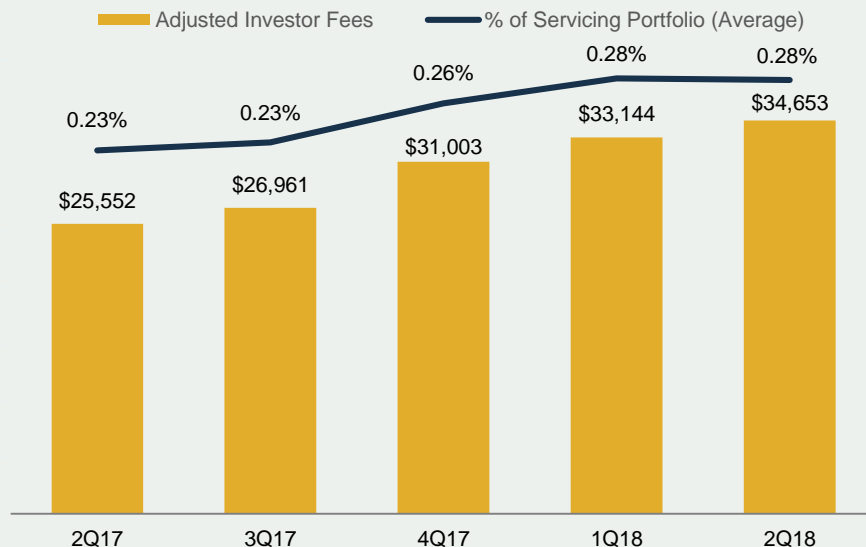
(\$ in millions)



Y/Y %	4%	5%	7%	8%	13%
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## Adjusted Investor Fee Revenue<sup>(2)</sup>

(\$ in thousands)



32%	34%	36%	36%	36%
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(1) Servicing Portfolio Balance represents outstanding principal balance of loans that we serviced at the end of the periods indicated, and financed with notes, certificates & secured borrowings, and whole loans sold (including loans invested in by the company).

(2) Adjusted Investor Fee Revenue is a non-GAAP financial measure that excludes the impact of changes in fair value of our servicing asset/liability over the life of the loan.

# Structured Program Impact Pro-forma Revenue

	Actual 2Q18 (\$ in thousands)	Structured Program Revenue <sup>(1)</sup> <sup>(2)</sup>	Excluding Structured Program Revenue	Structured Program Revenue Notes
Transaction Fees	135,926	-	135,926	
Investor Fees	27,400	(\$424)	27,824	Decrease in original servicing asset – (\$0.4M)
Gain on Sales of Loans	11,880	\$3,991	7,889	Gain on sale in new servicing asset – \$8.3M Program net costs – (\$4.3M)
Other Revenue	1,467	\$112	1,355	Admin revenue – \$0.1M
Interest Income	127,760	\$18,103	109,657	Interest income on loans sold into structured programs and available-for-sale securities – \$18.1M
Interest Expense	(100,898)	(\$3,337)	(97,561)	Interest expense from financing costs – (\$3.3M)
Fair Value Adj.	(26,556)	(\$12,863)	(13,693)	Fair value adjustment on loans – (\$10.8M) Fair value adjustment on fall out loans and residual interest – (\$2.1M)
Net Interest Income & Fair Value Adjustments	306	\$1,903	(1,597)	
<b>Total Net Revenue</b>	<b>176,979</b>	<b>\$5,582</b>	<b>171,397</b>	<b>Total Net Revenue impact of \$5.6M</b>

(1) Structured programs revenue is defined as net revenue from Company-sponsored securitizations and CLUB Certificate transactions, and ongoing net revenue from securities retained from such transactions, including risk retention requirements and residuals.

(2) Includes approximately \$3.0M of total revenue attributable to the securitization trust, including a \$1.8M gain on deconsolidation recognized in the second quarter of 2018.



