



Fintech, the New Financial Landscape, and Financial Inclusion

Sid Jajodia, Chief Investment Officer

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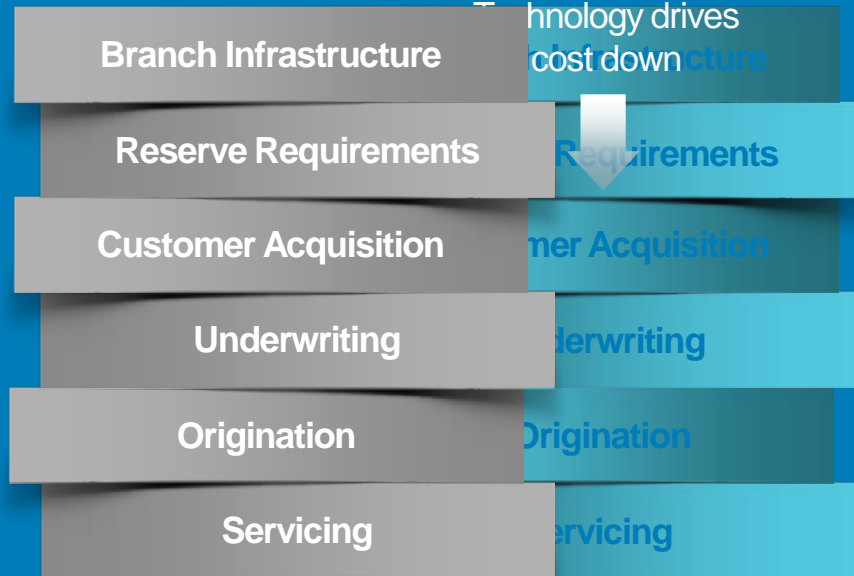
Company Overview

- Headquartered in San Francisco
- Founded 2006
- Headcount of **1,627**¹
- NYSE listed since 2014: **LC**
- Largest marketplace lender, and largest provider of personal loans in US
- **\$28B** loans funded through Q2 2017
- Personal loans, auto loans, & small business loans

1. As of June 30, 2017



Traditional Lender **Lending Club**
Operating Expense¹: **5-7%** Operating Expense²: **~2%**



1. Operating expenses as a percentage of outstanding loan balance. The analysis used Q3 2015 data for Citi, Wells Fargo & Co., Capital One Financial, Discover Financial Services, Bank of America and JPMorgan. 2. Estimated operating expenses on a "run rate" basis based on operating expenses for the quarter ended September 30, 2015 annualized, assuming no growth in monthly rate of origination volume.

Personal Loans



Who They Are

Avg. 699+ FICO

Avg 17 years of credit history

Why They Borrow

Pay off credit card

Major purchase

Home improvement

~\$14,000
Average loan

4.8%
Annual Savings¹

1. Based on responses from 7,715 borrowers in a survey of 122,975 randomly selected borrowers conducted from 1/1/16 - 3/31/17. Borrowers who received a loan to consolidate existing debt or pay off their credit card balance reported that the interest rate on outstanding debt or credit cards was 20% and average interest rate on loans via Lending Club is 15.2%.

Small Business



Who They Are

Avg \$1 million
in annual revenue

7 out of 10 not otherwise
accessing affordable
capital

Why They Borrow

Working capital

Business expansion

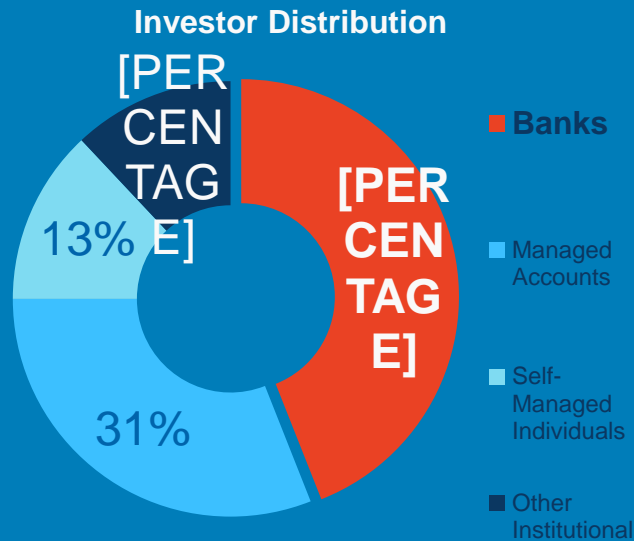
Equipment purchase

~\$32,000
Average loan

Low Interest

Convenient

Bank Partnerships



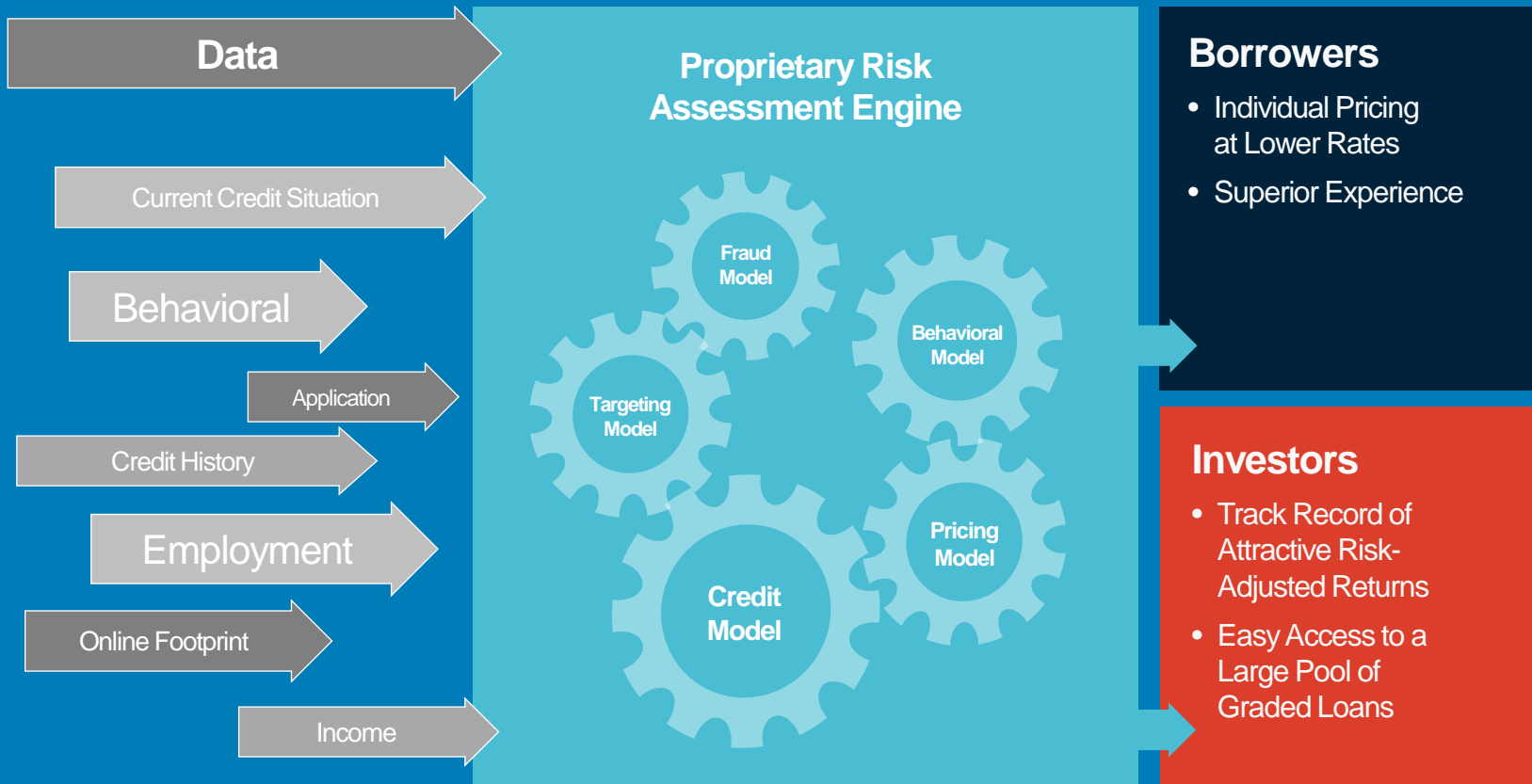
Source: LendingClub, as of 2Q17.

Benefits to banks

- Say Yes to More Customers
- Deliver a First Rate Customer Experience
- Generate Loan Growth and Diversification
- Compete with Larger Banks

Benefits to bank customers

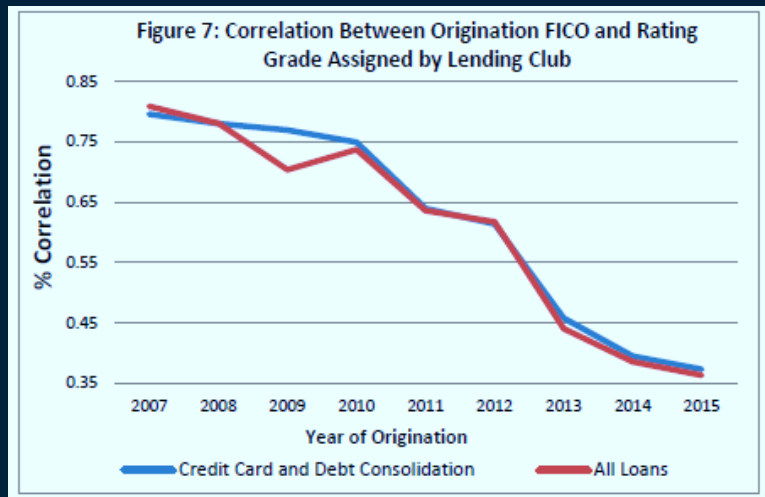
- Improve Access to Credit
- Simple, Attractive Digital Experience
- Avoid High Cost Alternative Products
- Bank Locally



Credit Modeling, Data, and Financial Inclusion

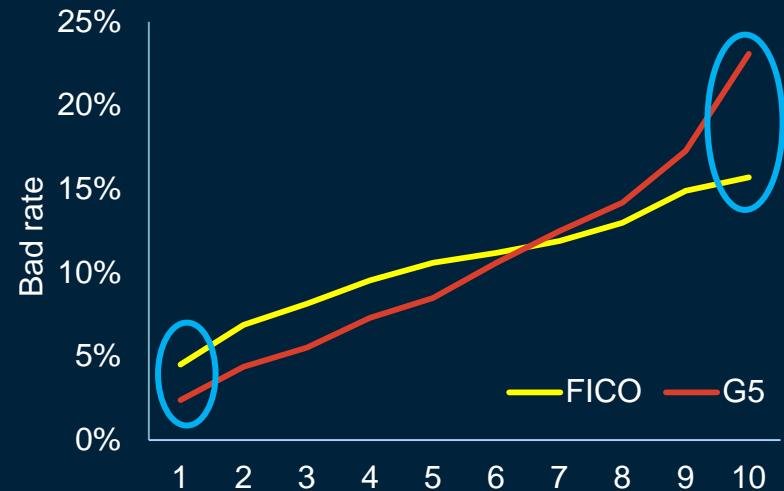
LendingClub Identifies borrowers that FICO would overlook or overprice

Low correlation with FICO



Source: Jigtiani and Lemiux, "Fintech Lending," Federal Reserve Bank of Philadelphia. July 6, 2017.

Outperforms FICO at sloping risk



Source: LendingClub

Financial Inclusion Impact

Findings from

Jigtiani, Julapa and
Catharine Lemieux,
“Working Paper No.
17-17 Fintech
Lending: Financial
Inclusion, Risk
Pricing, and
Alternative
Information,”
Federal Reserve
Bank of Philadelphia.
July 6, 2017.

- Fintech lending is filling a void where traditional banks are pulling back
- Fintech is providing better prices
- Improved credit decisioning is increasing financial inclusion



LendingClub