**Industry: Financial Services**
**GICS Sector/ Sub code: Financials Sector / Banks (GIC Code: 40 / Sub code: 4010)**

**Company Summary:** Lending Club ('LC', or the Company) is the world's largest online marketplace connecting consumer and small business borrowers with investors. **The Company has automated traditional bank-based lending functions to save time and money and develop better credit granting decisioning. As such, LC has developed a disruptive business model that poses a threat to the traditional banking industry, particularly in today's low interest rate and regulatory environment.** By using technology and automating processes online, Lending Club's platform is able to offer more affordable credit to borrowers and attractive yields to investors. LC generates revenue from transaction fees from matching borrowers with investors to enable loan originations, revenues from servicing loans, and management fees for investment funds and other managed accounts. LC does not assume credit risk or use its own capital to invest in loans. LC has raised over $6 billion in unsecured loans since launching in 2007. For the nine months ended 9/30/14, LC originated $3.0 billion of loans, up 117% y-o-y, and generated $143.0 million in revenues, up 122%. In 3Q 2014 alone, the Company's platform originated nearly $1.2 billion in loans.

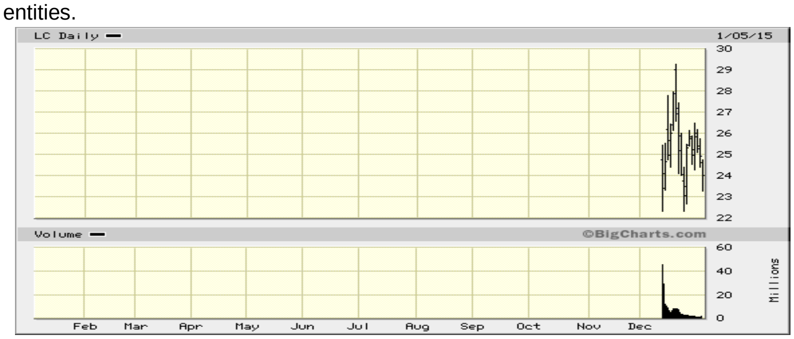
**Analyst Notes:**
***Analysis by Bruce Roberts (917) 701-3357 & Allen Gillespie, CFA (864) 288-2849***

- Fintrust Brokerage Services is commencing coverage of LendingClub with a HOLD rating, based on valuation. LC is using technology to disrupt the banking industry; earning fees on loans rather than on interest rate spreads. While we view the Company and the business model favorably, and believe the company has a first mover advantage, we are concerned that the Company's Enterprise Value / forward sales ratio is currently excessive.

- **As a middleman, the Company has devised a mechanism to provide traditional bank credit without having to assume credit or interest rate risk. And it has founded a low cost platform that can (1) instantly make credit decisions and (2) amass data to improve its credit granting decisions and thus continuously increase the attractiveness of the platform to both borrowers and investors.**

- An online marketplace for peer-to-peer lending obviates the need for branches staffed by employees, lowering intermediation cost. Borrowers report saving an average of 680 basis points on their LC-originated loans. LC's technology-powered platform enables investors to invest in loans in increments as low as $25, and provides loan selection and investment decision tools for both active and more passive investors. Of the $1.165 billion invested in Q3 2014, $226 million, or 19.4% were funds from individuals who self-manage their investments. Individuals investing through investment vehicles and institutional investors accounted for the remaining 34.7% and 45.5%, respectively.

- Risks include, but are not limited to (1) an evolving regulatory and competitive environment (2) uncertainty involved in the introduction of new products and entry into new geographies (3) the challenge to effectively scale the Company's digital platform and credit scoring analytics and (4) increasing its base of borrowers, investors and revenues in the face of vigorous online banking services competition from both new entrants (who may already offer Internet-based services to large existing customer bases) and from traditional banking entities.




**Fintrust Recommendation**

| | |
|---|---|
| **Fintrust Rating:** | **HOLD** |
| **Target Price:** | **$32.60** |
| **Current Share Price** | **$22.89** |
| **Expected Return** | **42.4%** |
| **52 Week Price Range** | **$29.29 - $22.31** |

Fintrust Brokerage Services, LLC rates companies a BUY, HOLD, SELL, or SHORT.

- A BUY rating is given when the security is expected to outperform the broad equity market as measured by the S&P 500 on a risk adjusted basis over the next year.
- A HOLD rating is given when the security is expected to perform in line with the broad equity market as measured by the S&P 500 on a risk adjusted basis over the next year.
- A SELL rating is given when the security is expected to perform below the broad equity market as measured by the S&P 500 on a risk adjusted basis over the next year.
- A SELL SHORT is given when the security is expected to decline in value over the next year.

**The distribution of ratings across Fintrust's entire company universe is 50.0% Buy, 40.0% Hold, 10.0%Sell, and 0% Short**

**Key Figures**

Key figures pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified.

| | |
|---|---|
| **ROE** | **6.5%** |
| **ROA** | **1.0%** |
| **Loans / Assets** | **74.8%** |
| **Payout Ratio** | **NA** |
| **Revenue (000's)** | **$374,381** |
| **Net Income (000's)** | **$33,694** |
| **Outstanding (mi)** | **370.1** |
| **Shares Short (mil)** | **NA** |
| **Market Capitalization ($ mil)** | **$8,469** |
| **Gross Loans ($ mil)** | **$2,553** |
| **Beta** | **NA** |

**Valuation**

| | |
|---|---|
| **Sales (13A)** | **$98,002** |
| **Sales (14E)** | **$207,029** |
| **Sales (15E)** | **$374,381** |
| **P/S (13)** | **86.8x** |
| **P/S (14)** | **40.9x** |
| **P/S (15)** | **22.6x** |
| **Est. 2014-2015 Growth** | **75.0%** |

**Please see pages 31 and 32 of this publication for important certification and disclosure information.**

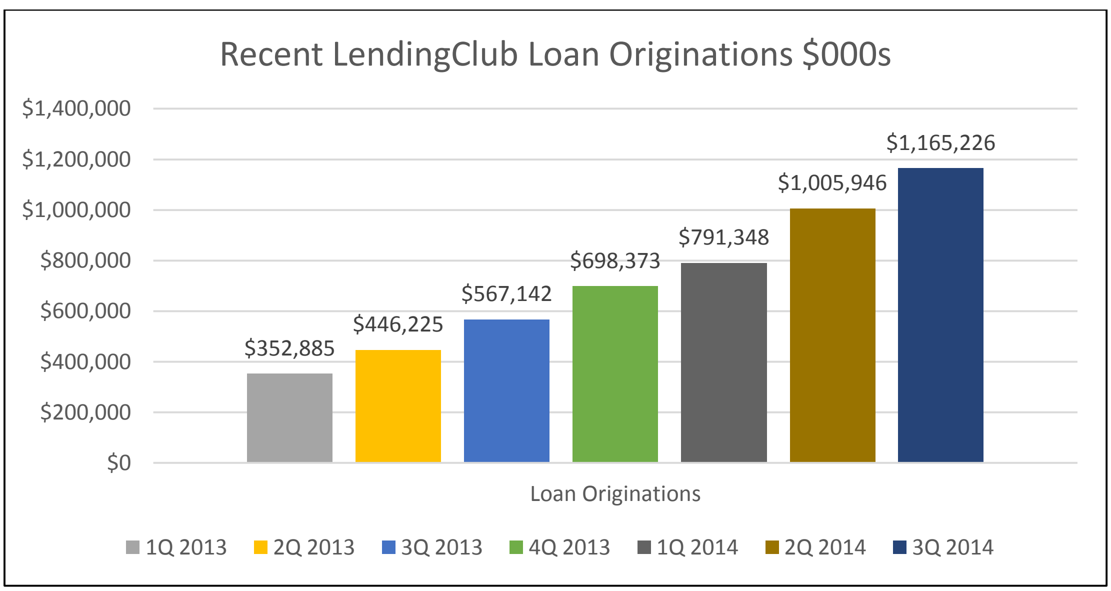
**Analyst's Notes....**Continued

## Company Background

Launched in 2007, LC offers both standard and customer program loans, made to individuals, small businesses and institutions, and funded by investors, not the Company itself. Loans range from $1,000 to $100,000, and last from 1 – 5 years in length. Education and patient finance loans are issued in amounts ranging from $499 to $40,000 with various maturities between 24 and 84 months for term loans as well as a revolving product with a promotional period ranging from six to 24 months that is interest free if the loan balance is paid in full during that period. **Loans are originated by the Company's various issuing banks, for which LC earns a transaction fee, paid by the issuing banks for the Company's role in matching borrower and investor, hence enabling loan originations.** Company-wide loan demand is somewhat seasonal and is generally lower in the 1st and 4th quarters. LC has historically funded its operations with proceeds from debt, common stock and preferred stock issuance (totaling $168 million since inception), but has recently begun to fund operations through operating cash flows.

- To date, LC has originated over $6 billion in loans.
- Loan balances and interest rates correspond to (investor-purchased) note and certificate balances and interest rates, shielding LC from asset / liability management risks faced by banks.

LC went public on December 16, 2014, selling 66.7 million shares – which included the sale of 50.3 million shares by the Company, 7.7 million shares by selling stockholders, and 8.7 million shares from an overallotment option , at $15 each, for total proceeds of just over $1.0 billion, with $834 million going directly to the Company. The shares opened at $24.75 before closing the day at $23.43 implying a company valuation of $8.7 billion, based on 370.1 million common shares outstanding. Post-IPO, Company executive officers and directors as a group beneficially owned 118.1 million shares, or 31.6% of common shares outstanding. Beginning 180 days after December 10, 2014, 193.3 million shares will become eligible for sale as proscribed by Rule 144. In addition to its IPO, 2014 has been an event-filled year for the Company.



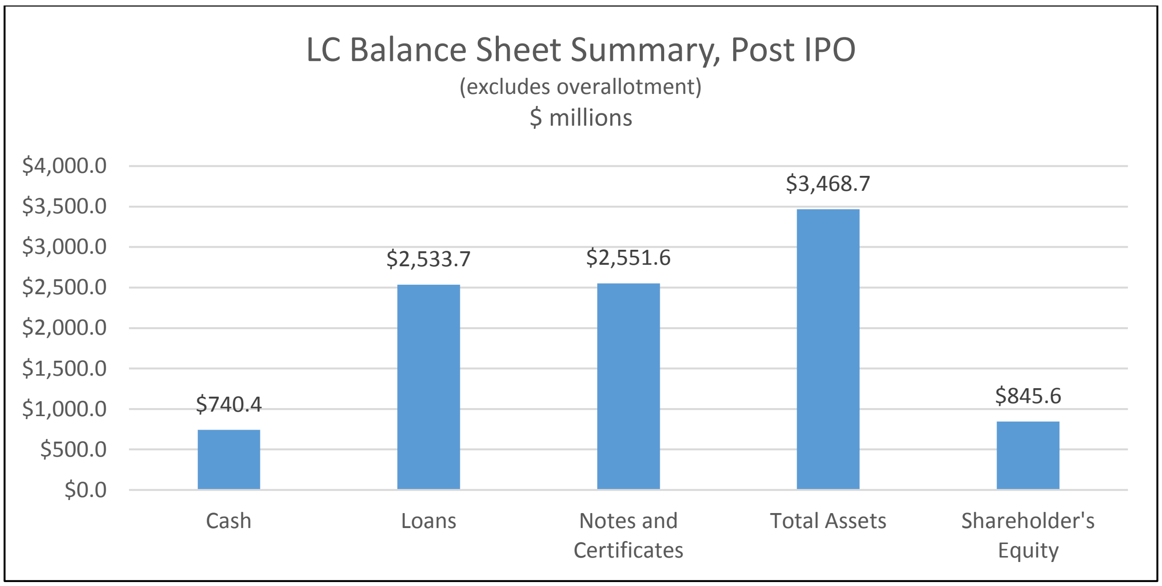

Source: LC IPO Prospectus

**Analyst's Notes....**Continued

In March, 2014, the nation's leading peer-to-peer lender entered the business lending arena, with a focus on small businesses. Loans will range from $15,000 to $100,000 initially, increasing to $300,000 in the future. According to the latest FDIC data, 8.1% of the $1.61 trillion Commercial and Industrial loan market in the United States is comprised of loans totaling $100k or less, yielding a $130 billion small business lending market opportunity.

In April, LC acquired privately held Springstone Financial, for $140 million in cash and stock. Springstone provides financing options for consumers looking to finance private education and elective medical procedures through a network of over 14,000 schools and healthcare providers. In 3Q 2014, Springstone originated $116 million in loans, or $464 million annualized, versus ~ $340 million in 2013.

In May, LC and Union Bank, N.A. (a bank with offices across the U.S. and $110.9 billion in assets as of 3Q 2014), announced a strategic alliance wherein Union Bank will purchase personal loans through the LC platform and the two lenders will work together to develop new credit products to be sold to both companies' customer bases. The alliance combines LC's low-cost platform and Union Bank's sizable balance sheet and large customer base.

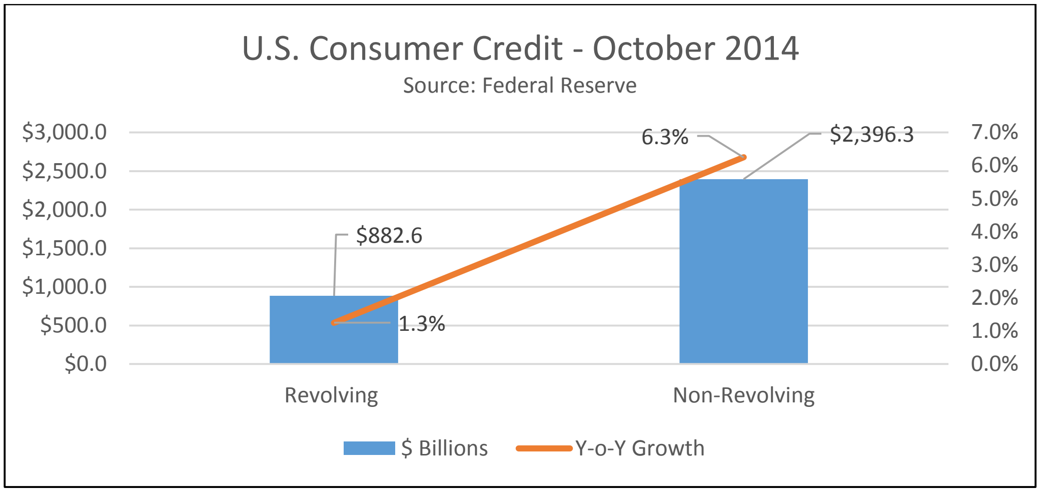



Source: LC IPO Prospectus

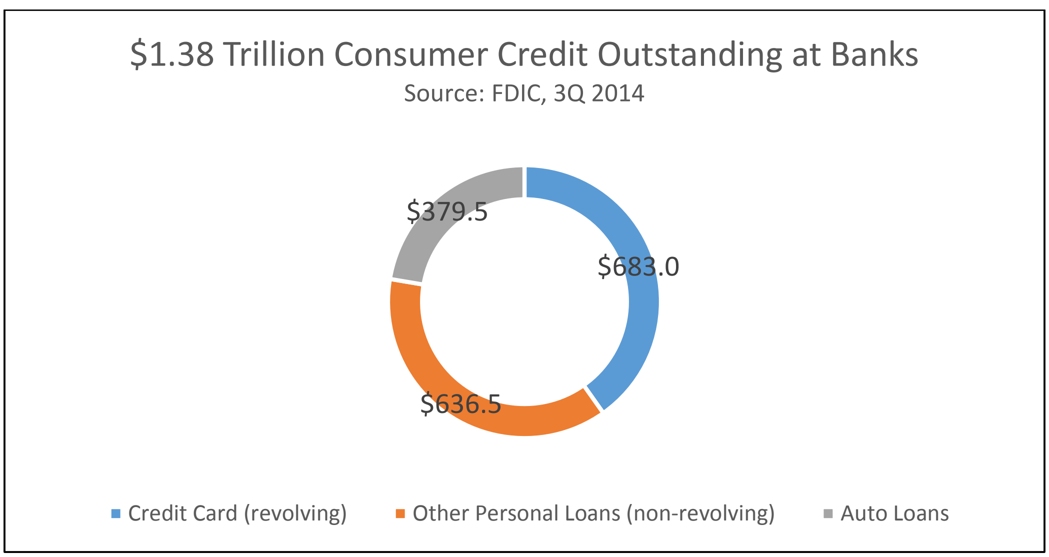
## Macro Supply and Demand for Loans

As of October, 2014, there was $3.28 trillion of Consumer Credit outstanding in the U.S. - comprised of $881.6 billion of revolving credit, which many consumers seek to refinance, and $2.38 billion of non-revolving credit – growing at a combined annual rate of 4.8% as follows: Revolving credit expanded 1.3% annually in October 2014, while non-revolving debt advanced 6.3%. Of the $2.38 billion, a subset is held at Banks.

**Analyst's Notes....**Continued




According to the FDIC (3Q 2014), FDIC insured **commercial banks and savings institutions** had $683 billion, $637 billion and $380 billion in credit card, 'other loans to individuals' and auto loans outstanding, respectively. This comes to $1.38 trillion in total Bank loans to individuals.



**Analyst's Notes....**Continued

Annual APR rates for commercial bank-issued credit cards was 11.82% as of September, 2014 (Federal Reserve 3Q 2014), whereas 24-month personal loans made by commercial banks carried an average APR of 10.73%. (These are attractively high rates, and Banks are likely to feel the pinch as LC and others gain in acceptance: currently, banks are posting blended loan yields in the mid-single digits. Credit cards and personal loans provide a highly profitable option. Assuming a 1% ROA requirement, marginal cost of funds under 1%, and a 3% credit card loss ratio, banks are left with as much as 7–8 percentage points to pay for administrative expenses and earn a profit).

Nonetheless, we estimate that there is strong demand for personal loan consolidation, especially credit card debt, where high rates and late fees and penalties are burdensome. With regard to harder-to-underwrite 'other loans to individuals', we view the data intensive resources of LC as an advantage to enable the Company to provide such loans at lower cost.

- The Company estimates that as of 3Q 2014, approx. $390 billion of outstanding U.S. consumer credit (or ~ 12% of the total outstanding) would meet its standard program credit policy.

- Based on survey data culled in 2014, LC's borrowers were able to consolidate existing debt or pay off credit card debt on a loan they received through the Company's platform that was on average 680 basis points lower than the rate on their existing debt, or credit card balances.

- With respect to business loans, according to the FDIC (3Q 2014), there is $1.61 trillion of Commercial and Industrial ('C&I') loans outstanding. Furthermore, there are $129.7 billion of C&I loans under $100,000, strongly suggesting that there is ample opportunity for LC to bring borrowers and investors together to transact small business loans. Since 3Q 1994, U.S. bank C&I loans have grown 2.9X, versus all bank gross loans and leases, which have expanded 2.8X.

The results have been impressive. The Company's revenues are growing rapidly and its profitability is expanding at a fast pace. From 2008 – 2013, LC loan originations doubled each year, with originations totaling $2.1 billion in 2013. <u>During the first 3 quarters of 2014, loan originations totaled $3.0 billion, representing a y-o-y increase of 117%; net revenue increased 122% to $143 million, and adjusted EBITDA was $13.4 million, signaling a 54% y-o-y advance.</u> The results are impressive insofar as the company generated sales roughly equivalent to nine months of net interest income + non-interest income of conventional banks with ~ $5 billion to ~ $6 billion in assets.

# LendingClub Overview and Disruption Thesis

LC is the world's largest online platform connecting investors and borrowers and the efficient matching of supply and demand for capital. The LC platform uses a digital, rules-based engine for credit decisions – based on behavioral data, transactional data (including credit scores and other information from consumer reporting agencies such as TransUnion), and employment information - and qualified applicants receive offers in minutes, after a rapid assessment of credit risk and appropriate interest rate. **LC is a *facilitator* that does not assume credit risk or use its own capital to invest in loans. Rather, the Company generates sales from transaction fees for matching borrower and investor, servicing fees from investors, and management fees from investment funds and other managed accounts.**

Since the amounts, interest rates and maturities of loans are almost completely matched by an equal amount of financial instruments that investors purchase with the exact same interest rates and maturities, **the Company estimates that it has no material exposure to changes in the fair value of the combined loan and investor portfolios as a result of changes in interest rates.** With both borrowers and investors having access to lending-based information including credit and rate data, complemented by a digital technology platform, the Company can disintermediate the lending process and avoid the traditional operating expenses found inside of the traditional banking industry to collapse the cost of credit, thereby extracting pools of credit from the incumbents and also creating new sources of capital for a new asset class – peer-to-peer loans.

**Analyst's Notes....**Continued

## Loan Scoring

To apply for a loan, a consumer completes a short application that allows LC to obtain a credit report from a credit bureau. The application and report data is then analyzed with the marketplace's proprietary credit decision and scoring models to decide whether to approve the applicant based upon the issuing bank's underwriting guidelines. **LC's proprietary credit decision and scoring models process over 50 data points.** Success is predicated on accurately segmenting borrowers into relative risk profiles and assigning each loan an appropriate grade and interest rate so that the Company accurately prices loans and offers attractive interest rates for borrowers and returns for investors. Once a loan application is approved, it is posted on the LC website to attract investor interest. While the loan is listed and attracting investment interest, LC verifies an applicant's identity, income and employment. Once the verification and fraud checks are completed and sufficient investor commitments are received, the issuing bank issues the loan and pays LC a transaction fee. LC also services the loans and earns a management fee or a servicing fee.

- LC estimates that its platform evaluates potential borrowers' credit profile on a more granular basis than, for example, standard bank credit card approval processes, enabling more accurate pricing of borrower risk, in turn enabling LC to service an increasingly wider range of borrowers.

- In addition, overall growth results in the generation of additional data that is used to improve the platform's credit scoring accuracy. This improved credit scoring in turn encourages investors to accept a lower risk premium, thereby encouraging greater use of the platform on the part of higher quality borrowers - **creating a virtuous circle.**

## Issuing Bank and the Trust

To provide a compliance framework enabling investors to participate in consumer and commercial credit as an asset class, the actual loans are issued by a traditional bank – WebBank of Utah – and almost immediately thereafter purchased by LC using investor funds. Transaction fees, which range from 1% to 6% of the principal amount of the loan, are received from the loan-issuing bank. In the 1st 3 quarters of 2014, the average transaction fee (loan origination fee) was 4.5% of the initial principal amount of the loans originated.

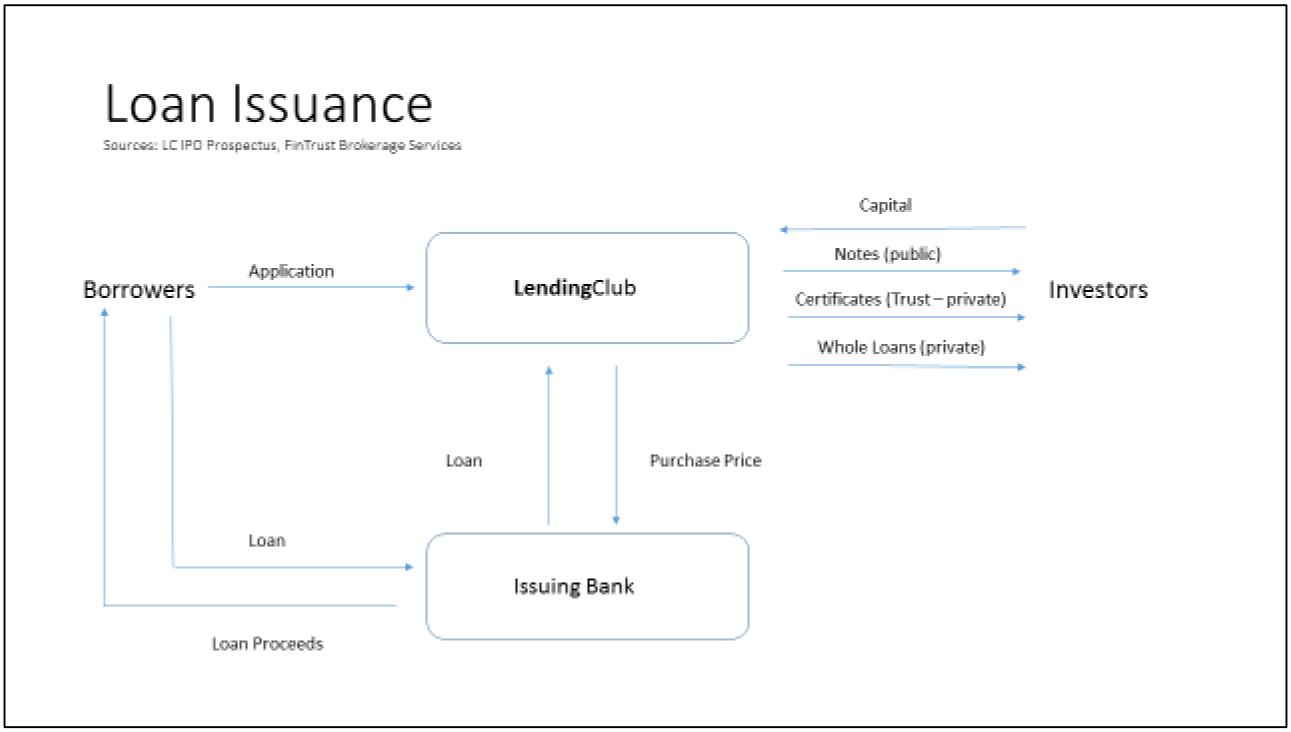
WebBank is a Utah-chartered industrial bank that handles consumer and commercial financing programs. LC's non-exclusive arrangement with WebBank expires in November 2018, and the bank offers loan programs through another online marketplace. LC's relationship with the bank is as a service provider, making LC subject to audit by both WebBank and the FDIC. In the event that LC was unable to sustain a relationship with an issuing bank, the Company would have to obtain a state license in each state where LC originates loans. Not having traditional banking branches and the employee and administrative overhead that a traditional bank employs, we view the Company as virtually a 'digital platform'. However, as such the Company is likely exposed to a **larger degree** of business interruption in the event its data center-warehoused systems suffer a failure, making the Company more highly dependent on the quality and reliability of its data centers' operations, which are administered by a 3rd party – "SwitchNet".

Loans are acquired by the Company and financed primarily through the issuance of Notes, or (2) are sold to the LC Trust, which acquires capital through the sale of certificates, or (3) are sold to unrelated 3rd parties. To acquire and hold loans for the benefit of investors who have invested in certificates, the Company established the LC Trust, a Variable Interest Entity ('VIE'), in 2011. The Trust's purpose is to purchase and retain loans, the cash flows of which are used to repay obligations under the certificates. As a bankruptcy-remote entity, the Company anticipates that the assets of the trust would not become part of the bankruptcy estate of LC in the event LC became insolvent. As the primary beneficiary of the VIE, the Trust is consolidated in the Company's financial statements.

Originations also consist of loans issued by the Company's bank partners that LC facilitated but did not purchase. Loans and investment notes and certificates do not trade in an active market with observable prices. The fair value of loans, notes and certificates are determined using a discounted cash flow ('DCF') methodology, based on assumptions of credit losses and changes in the interest rate environment. The fair value of loans are largely offset by the fair value adjustments of the notes and certificates, due to theborrower payment dependent design of the notes and certificates and due to the total principal balances of the loans being very close to the combined principal balances of the notes and certificates. The bank (in this case, WebBank), issues the loan to the

**Analyst's Notes....**Continued

borrower. LC,using the funds provided by investors, subsequently purchases the loans from WebBank, enabling investors to capture the interest rate return on each loan. LC services the loans during the time they are owned by WebBank. **LC pays WebBank a monthly fee based on the amount of loans issued by the bank.** WebBank pays LC a transaction fee for LC's role in processing loans on WebBank's behalf. Two business days after a loan is closed, WebBank sells the loan to LC, including all rights related to the loan, without recourse.



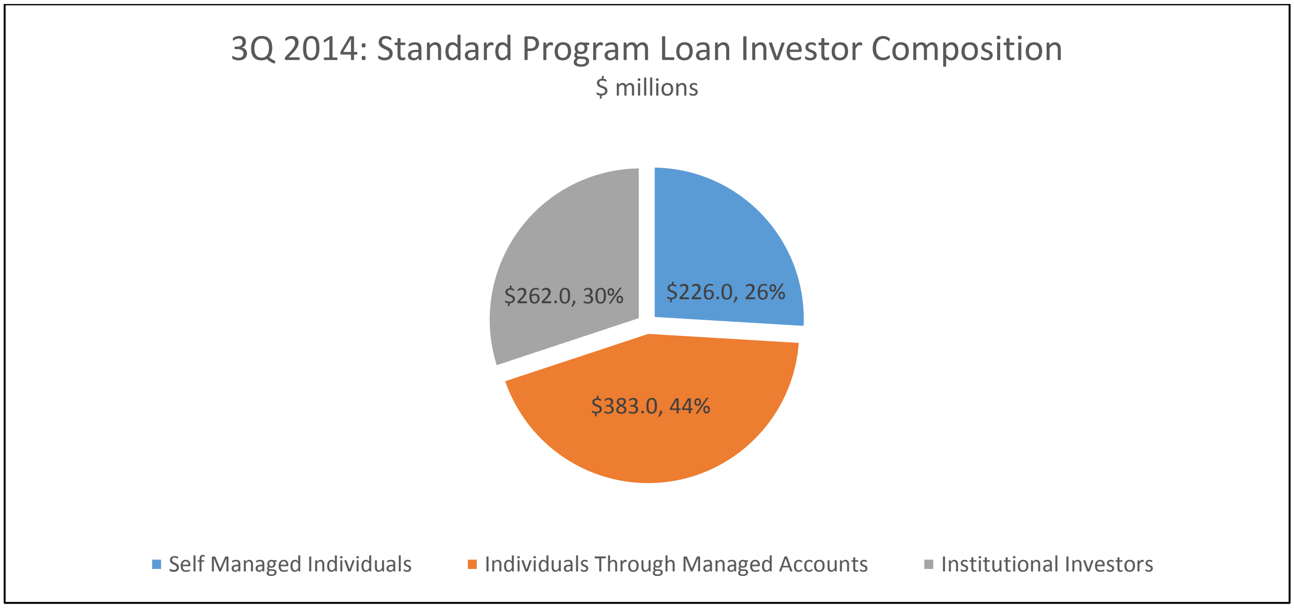

**Standard loans** are 3 – 5 year personal installment loans made to borrowers with a FICO score => 660 and that comply with other credit criteria. The loans range from $1,000 to $35,000 and can be used to make major purchases, refinance credit card balances or other uses, at generally lower rates than other alternatives. Personal loans are not secured by any collateral or insured by a third party. The loans feature a fixed-rate and fixed monthly payments and the ability to prepay the balance without penalty. However, in a falling rate environment borrowers may prepay their loans, denying investors the opportunity to collect what has become above-market rates *and* negatively impact the Company's loan servicing revenue stream. Conversely, if rates were to rise, borrowers may defer taking out loans and investors who have committed capital would lose the opportunity to take advantage of higher rates. Investors can invest in these loans by purchasing notes issued pursuant to a Note Registration Statement.

**Custom loans** often have longer maturities than are attractive to most note investors, and also include education and patient finance loans, small business loans as well as loans that do not meet the standard loan program requirements. Also, custom program loans are generally new offerings. Custom loans range from $15,000 to $100,000, with maturities between 1 – 5 years. Custom program loans are only transacted privately with qualified investors, not through notes, and not through the LC website.

- ✓ In Q3 2014, of the $1,165 million in loan originations, $874 million, or 75%, were standard program loans, and $291 million, or 25%, were custom program loans.
- ✓ In April, 2014, LC acquired Springstone Financial LCC. Springstone accounted for $116 million (40%) of the custom loans originated in the quarter. The Springstone loans were comprised of education and patient finance loans, representing the emergence of the Company's first lending verticals.

**Analyst's Notes....**Continued

Regarding loan originations for 3Q 2914, ~ $1.2 billion in loans were executed, comprised of $0.9 billion (75% of all loans) in standard program and $0.3 billion in custom program loans. Of the capital invested in standard program loans, 70% was invested by individuals and 30% by institutional investors. Of the capital invested in custom program loans, 92% was invested by institutional investors.




Source: Company filings

## Asset Quality / Selected Loan Statistics

At 9/30/14, there were 1,304 loans 90 days or more past due that had an aggregate outstanding principal balance of $15.2 million (0.60% of loans at fair value). There were 51 loans that were over 120 days past due and classified as non-accrual, with a balance of $0.5 million. As of 9/30/14, according to the FDIC, banks with similarly-sized loan portfolios had 0.42% of outstanding loans that were 90 days or more overdue. From Company inception to 9/30/14, LC originated 392,201 standard program loans with an average principal amount of $14,180, and an aggregate amount of $5.6 billion (90% of all loans). As of 9/30/14, $852.7 million, or 15.33% were fully paid. **For all of the loans originated, the average interest rate on the loans was 13.96%, encompassing a range of 6.00% to 24.49%.** While borrowers paying interest rates at the high end of the aforementioned range are often serviced by sub-prime installment lenders, clearly, as a group, the standard program set of loans were made to borrowers in the above sub-prime segment; **the average FICO score since inception is 699, with a range of 672 to 766.** The standard program loan portfolio is classified into 7 grades according to credit quality. The Company provides quarterly data with respect to loan delinquency and charge-offs for each grade and all grades as a group. The following table compares these data with the 3Q 2014 charge-off and delinquency rates at commercial banks, as provided by The Federal Reserve (Q3 2014).

**Analyst's Notes....**Continued

| | | | |
|---|---|---|---|
| **Entity** | **Total Charge-off Rate** | **Lowest C/O Rate** | **Highest C/O Rate** |
| LendingClub (Standard Program Loans) | 3.66% | 0.94% | 10.55% |
| Commercial Banks (Consumer Loans) | 1.87% (all consumer loans) | NA | 3.03% (Credit cards) |
| | | | |

- While most banks have reported improving charge-off rates since 2011, overall LC rates have remained at current levels, albeit with considerable quarter-to-quarter volatility (loans booked before 2011 show higher C/O rate trends).
- LC delinquency averaged 1.40% in 3Q 2014, versus 2.21% for commercial bank consumer loans.
- These data may suggest that commercial banks do a better job of collecting on laggard borrowers.

## Regulation

**LC is regulated very differently than a bank. LC does not take deposits, and since investor capital and borrower loans are almost completely matched, LC is not exposed to credit and interest rate risks that banks endure** (LC's issuing banks are subject to regulation by the FDIC).

Still, LC and the loans made through its platform are subject to extensive regulation by federal, state and local government authorities. These authorities impose obligations and restrictions on LC's activities and the loans made through its marketplace. For example, these rules limit the fees that may be assessed on the loans, require extensive disclosure to, and consents from, the borrowers and lenders, prohibit discrimination and unfair and deceptive acts or practices and may impose multiple qualification and licensing obligations on the Company's activities.

As well, the Company is subject to State Usury Limitations. **Current laws permit FDIC-insured depository institutions, such as WebBank, to "export" the interest rate permitted under the laws of the state or U.S. territory where the bank is located, regardless of the usury limitations imposed by the state law of the borrower's residence unless the state has chosen to opt out of the exportation regime.** While the Company believes that an 'opt out' by a state would NOT affect its ability to apply exported rates in a particular state, if a loan made by LC were deemed to be subject to the usury laws of a state, the Company could be subject to fines and other negative consequences, forcing it to cease originating loans in that state.

The Company is directly or indirectly regulated under various other requirement such as the Truth in Lending Act, Equal Credit Opportunity Act, the Fair Debt Collection Practices Act, and the Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the Consumer Financial Protection Board – CFPB. The CFPB is authorized to prevent "unfair, deceptive or abusive acts or practices" through its regulatory, supervisory and enforcement authority. LC is subject to the CFPB's jurisdiction, including its enforcement authority, as a servicer and acquirer of consumer credit. The CFPB may request reports concerning the Company's organization, business conduct, markets and activities. The CFPB may also conduct on-site examinations on a periodic basis if the CFPB were to determine, through its complaint system that LC was engaging in activities that pose risks to consumers.

**Analyst's Notes....**Continued

## CFPB CID

The CFPB issued a civil investigative demand – CID - dated June 5, 2014, related to the operations of Springstone. The CID was made to determine if Springstone is engaging in unlawful acts or practices in connection with the marketing, issuance, and servicing of loans for healthcare related financing. As of September 30, 2014, LC had provided all of the documents requested by the CFPB. According to the Company…"We are continuing to evaluate this matter. As of September 30, 2014, there are no probable or estimable losses related to this matter".

## LC: An Opportunity to Invest in a New Asset Class

Generally, non-institutional investors lack the ability to invest in the structured debt market and are therefore locked out of investing in the traditional bank-originated loan markets. Institutional investors may have access to these markets, but LC provides greater control for such investors over various aspects of their portfolios, such as risk tolerance. Data is provided on each listed loan, and LC uses proprietary credit decision and scoring models and extensive historical loan performance data to provide investors with tools to construct loan portfolios and model targeted returns.

The platform offers transparency to investors: for each standard program loan, investors can examine credit attributes from the borrower's credit report and borrower-related attributes before investing and can monitor ongoing loan performance. LC also provides historical performance data for every loan ever originated on the platform. That said, investors bear significant risk: Borrowers supply a variety of information that is included in the loan listings on the Company's marketplace. Generally, the Company does not verify this information, and it may be inaccurate or incomplete. **For example, LC often does not verify a borrower's stated tenure, job title, home ownership status or intention for the use of loan proceeds. Moreover, investors do not have access to financial statements of borrowers or to other detailed financial information about borrowers.** In addition, investors do not receive payments on a loan if the borrower isn't current on a loan. Further, an investor may be asked to pay an additional servicing fee on any amounts recovered by 3rd-party collection agencies.

Investors can invest in loans through 3 channels: – (1) the public offering of Notes pursuant to the Company's Note Shelf, (2) private placements to accredited investors and qualified purchasers of Certificates and limited partnership interests in funds managed by LCA, LC's investment advisor subsidiary, or (3) Loan sales to unrelated third party institutions:

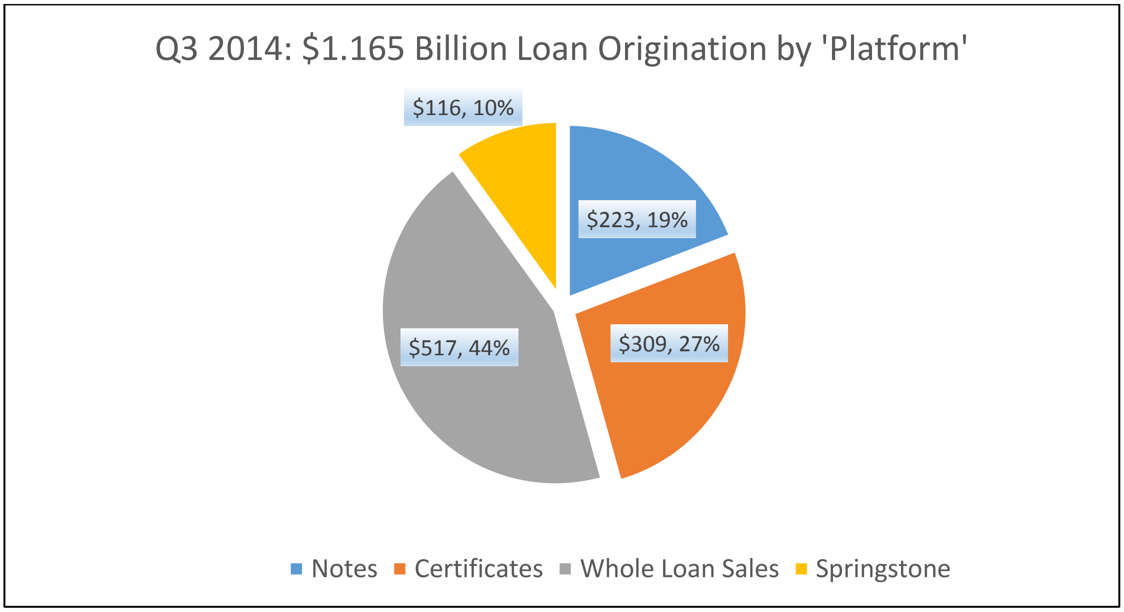
**Public Offering of Notes.** Pursuant to a prospectus available on the LC website, investors who meet the applicable financial suitability requirements and have completed the investor account opening process may purchase unsecured, borrower payment dependent notes that correspond to payments received on an underlying **standard program** loan selected by the investor. Each note corresponds to an individual loan. The notes are issued by LC.

**Private Placement of Certificates and Funds.** Certificate investors typically seek to invest larger amounts as compared to the average note investor and often desire a more "hands off" approach to investing. **Certificates are sold in private transactions by the Trust, which was established for the sole purpose of acquiring and holding loans for the sole benefit of certificate investors.** These loans may be standard program or custom program loans. Investors in certificates generally pay an asset-based management fee instead of the cash flow-based servicing fee paid by investors in notes. Certificates are settled with the cash flows from both standard and custom program loans selected by the investor. **Accredited investors can establish a relationship with LCA, or directly purchase Trust certificates or an interest in a separate limited partnership that purchases certificates.** LCA manages several funds that purchase certificates, and LCA more easily enables investors to deploy large investment amounts. Each fund provides a passive investment strategy Vis a Vis loan grade and term. In addition, LCA manages separately managed accounts ("SMA') for investors seeking to tailor their own investment strategy that may differ from LCA fund strategies.

**Whole Loan Purchases.** Institutional investors, such as banks, may want to hold the loans on their balance sheets, which, in that circumstance, conveys rights, title and full interest in the loan (both standard and custom program), and the investor has access to the underlying borrower information. LC continues to service these loans after they are sold.

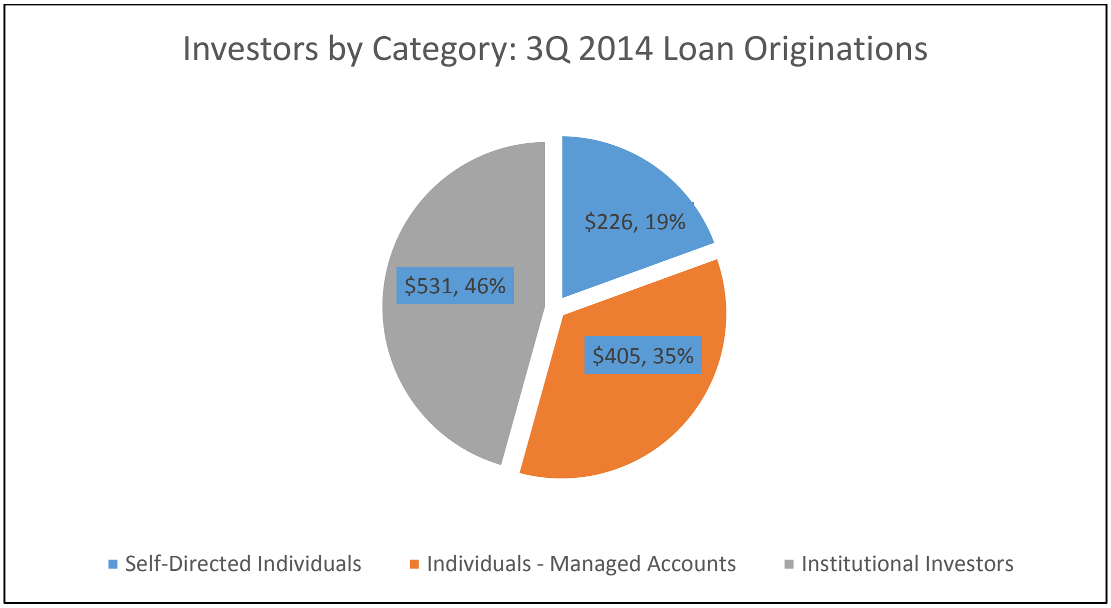
**Analyst's Notes....**Continued

- ✓ In Q3 2014, of the $875 million in standard program loan originations, $223 million, or 26%, were funded by notes; $284 million, or 32% were funded by certificates issued by the Trust; and whole loan sales accounted for $367 million, or 42%. In Q3 2014, of the capital invested in standard program loans, $383 million, or 44%, was invested by individuals through investment vehicles or managed accounts, $226 million, or 26%, was invested by self-managed, individual investors and $262 million, or 30%, was invested by institutional investors.
- ✓ In Q3 2014, of the $291 million of capital invested in custom program loans, $22 million, or 8%, was invested by individuals through investment vehicles or managed accounts and $269 million, or 92%, was invested by institutional investors.
- ✓ By investment vehicle, $25 million, $150 million and $116 million of certificates, whole loan sales and Springstone loans (educational and patient finance), respectively, made up the $291 million invested in custom program loans.
- ✓ In Q3 2014, notes and certificates comprised 46% of *total* loan origination facilitation, while whole loan sales equaled 44%.




Source: IPO Prospectus

**Analyst's Notes....**Continued




Source: IPO Prospectus

## Investing Options

*Self-Directed Accounts.* Investors use tools to conduct research and make investing decisions. The LC platform provides ***filters*** based on various criteria such as credit rating, interest rate and term that create a subset of loans that an investor can further research. The platform offers a ***Portfolio Tool*** that enables a note investor to input a variety of investment criteria, including aggregate amount to invest, amount per note, etc., which is used to sort the inventory of available loans matching the criteria. Finally note investors can enroll in **automated investing**, enabling investors to reinvest cash flows without having to continually visit the site.

*Funds and Managed Accounts.* Accredited investors and qualified purchasers can invest in limited partner interests in funds managed by LCA. Each fund provides a passive investment strategy around loan grade and term allocation and allows investors to more easily deploy large investment amounts and reinvest returns through the marketplace.

*Separately Managed Accounts*. Accredited investors can also invest through LCA's SMAs. Investors who utilize SMAs often have investment criteria that differ from the LCA funds' investment strategies and desire more control over their investment strategies.

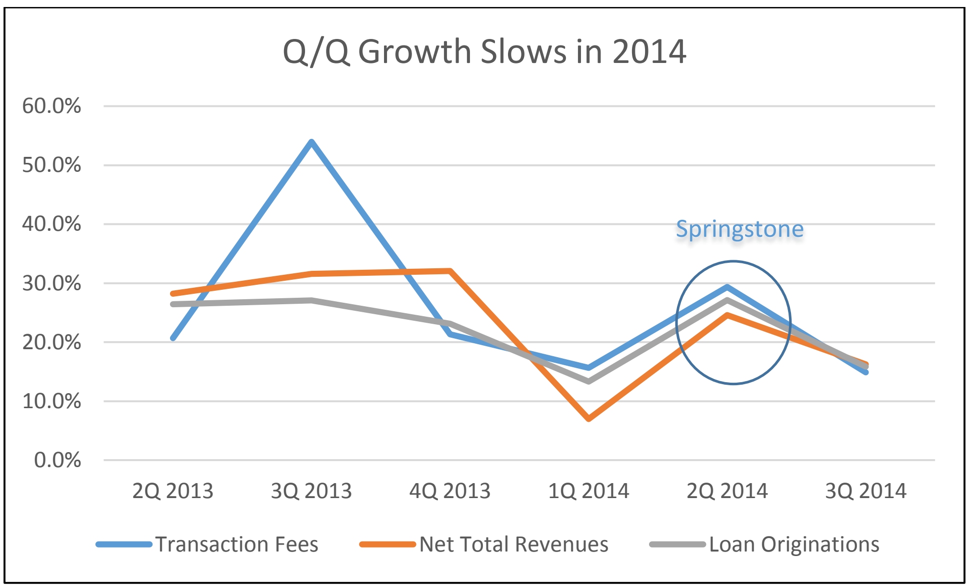
*Whole Loan Purchases*. LC or its issuing banks also sell loans in their entirety to investors in private transactions. After the sale of the asset, LC continues to service the loan. Whole loan purchases are attractive for some banks as it enables them to account for the loan as an asset, which can offer favorable financial reporting and capital reserve treatment.

**Analyst's Notes....**Continued

# Expansion

The Company estimates that there are numerous avenues for expansion including (1) entering new geographies around the globe (2) expanding its market share of the $390 billion in target market consumer credit currently outstanding in the U.S. (3) expand custom lending: accumulate sufficient data to serve a broader spectrum of borrowers who, for example, require longer loan maturities, have a shorter credit history or represent higher risk, *within* the standard loan program, rather than just through limited private transactions to qualified investors (thereby broadening the base of investors as well), and (4) expand the company's ecosystem of complementary partners while continuing to invest in the Company's digital platform and databases. For example, **the Company plans to enter into strategic relationships with community banks to offer co-branded loans.**

As an example of broadening the borrower base, in November 2014, the Company launched a "Super Prime" loan product, expanding the options available to borrowers with the highest credit quality. The program makes available 3 or 7 year term loans for between $10,000 and $50,000 with a starting APR rate of 5.99%. <u>To continue to increase loan originations, LC must consistently increase its base of borrowers that meet LC's lending standards and the number of new and existing investors seeking to invest in these loans.</u> In 2012, and 2013, the number of unique borrowers increased 125% and 151%, respectively. Concurrently, the number of unique investors advanced 37% and 44%, respectively. A relatively small number of investors account for a large dollar amount of investment in loans.




Source: IPO Prospectus

**Analyst's Notes....**Continued

# Financial Review

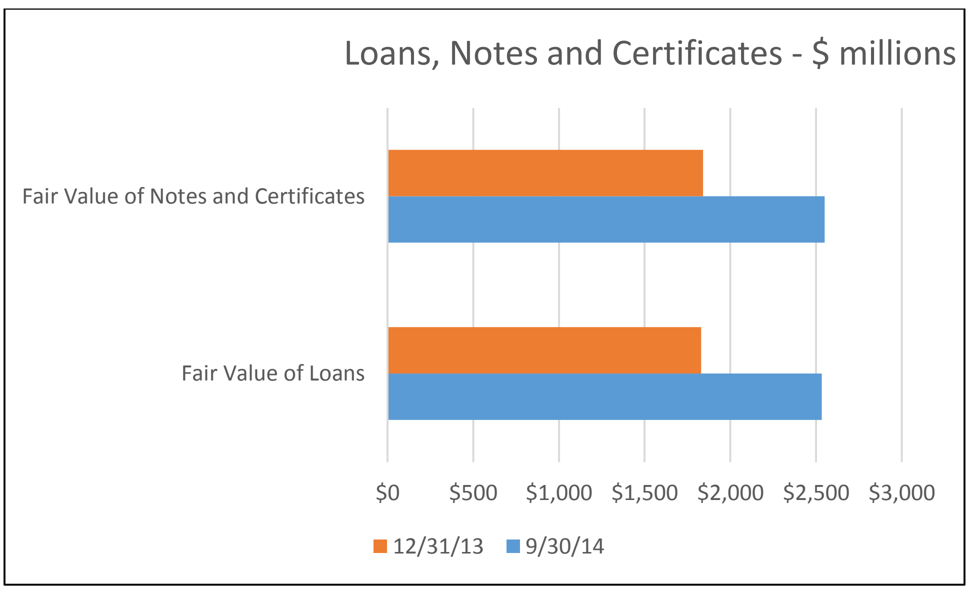
## Adjusted EBITDA Margin

Adjusted EBITDA is a non-GAAP financial measure that is net income excluding net interest income and other adjustments, acquisition and related expense, D&A, amortization of intangible assets, stock-based compensation and income tax expense. Adjusted EBITDA margin is calculated as Adjusted EBITDA / total operating revenue, and is a measure of the profitability of the Company's operations less one-time and non-cash charges. Adjusted EBITDA in absolute terms has climbed steadily since turning positive in 2013.

## Loans, Notes and Certificates

The effective interest rate associated with notes or certificates is the same as the interest rate paid on the underlying loan. As well, the discounted cash flow methodology used to estimate the notes' and certificates' fair values uses the same projected net cash flows as their related loans. In LC's financial statements, interest income on loans corresponds to the interest expense on Notes and Certificates. Loan balances correspond to note and certificate balances. **LC estimates the fair value of loans and their related notes and certificates** (these are 'Level 3' financial instruments without observable prices**) using a discounted cash flow valuation methodology**.

The discounted cash flow valuation methodology uses the historical defaults and losses and recoveries on LC loans over the past several years to project future losses and net cash flows on loans. **The weighted average cumulative expected loss rate on loans, notes and certificates was 9.7% in Q3 2014.** The majority of fair value adjustments included in earnings is attributable to changes in estimated future credit losses. The payments to holders of notes and certificates depend on the payments received on loans, i.e., the obligation to pay principal and interest on any note or certificate is equal to the payments received on the related loan, less applicable fees. Due to the payment dependent feature of the notes and certificates, fair value adjustments on the loans – due to expected losses and actual charge-offs - offset the effect of fair value adjustments on the notes and certificates, resulting in no net effect on earnings. At 9/30/14, loans underlying notes and certificates had original maturities between 12 and 60 months, with fixed interest rates of between 5.42% and 29.90%.

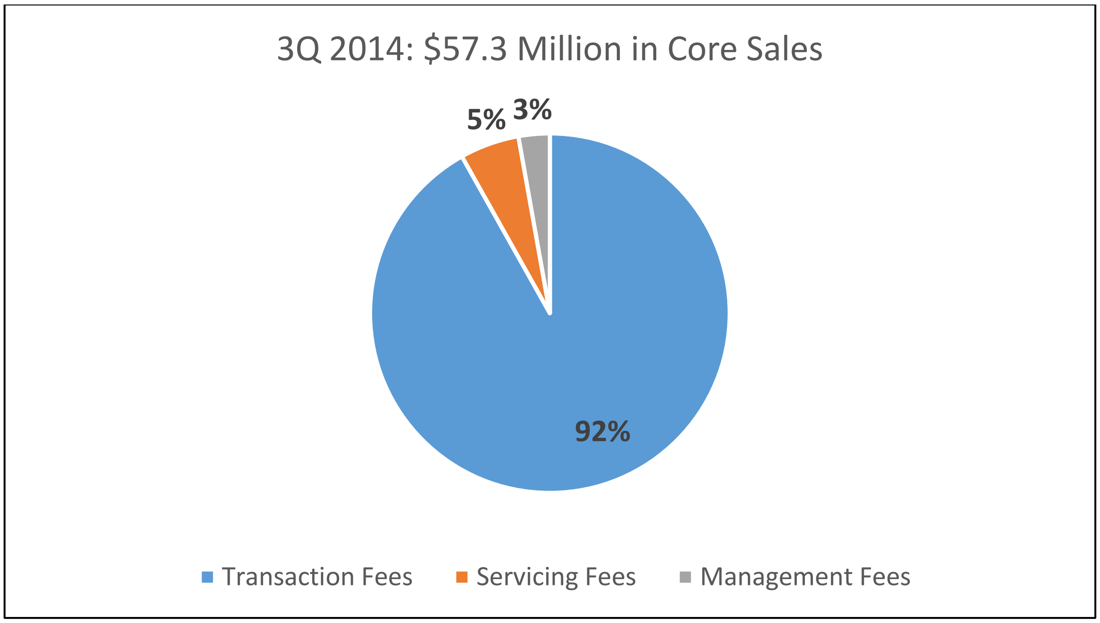



Source: IPO Prospectus

**Analyst's Notes....**Continued

## Revenues

Sales consist of several items, including core sales (transaction, servicing, and account management fees), and other revenue that consists of revenue from gains and losses on sales of whole loans and referral revenue.

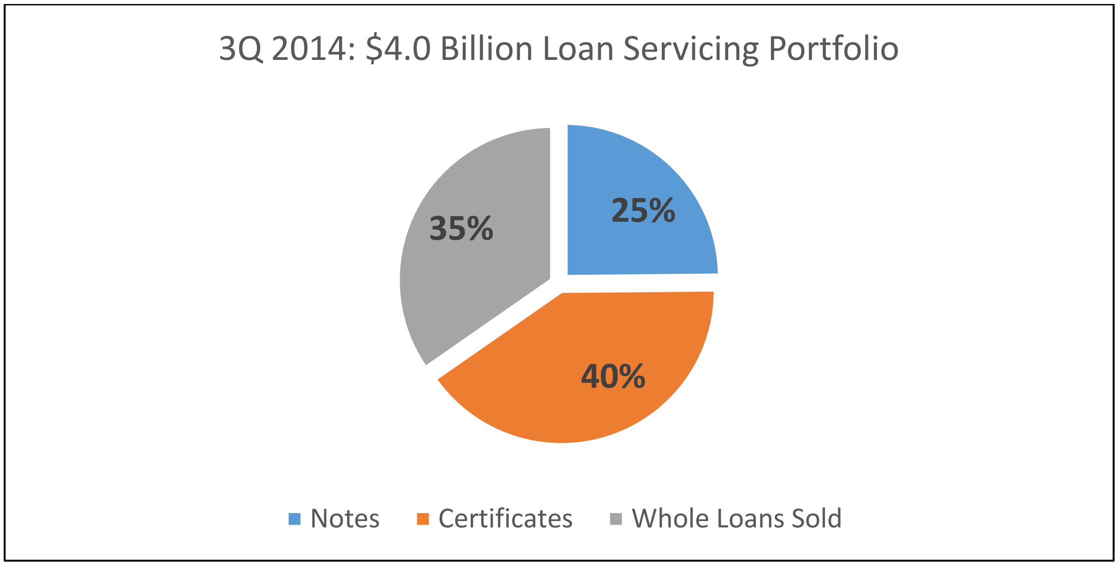



Source: LC 10Q

**Transaction (or, loan origination) fees** consistently account for over 90% of LC sales. Transaction fees are fees paid by the issuing banks to LC for their role in facilitating originations and are determined by the term and grade of the loan. **The fee is deducted from the loan proceeds at the time of issuance.** In 3Q 2014, LC earned $52.6 million in Transaction Fees.

**Service fees** vary based on the investment channel, and are **charged to investors** for service on Notes, sold loans, and certificates. Investors pay LC a servicing fee on each payment received from a borrower or on the investors' month-end balance of loans serviced. The servicing fee compensates LC for the costs incurred in servicing the related loan, including managing payments from borrowers, payments to investors and maintaining investors' account portfolios. Note investors pay LC a servicing fee of 1% of each amount such investors receive from borrowers, while whole loan purchasers pay a monthly servicing fee up to 1.3% per annum on the month-end principal balance of loans serviced. In 3Q 2014, LC earned $3.1 million in Servicing Fees, representing a 244% Y-o-Y increase, driven by increased loan payments and loan balances. As of 9/30/14, $3.96 billion in loans were being served by LC, up 224% over last year's $1.78 billion. **The rapid y-o-y increase in servicing fee revenues is a result of a large increase in whole loans sold that are being serviced; whole loans sold serviced were $1.37 billion in Q3 2014, up from $237.5 million in Q3 2013.**

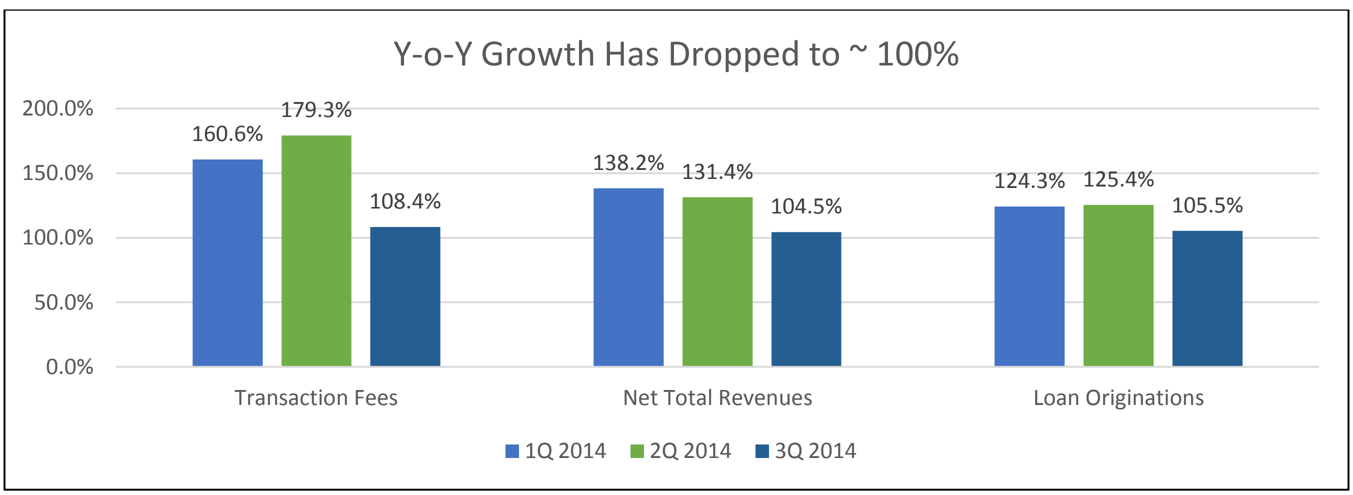
**Analyst's Notes....**Continued




Source: LC 10Q

**Management fees** are earned based on investment funds managed by LCA, in which accredited investors and qualified purchasers can invest in limited partner interests by way of Trust Certificates. LCA typically charges interest holders a monthly management fee based on the month end balance of their assets under management, ranging from 0.7% to 1.2% per annum, versus charging a servicing fee. Mix changes in notes, certificates and loan sales drive changes in servicing and management fees. LCA earned management fees of $1.6 million in Q3 2014, representing a y-o-y increase of 85%.

Revenue growth is principally driven by loan growth-stimulated increases in transaction fees. In Q3 2014, transaction fees were up 108% y-o-y, and equaled 93.1% of total operating revenue. Still, revenue growth is slowing. For the full year 2013, total net revenues rose 190% over 2012. In Q3 2014, the pace has lessened, but remained very strong: total net revenues rose 105% y-o-y, due principally to a 105% y-o-y increase in loan originations. **Excluding revenues from the recently acquired Springstone, y-o-y revenue growth in Q3 2014 would have been 83.5%, with sales marginally above Q2 2014 revenues.**

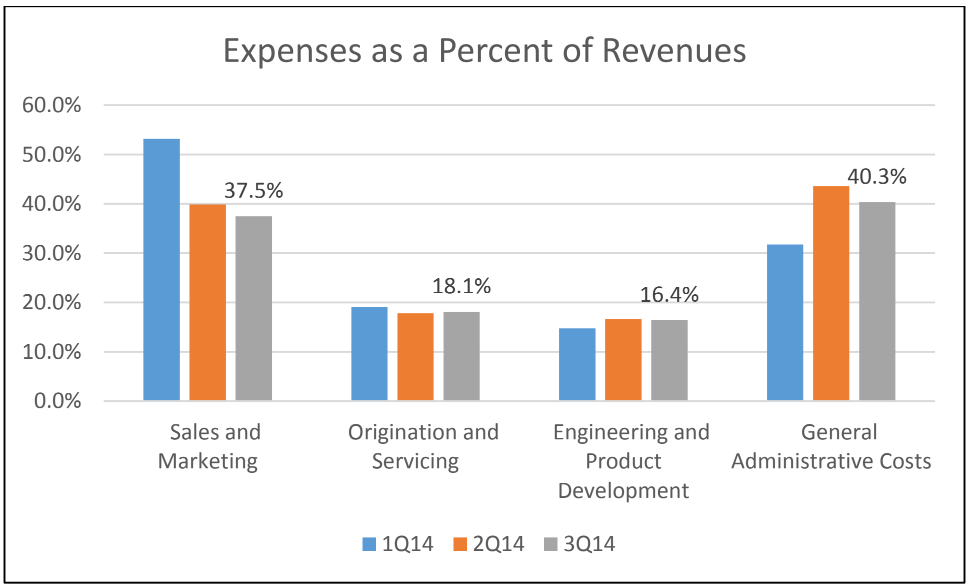


**Analyst's Notes....**Continued

## Operating Expenses

Expenses consist of three key categories: sales and marketing, originating and servicing and general and administrative. Sales and marketing expense consists primarily of variable marketing expenses, including those related to borrower and investor acquisition and retention and brand and awareness building. Origination and servicing expense consists primarily of salaries, benefits and stock-based compensation expense related to credit, collections, customer support and payment processing staff and vendor costs associated with originating and servicing loans. General and administrative expenses are incurred by LC's engineering and product development group and other administrative teams to support the Company. Generally sales and marketing and originating and servicing expenses have grown in-line with revenues, while G&A expenses (driven by quickly rising compensation costs, which rose 245% y-o-y in Q3 2014 – excluding one-time retention expense for Springstone employees) are growing much more quickly than sales.

Consequently, LC is not yet consistently profitable. In 3Q 2014, $63.1 million of operating expenses equaled 112% of net total revenues. In the following chart, key operating expense percentages are shown, illustrating that corporate G&A expenses is the largest expense category at 40.3% of revenues, which equates to $22.6 million, up sharply from $12.3 million in Q1 2014, and $5.3 million in 3Q 2013. In 2013, corporate G&A expenses reached a low of 20.9% of sales, enabling the Company to post positive net income that year.




Source: LC 10Q

While sales and marketing and origination and servicing expenses rose roughly in line with sales growth in the 9 months to 9/30/14, corporate G&A expense (i.e., excluding engineering and product development), jumped 320%, to $55.9 million in the YTD 2014 period, versus the same period in 2013, during which the Company spent $13.3 million on such costs. In the 9 months to 9/30/14, LC spent an additional $26.7 million in compensation expense. Included in the increase was an additional $14.5 million of stock-based corporate G&A expense. If cash and non-cash corporate G&A expenses rose at the same pace of sales growth during the 2014 YTD period, LC would have been marginally profitable over the 1st 9 months of 2014. However, sequentially throughout 2014, expenses, in aggregate, rose more slowly than revenues. Due to stable absolute sales and marketing expense over the 3-quarter period last year total net revenues and total operating expenses climbed 44.8% and 36.9%, respectively, enabling the Company to generate a (12) % EBT margin in Q3 2014, down from (19) % in Q1 2014 (Sources: LC 10K, LC 10Q).

**Analyst's Notes....**Continued

| As a % of Net Total Revenues | 2011 | 2012 | 2013 | 1Q14 | 2Q14 | 3Q14 |
|---|---|---|---|---|---|---|
| Transaction Fees | 86% | 90% | 88% | 91% | 95% | 94% |
| Servicing Fees | 7% | 6% | 4% | 5% | 3% | 5% |
| Management Fees | 1% | 2% | 3% | 3% | 3% | 3% |
| Other revenue (expense) | 4% | 2% | 5% | 1% | 0% | -1% |
| Total Operating Revenues | 98% | 101% | 100% | 100% | 101% | 101% |
| Net Interest Income | 2% | -1% | 0% | 0% | -1% | -1% |
| Net Total Revenues | 100% | 100% | 100% | 100% | 100% | 100% |
| Operating Expenses: | | | | | | |
| Sales and Marketing | 89.4% | 53.8% | 39.8% | 53.2% | 39.9% | 37.5% |
| Origination and Servicing | 37.3% | 22.4% | 17.6% | 19.1% | 17.8% | 18.1% |
| Engineering and Product Development | 18.0% | 14.4% | 14.2% | 14.7% | 16.6% | 16.4% |
| General Administrative Costs | 51.5% | 29.7% | 20.9% | 31.8% | 43.5% | 40.3% |
| Total Operating expenses | 196% | 120% | 93% | 119% | 118% | 112% |
| EBT | -96% | -20% | 7% | -19% | -18% | -12% |

The Company has deliberately designed an executive compensation policy weighted towards equity, in the form of stock options, with the aim of focusing executive attention on achieving long-term strategic and financial goals. In developing its compensation levels, the Company and its outside compensation advisor, Compensia, chose a peer group of companies consisting primarily of publicly traded technology companies such as LinkedIn, OpenTable, Pandora Media, and Zillow. Executive officer compensation includes equity-based compensation, base salary and cash bonuses. LC markedly increased its use of stock-based compensation ('SBC') in 2013 and 2014. In 2012, 2013, and 2014, stock based compensation expense as a percentage of net total revenues was 4.2%, 6.4% and 17.4%, respectively. With regard to operating cash flows, in the first 3 quarters of 2014, SBC came to $25.9 million, or 74.2% of nine months' cash provided by operations. This compares to technology companies in the Russell 2000 Index that paid out SBC equal to 26% of operating cash flow in 2013. That said, we estimate that SBC will equal 29.6% of operating cash flow in 2019E.

**Analyst's Notes....**Continued

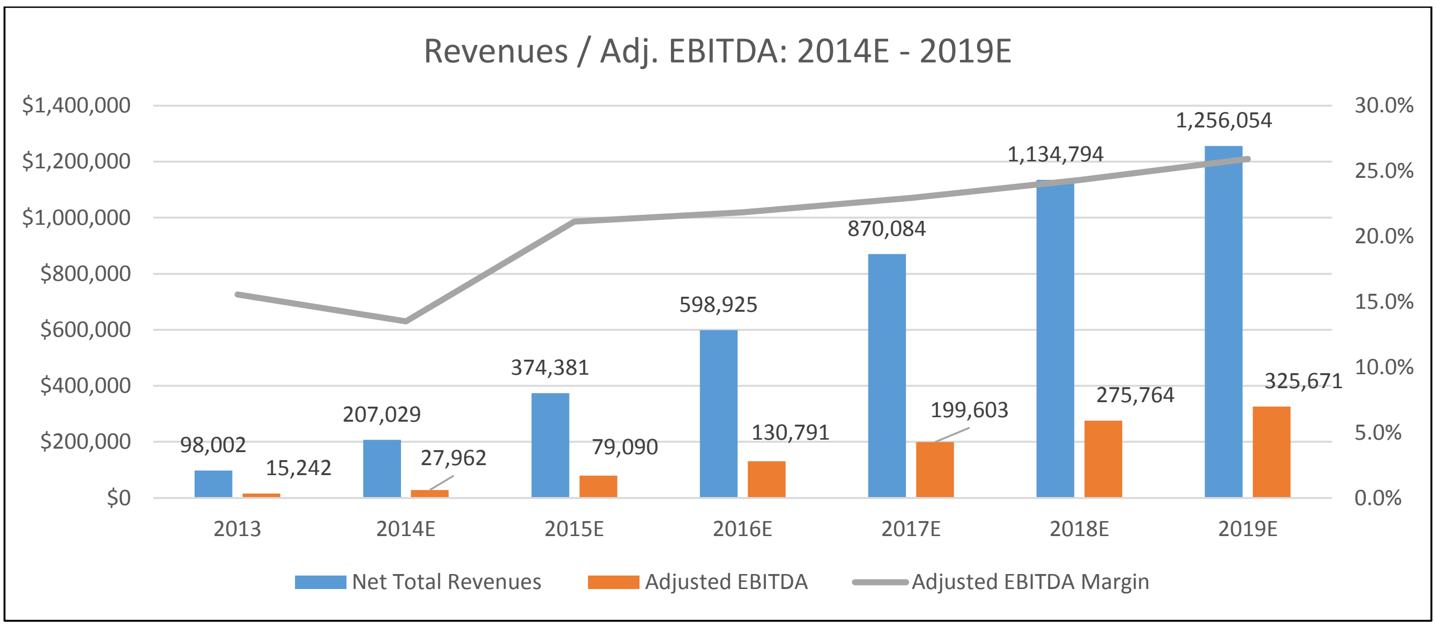
# FinTrust Earnings Forecast & Valuation Analysis: LendingClub

To estimate future results, several assumptions were made, including the following:

- Transaction fees will hover in the 4.5% level throughout.
- Asset under management – AUM – represent ~ 36% of loans at fair value.
- AUM earn a 0.70% annual management fee.
- Whole loan sales, which represented 23% and 40% of total loan originations in Q3 2013 and Q3 2014, respectively, remain at 40%.
- Quarterly principal repayments on loans, notes and certificates averages 12% of prior quarter ending balances.
- LC loan originations equal 85% of total originations.
- Quarterly, fair value adjustments equal ~ 1.3% of prior period ending loan balances.

## FinTrust Forecast: 2014E – 2019E

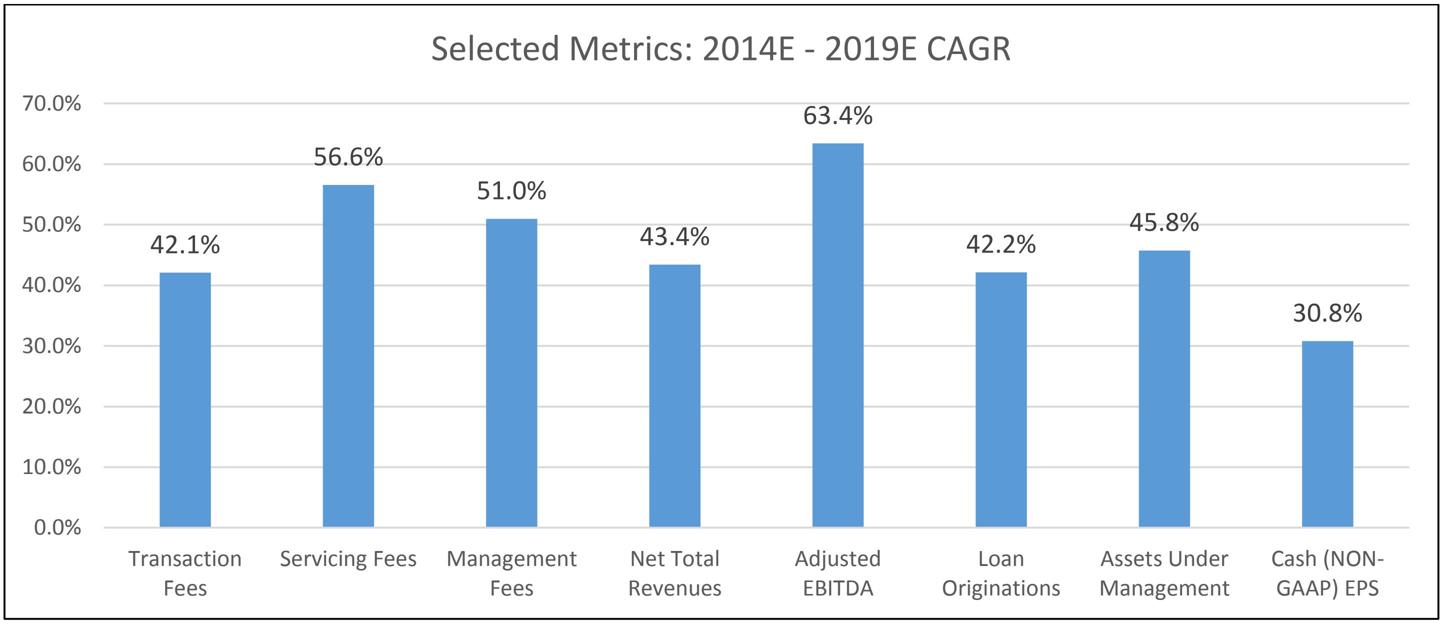
We estimate that the Company has the opportunity to grow rapidly through 2019, at least, given the Company's proprietary business model, the massive size of the consumer financing marketplace and pent up demand on the part of both borrowers and investors for alternatives. While LC is currently providing consumer, education, patient finance and small businesses loans, in the U.S., there are ample opportunities for expansion. The Company can readily segue into non-prime lending, a thriving marketplace, as well as auto, mortgage and overseas lending, in our view. **From 2014 to 2019, we expect loans at fair value to grow 24.9% per annum, an enviable rate regardless of whatever segment of the consumer and small business financing sector one refers to.**




Source: LC 10K, 10Q

**Analyst's Notes....**Continued

Specifically, based on its current target markets, we expect the Company's loan originations and revenues to grow at a 42.2% and 43.4% CAGR, respectively, from 2014 to 2019. By 2019, our model estimates ~ $25 billion in loan originations, $1.25 billion in net total revenues, $327.7 million in cash from operating activities, and $346.6 million in net income. This year, we estimate that LC will originate $7.48 billion in loans, up 75% y-o-y, after generating 107.3% loan origination growth in 2014, and 187% in 2013, versus 2012. **We anticipate that LC will turn solidly profitable this year, generating $375.6 million in total net revenues, $57.4 million in net income, $78.9 million in Free Cash Flow, and $0.21 in Non-GAAP cash EPS.** The Company turned Free Cash Flow positive in 2014. Regarding the Company's balance sheet, we expect shareholder's equity to pass the $1 billion marker in 2016, and that retained losses will turn positive in 2016, as well, stimulated by both powerful top line growth and expanding profitability. LC's adjusted EBITDA margin climbed to 13.4% in Q3 2014, a profit margin which we expect to expand to 25.9% by 2019. We estimate that ROE will broaden steadily and reach 21.2% in 2019, after eclipsing 11.0% in 2016 (we estimate that the Company's cost of equity is 11.5%).




Source: FinTrust Forecasts

**Analyst's Notes....**Continued

*Summary Income Statement, Balances and Ratio Analysis*

**Lending Cub LLC**
($ in thousands)

**Summary Financials**

| **Income Statement** | **2013** | **2014E** | **2015E** | **2016E** | **2017E** | **2018E** | **2019E** | 14-19 CAGR |
|---|---|---|---|---|---|---|---|---|
| Transaction Fees | $85,830 | $193,087 | $336,989 | $539,182 | $781,814 | $1,016,359 | $1,117,995 | 42.1% |
| Servicing Fees | 3,951 | 9,614 | 24,507 | 39,514 | 58,475 | 78,247 | 90,469 | 56.6% |
| Management Fees | 3,083 | 5,932 | 11,837 | 19,180 | 28,747 | 39,140 | 46,542 | 51.0% |
| Other revenue (expense) | 5,111 | -438 | 2,296 | 2,296 | 2,296 | 2,296 | 2,296 | |
| Total Operating Revenues | 97,975 | 208,195 | 375,629 | 600,173 | 871,332 | 1,136,042 | 1,257,302 | 43.3% |
| Net Interest Income | 27 | -1,166 | -1,248 | -1,248 | -1,248 | -1,248 | -1,248 | |
| Net Total Revenues | 98,002 | 207,029 | 374,381 | 598,925 | 870,084 | 1,134,794 | 1,256,054 | 43.4% |
| Operating Expenses: | | | | | | | | |
| Sales and Marketing | 39,037 | 82,229 | 119,802 | 191,656 | 278,427 | 363,134 | 401,937 | 37.3% |
| Origination and Servicing | 17,217 | 37,105 | 59,901 | 95,828 | 139,213 | 181,567 | 200,969 | 40.2% |
| G&A | 34,440 | 110,873 | 149,752 | 224,597 | 304,529 | 368,808 | 376,816 | 27.7% |
| Total Operating expenses | 90,694 | 230,207 | 329,455 | 512,081 | 722,170 | 913,509 | 979,722 | 33.6% |
| EBT | 7,308 | (22,012) | 46,174 | 88,092 | 149,162 | 222,533 | 277,580 | |
| Income Taxes | 0 | (1,059) | (11,231) | (21,711) | (36,979) | (55,321) | (69,083) | |
| Net Income | $7,308 | ($20,953) | $57,405 | $109,803 | $186,141 | $277,854 | $346,663 | |
| Basic EPS | $0.00 | ($0.20) | $0.09 | $0.18 | $0.30 | $0.45 | $0.56 | |
| Cash (NON-GAAP) EPS | $1.18 | $0.23 | $0.21 | $0.35 | $0.54 | $0.75 | $0.88 | 30.8% |
| | | | | | | | | |
| Interest Income | 187,507 | 356,798 | 699,436 | 1,133,312 | 1,698,578 | 2,312,679 | 2,750,075 | 50.4% |
| Adjusted EBITDA | $15,242 | $27,962 | $79,090 | $130,791 | $199,603 | $275,764 | $325,671 | 63.4% |
| Adjusted EBITDA Margin | 15.6% | 13.5% | 21.1% | 21.8% | 22.9% | 24.3% | 25.9% | 13.9% |
| Cash From Operations | ($3,503) | $705,679 | $78,957 | $107,868 | $171,411 | $242,984 | $286,045 | |
| | | | | | | | | |
| Loan Originations | $2,064,626 | $4,279,225 | $7,488,644 | $11,981,831 | $17,373,655 | $22,585,752 | $24,844,327 | 42.2% |
| Whole Loan Sales | 446,224 | 1,621,164 | 2,995,458 | 4,792,732 | 6,949,462 | 9,034,301 | 9,937,731 | 43.7% |
| Loan Growth | 1,047,827 | 957,635 | 1,876,231 | 2,892,505 | 3,768,443 | 4,094,001 | 2,915,975 | 24.9% |
| Loan Yield | 10.3% | 12.8% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | |
| | | | | | | | | |
| Loans at Fair Value | 1,829,042 | 2,786,677 | 4,662,908 | 7,555,413 | 11,323,857 | 15,417,858 | 18,333,833 | 45.8% |
| Assets Under Management | - | 1,010,612 | 1,691,043 | 2,740,034 | 4,106,692 | 5,591,416 | 6,648,919 | 45.8% |
| Shareholders Equity | 68,094 | 845,612 | 901,651 | 1,000,820 | 1,155,746 | 1,374,290 | 1,637,288 | 14.1% |
| Total Assets | 1,943,395 | 3,764,127 | 5,716,647 | 8,724,521 | 12,660,040 | 16,980,684 | 20,162,358 | 39.9% |
| | | | | | | | | |
| **Y-o-Y Growth** | | | | | | | | |
| Net Total Revenues | 118.5% | 111.2% | 80.4% | 60.0% | 45.3% | 30.4% | 10.7% | |
| Loan Originations | 187.0% | 107.3% | 75.0% | 60.0% | 45.0% | 30.0% | 10.0% | |
| Loans at Fair Value | 143.5% | 52.4% | 67.3% | 62.0% | 49.9% | 36.2% | 18.9% | |
| Shareholder's Equity | 30.4% | 1141.8% | 6.6% | 11.0% | 15.5% | 18.9% | 19.1% | |
| Assets | 128.4% | 93.7% | 51.9% | 52.6% | 45.1% | 34.1% | 18.7% | |
| | | | | | | | | |
| **Margin / ROE** | | | | | | | | |
| OpEx / Total Net Revenues | 92.5% | 111.2% | 88.0% | 85.5% | 83.0% | 80.5% | 78.0% | |
| EBT / Total Net Revenues | 7.5% | -11.2% | 12.0% | 14.5% | 17.0% | 19.5% | 22.0% | |
| ROE | na | na | 6.4% | 11.0% | 16.1% | 20.2% | 21.2% | |

Source: Company Financials, FinTrust estimates

**Analyst's Notes....**Continued

## Share Valuation

We performed a 5-year DCF analysis of LC based on our 2014-2019 earnings forecast, which is summarized in the preceding charts and graphs. Our key assumptions are that (1) LC's WACC rate is 11.5% and that (2) the Company's exit growth multiple is 10X. Insofar as the Company's shares have relatively no public trading history, we used the average stock betas of LinkedIn and Zillow Corporation – 1.2X - to determine our cost of equity. Our model indicated that the shares' target price is $32.60, or 42% upside. Our DCF cash flow calculations add back stock based compensation, and our share count includes 55.5 million options and warrants to purchase shares of common stock, for a total of 424.7 million shares. As the following DCF Share Price Matrix illustrates, **the target price is sensitive to very modest changes in WACC or perpetual growth rate assumptions.**

**DCF Valuation Matrix: LendingClub**

| | | WACC | | | | |
|---|---|---|---|---|---|---|
| | | 10.50% | 11.00% | 11.50% | 12.00% | 12.50% |
| Perpetual Growth Rate | 7.00% | $ 15.2 | $ 13.3 | $ 11.8 | $ 10.6 | $ 9.6 |
| | 7.50% | $ 17.5 | $ 15.0 | $ 13.1 | $ 11.6 | $ 10.4 |
| | 8.00% | $ 20.8 | $ 17.2 | $ 14.7 | $ 12.9 | $ 11.4 |
| | 8.50% | $ 25.6 | $ 20.4 | $ 17.0 | $ 14.5 | $ 12.7 |
| | 9.00% | $ 33.7 | $ 25.2 | $ 20.1 | $ 16.7 | $ 14.3 |
| | 9.50% | $ 49.9 | $ 33.1 | $ 24.8 | $ 19.8 | $ 16.4 |
| | 10.00% | $ 98.5 | $ 49.1 | **$ 32.6** | $ 24.4 | $ 19.4 |

In addition, we compared LC to 5 Internet marketplace companies, focusing on sales growth and relative EV / Sales multiples. Based on this analysis, LC is trading for 22.6X 2015E estimated sales of $374 million, which we see growing 81% on a y-o-y basis versus 2014. The Peer group is trading for 6.3X 2015E sales, but as a group, is estimated to generate 35.3% sales growth. Adjusting for the different sales growth rates, LC is trading for 9.9X 2015E sales, which while still much higher than the Peer group, is not completely surprising given the huge target market opportunity enjoyed by LC.

Comparative Analysis (Sources: FinTrust estimates and Yahoo Finance)

| Company | Ticker | FinTrust Rating | Share Price | EV | Sales 2014E | Sales 2015E | Sales Growth | EV/Sales 2014E | EV/Sales 2015E |
|---|---|---|---|---|---|---|---|---|---|
| LinkedIn Corporation | LNKD | NR | $222.03 | $24,990 | $2,190 | $2,940 | 34.2% | 11.4x | 8.5x |
| Zillow, Inc. | Z | NR | $101.71 | $3,560 | $323 | $440 | 36.2% | 11.x | 8.1x |
| Pandora Media, Inc. | P | NR | $16.59 | $3,110 | $915 | $1,200 | 31.1% | 3.4x | 2.6x |
| Trulia, Inc. | TRLA | NR | $44.13 | $1,920 | $253 | $335 | 32.4% | 7.6x | 5.7x |
| Yelp, Inc. | YELP | NR | $52.23 | $3,440 | $377 | $538 | 42.7% | 9.1x | 6.4x |
| | | | Mean----> | $7,404 | $812 | $1,091 | 35.3% | 8.51x | 6.3x |
| **LendingClub Corporation** | **LC** | **BUY** | **$22.89** | **$8,469** | **$207** | **$374** | **80.9%** | **40.9x** | **22.6x** |

We estimate that, generally, compared to its peer group of companies, LC is a more unique investment opportunity. While there are many Internet sites serving the real estate market, and social media sites that connect people, on line sites connecting traditional bank-lending borrowers with a new investor class are highly unique. As we discuss in the next section, we estimate that only one other publicly traded company – On Deck Capital – connects borrowers and investors over the Internet. ONDK, which is generating loan origination growth in excess of 100%, trades for 10.4X 2014 (annualized) revenues, well below the multiple enjoyed by LC. However, we estimate that ONDK is targeting a smaller set of potential lending markets.

**Analyst's Notes....**Continued

## Competition

LC competes with both traditional banks, prime and to a lesser extent, non-prime installment loan lenders, and other online lending sites.

Most traditional bank consumer lending is growing at modest y-o-y rates of 3% to 5%, while near and non-prime consumer installment loans lenders are experiencing stiff competition, generating loan growth rates in the low to high single digit range.

At $24.8 billion in 2019E loan originations, and $18.3 billion in loans outstanding, over the next several years, LC should achieve significant stature. In Q3 2014, BB&T, a super-regional bank in the southeast had $118.5 billion in total loans and leases on its balance sheet. Of that amount, $7.9 billion and $2.4 billion were comprised of 'direct retail' lending and revolving credit, respectively, and another $10.3 billion, was classified as 'sales finance', for a total of $20.6 billion in total consumer-related lending. We would point out that BB&T's market capitalization is currently $27.8 billion.

On Deck Capital, Inc. (ONDK) went public last month, valuing the Internet-based **small business lender** at ~ $1.8 billion. ONDK, according to its IPO prospectus, has originated over $1.7 billion in loans since making its first loan in 2007. It current y-o-y loan origination growth rate is ~ 171% (versus 105% for LC). Unlike LC, ONDK makes only collateralized loans, although it intends to transition to unsecured lending in the future. In addition, ONDK makes loans of up to $250k, versus $100k for LC, and furthermore ONDK has a more diverse set of funding sources. Lastly, while ONDK's business platform is also digital, the company earns the lion's share of its revenues in the form of interest income. In the 1st nine months of 2014, ONDK originated $788.3 million of loans, and recorded gross revenues of $107.6 million. **With a market capitalization of ~ $1.5 billion, the company 'trades' at 10.4X trailing (annualized) revenues.**

**Analyst's Notes....**Continued

**Corporate Governance:**

- The Company has a Classified Board of Directors.
- LC's Charter has several provisions that can prevent hostile takeovers, and changes in control or changes in management.
- LC's directors, executive officers, and principal stockholders (of more than 5% of LC common stock), own 54.3% of the Company's outstanding stock, and therefore can control the outcome of matter such as the election of Directors, and merger consolidation or sale of the Company, etc.
- The Company's charter authorizes the BOD to implement a poison pill by issuing 'blank check' preferred stock. The Charter also eliminates the ability of stockholders to call a special meeting of stockholders.

**Company versus Market Comparison Chart:**

## **Analyst's Notes....**Continued

**LendingClub**

*Income Statement* FY Ended December 31

($ in thousands)

| | 1Q 2013 | 2Q 2013 | 3Q 2013 | 4Q 2013 | **FY2013** | **% of Total** | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E | **FY2014E** | **% of Total** | **FY2015E** | **% of Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transaction Fees | 13,587 | 16,397 | 25,245 | 30,625 | 85,854 | 87.6% | 35,412 | 45,801 | 52,622 | 59,252 | 193,087 | 93.3% | 336,989 | 90.0% |
| Servicing Fees | 710 | 809 | 942 | 1,052 | 3,513 | 3.6% | 1,780 | 1,468 | 3,053 | 3,313 | 9,614 | 4.6% | 24,507 | 6.5% |
| Management Fees | 0 | 0 | 869 | 2,214 | 3,083 | 3.1% | 1,094 | 1,461 | 1,608 | 1,769 | 5,932 | 2.9% | 11,837 | 3.2% |
| Other revenue (expense) | 1,946 | 934 | 349 | 2,296 | 5,525 | 5.6% | 416 | (109) | (745) | 0 | (438) | -0.2% | 2,296 | 0.6% |
| Total Operating Revenues | 16,243 | 18,140 | 27,405 | 36,187 | 97,975 | 100.0% | 38,702 | 48,621 | 56,538 | 64,334 | 208,195 | 100.6% | 375,629 | 100.3% |
| Net Interest Income | 8 | (3) | 10 | 12 | 27 | 0.0% | 16 | (396) | (474) | (312) | (1,166) | -0.6% | (1,248) | -0.3% |
| Net Total Revenues | 16,251 | 18,137 | 27,415 | 36,199 | 98,002 | 100.0% | 38,718 | 48,225 | 56,064 | 64,022 | 207,029 | 100.0% | 374,381 | 100.0% |
| Operating Expenses: | | | | | | | | | | | | | | |
| Sales, Marketing and Customer Service | 10,341 | 11,824 | 10,460 | 6,412 | 39,037 | 39.8% | 20,582 | 19,225 | 21,001 | 21,421 | 82,229 | 39.7% | 119,802 | 32.0% |
| Origination and Servicing | 2,248 | 3,043 | 4,996 | 6,930 | 17,217 | 17.6% | 7,402 | 8,566 | 10,167 | 10,970 | 37,105 | 17.9% | 59,901 | 16.0% |
| G&A | 3,622 | 4,190 | 9,331 | 17,297 | 34,440 | 35.1% | 18,033 | 28,981 | 31,848 | 32,011 | 110,873 | 53.6% | 149,752 | 40.0% |
| Total Operating expenses | 16,211 | 19,057 | 24,787 | 30,639 | 90,694 | 92.5% | 46,017 | 56,772 | 63,016 | 64,402 | 230,207 | 111.2% | 329,455 | 88.0% |
| | | | | | | 0.0% | | | | | | | | 0.0% |
| EBT | 40 | (920) | 2,628 | 5,560 | 7,308 | 7.5% | (7,299) | (8,547) | (6,952) | (380) | (23,178) | -11.2% | 44,926 | 12.0% |
| Income Tax (Expense) benefit | 0 | (85) | 85 | 0 | 0 | 0.0% | 0 | (640) | (419) | 0 | (1,059) | -0.5% | (11,231) | -3.0% |
| Net income | 40 | (1,005) | 2,713 | 5,560 | 7,308 | 7.5% | (7,299) | (9,187) | (7,371) | (380) | (24,237) | -11.7% | 33,694 | 9.0% |
| Net income per common share: | | | | | | | | | | | | | | |
| Basic | $0.00 | ($0.08) | $0.00 | $0.41 | $0.33 | | ($0.26) | ($0.32) | ($0.12) | ($0.00) | ($0.20) | | $0.09 | |
| Diluted | $0.00 | ($0.01) | $0.00 | $0.27 | $0.26 | | ($0.26) | ($0.32) | ($0.12) | ($0.00) | ($0.20) | | $0.09 | |
| Adjusted EBITDA / Share | $0.06 | $0.24 | $0.37 | $0.48 | $1.18 | | $0.07 | $0.14 | $0.13 | $0.04 | $0.23 | | $0.21 | |
| Weighted average shares outstanding: | | | | | | | | | | | | | | |
| Basic | 11,909,129 | 12,558,812 | 13,328,103 | 13,704,713 | 12,889,284 | | 27,890,322 | 28,985,590 | 59,844,394 | 370,100,000 | 121,705,077 | | 370,100,000 | |
| Diluted | 11,909,129 | 78,841,546 | 80,346,432 | 20,831,110 | 20,356,744 | | 27,890,322 | 28,985,590 | 59,844,394 | 370,100,000 | 121,705,077 | | 370,100,000 | |

| | 1Q 2013 | 2Q 2013 | 3Q 2013 | 4Q 2013 | FY2013 | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E | FY2014E | FY2015E |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Interest Income | $32,351 | $41,017 | $51,386 | $62,736 | $187,490 | $73,048 | $85,212 | $94,038 | $104,500 | $356,798 | $699,436 |
| Loan Originations | $352,885 | $446,225 | $567,142 | $698,373 | $2,064,625 | $791,348 | $1,005,946 | $1,165,226 | $1,316,705 | $4,279,225 | $7,488,644 |
| LC | $352,885 | $446,225 | $567,142 | $698,373 | $2,064,628 | $776,872 | $857,388 | $994,498 | $1,119,200 | $3,747,958 | $6,365,348 |
| Springstone, other | $0 | $0 | $0 | $0 | $0 | $14,476 | $148,558 | $170,728 | $197,506 | $531,268 | $1,123,297 |
| Principal Payments on Loans at FV | - | - | - | - | $511,232 | $204,950 | $246,453 | $288,102 | $304,041 | $1,043,546 | $1,337,605 |
| Whole Loans Sold | $40,066 | $78,698 | $131,669 | $195,791 | $446,224 | $265,653 | $366,306 | $462,523 | $526,682 | $1,621,164 | $2,995,458 |
| Fiar Value Adjustments | - | - | - | - | - | $27,428 | $30,241 | $32,938 | $35,471 | $126,077 | $156,054 |
| Addition to Loans at Fair Value | - | - | - | - | - | $278,841 | $214,388 | $210,935 | $253,006 | $957,171 | $1,876,231 |
| Assets Under Management | $443,086 | $545,062 | $653,240 | $740,177 | $740,177 | $807,900 | $845,400 | $918,857 | $1,010,612 | $1,010,612 | $1,691,043 |
| / Loans at Fair Value | 44.5% | 44.0% | 43.1% | 40.5% | 40.5% | 38.3% | 36.3% | 36.3% | 36.3% | 36.3% | 36.3% |
| AUM - Annual Management Fee | - | - | 0.5% | 1.2% | - | 0.5% | 0.7% | 0.7% | 0.7% | - | 0.7% |
| Servicing Fee / Loans @ FV + Whole Loans | 0.07% | 0.06% | 0.06% | 0.05% | - | 0.07% | 0.05% | 0.10% | 0.10% | - | 0.32% |
| Adjusted EBITDA | $734 | $3,047 | $4,936 | $6,525 | $15,242 | $1,866 | $4,002 | $7,517 | $14,577 | $27,962 | $79,090 |
| Adjusted EBITDA Margin | 4.5% | 16.8% | 18.0% | 18.0% | 15.6% | 4.8% | 8.3% | 13.4% | 22.8% | 13.5% | 21.1% |
| **Yield Analysis on Average Balances** | | | | | | | | | | | |
| Loans | 12.99% | 13.26% | 13.55% | 13.72% | 10.25% | 13.85% | 14.65% | 14.85% | 15.00% | 12.80% | 15.00% |
| **Revenue Yield** | | | | | | | | | | | |
| Total Non-Interest Revs / Loans Originated | | 4.60% | 4.83% | 5.18% | 4.75% | 4.89% | 4.83% | 4.85% | 4.89% | 4.87% | 5.02% |
| **Loan Origination Fee Yield** | | | | | | | | | | | |
| Average Loan Orig. Fee / Loans Originated | 4.30% | 4.40% | 4.40% | 4.50% | - | 4.50% | 4.60% | 4.50% | 4.50% | - | 4.50% |
| **Margin** | | | | | | | | | | | |
| Sales & Marketing / Net Total Revenues | 63.63% | 65.19% | 38.15% | 17.71% | 39.83% | 53.16% | 39.87% | 37.46% | 33.46% | 39.72% | 32.00% |
| Origination & Servicing / Net Total Revenues | 13.83% | 16.78% | 18.22% | 19.14% | 17.57% | 19.12% | 17.76% | 18.13% | 17.13% | 17.92% | 16.00% |
| G&A / Net Total Revenues | 22.29% | 23.10% | 34.04% | 47.78% | 35.14% | 46.58% | 60.10% | 56.81% | 50.00% | 53.55% | 40.00% |
| EBT / Net Total Revenues | 0.25% | -5.07% | 9.59% | 15.36% | 7.46% | -18.85% | -17.72% | -12.40% | -0.59% | -11.20% | 12.00% |
| Tax Rate | 0.00% | 9.24% | 3.23% | 0.00% | 0.00% | 0.00% | 7.49% | 6.03% | 0.00% | 4.57% | -25.00% |

| **Y-o-Y Change** | **1Q 2014** | **2Q 2014** | **3Q 2014** | **4Q 2014E** | **FY2014E** | **FY2015E** |
|---|---|---|---|---|---|---|
| Transaction Fees | 160.6% | 179.3% | 108.4% | 93.5% | 124.9% | 74.5% |
| Servicing Fees | 150.7% | 81.5% | 224.1% | 215.0% | 173.7% | 154.9% |
| Management Fees | - | - | 85.0% | -20.1% | 92.4% | 99.6% |
| Net Total Revenues | 138.2% | 165.9% | 104.5% | 76.9% | 111.2% | 80.8% |
| Interest Income | 125.8% | 107.7% | 83.0% | 66.6% | 90.3% | 96.0% |
| Loan Originations | 124.3% | 125.4% | 105.5% | 88.5% | 107.3% | 75.0% |
| Adjusted EBITDA | 154.2% | 31.3% | 52.3% | 123.4% | 83.5% | 182.8% |
| EBT | -18348% | 829% | -365% | -107% | -417% | -294% |
| EPS | -7892% | 296% | #DIV/0! | -100% | -161% | -146% |

| **Q-o-Q Change** | 2Q 2013 | 3Q 2013 | 4Q 2013 | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E |
|---|---|---|---|---|---|---|---|
| Transaction Fees | **20.7%** | **54.0%** | **21.3%** | **15.6%** | **29.3%** | **14.9%** | **12.6%** |
| Servicing Fees | 13.9% | 16.4% | 11.7% | 69.2% | -17.5% | 108.0% | 8.5% |
| Management Fees | - | - | 154.8% | -50.6% | 33.5% | 10.1% | 10.0% |
| Net Total Revenues | 11.6% | 51.2% | 32.0% | 7.0% | 24.6% | 16.3% | 14.2% |
| Interest Income | 26.8% | 25.3% | 22.1% | 16.4% | 16.7% | 10.4% | 11.1% |
| Loan Originations | **26.5%** | **27.1%** | **23.1%** | **13.3%** | **27.1%** | **15.8%** | **13.0%** |
| Loans At Fair Value | 24.2% | 22.6% | 20.6% | 15.4% | 10.3% | 8.9% | 10.0% |
| Assets Under Management | 23.0% | 19.8% | 13.3% | 9.1% | 4.6% | 8.7% | 10.0% |
| Total Assets | 22.9% | 22.2% | 20.6% | 14.7% | 15.8% | 9.1% | 33.0% |

## **Analyst's Notes....**Continued

**LendingClub**

*Income Statement* — nded December 31

($ in thousands)

| | FY2013 | % of Total | FY2014E | % of Total | FY2015E | % of Total | FY2016E | % of Total | FY2017E | % of Total | FY2018E | % of Total | FY2019E | % of Total | ,14 - 19 CAGR |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Transaction Fees | 85,854 | 87.6% | 193,087 | 93.3% | 336,989 | 90.0% | 539,182 | 90.0% | 781,814 | 89.9% | 1,016,359 | 89.6% | 1,117,995 | 89.0% | 42.1% |
| Servicing Fees | 3,513 | 3.6% | 9,614 | 4.6% | 24,507 | 6.5% | 39,514 | 6.6% | 58,475 | 6.7% | 78,247 | 6.9% | 90,469 | 7.2% | 56.6% |
| Management Fees | 3,083 | 3.1% | 5,932 | 2.9% | 11,837 | 3.2% | 19,180 | 3.2% | 28,747 | 3.3% | 39,140 | 3.4% | 46,542 | 3.7% | 51.0% |
| Other revenue (expense) | 5,525 | 5.6% | (438) | -0.2% | 2,296 | 0.6% | 2,296 | 0.4% | 2,296 | 0.3% | 2,296 | 0.2% | 2,296 | 0.2% | |
| Total Operating Revenues | 97,975 | 100.0% | 208,195 | 100.6% | 375,629 | 100.3% | 600,173 | 100.2% | 871,332 | 100.1% | 1,136,042 | 100.1% | 1,257,302 | 100.1% | 43.3% |
| Net Interest Income | 27 | 0.0% | (1,166) | -0.6% | (1,248) | -0.3% | (1,248) | -0.2% | (1,248) | -0.1% | (1,248) | -0.1% | (1,248) | -0.1% | 1.4% |
| Net Total Revenues | 98,002 | 100.0% | 207,029 | 100.0% | 374,381 | 100.0% | 598,925 | 100.0% | 870,084 | 100.0% | 1,134,794 | 100.0% | 1,256,054 | 100.0% | 43.4% |
| Operating Expenses: | | | | | | | | | | | | | | | |
| Sales, Marketing and Customer Service | 39,037 | 39.8% | 82,229 | 39.7% | 119,802 | 32.0% | 191,656 | 32.0% | 278,427 | 32.0% | 363,134 | 32.0% | 401,937 | 32.0% | 37.3% |
| Origination and Servicing | 17,217 | 17.6% | 37,105 | 17.9% | 59,901 | 16.0% | 95,828 | 16.0% | 139,213 | 16.0% | 181,567 | 16.0% | 200,969 | 16.0% | 40.2% |
| G&A | 34,440 | 35.1% | 110,873 | 53.6% | 149,752 | 40.0% | 224,597 | 37.5% | 304,529 | 35.0% | 368,808 | 32.5% | 376,816 | 30.0% | 27.7% |
| Total Operating expenses | 90,694 | 92.5% | 230,207 | 111.2% | 329,455 | 88.0% | 512,081 | 85.5% | 722,170 | 83.0% | 913,509 | 80.5% | 979,722 | 78.0% | 33.6% |
| | | 0.0% | | | | 0.0% | | 0.0% | | 0.0% | | 0.0% | | 0.0% | |
| EBT | 7,308 | 7.5% | (23,178) | -11.2% | 44,926 | 12.0% | 86,844 | 14.5% | 147,914 | 17.0% | 221,285 | 19.5% | 276,332 | 22.0% | |
| Income Tax (Expense) benefit | 0 | 0.0% | (1,059) | -0.5% | (11,231) | -3.0% | (21,711) | -3.6% | (36,979) | -4.3% | (55,321) | -4.9% | (69,083) | -5.5% | |
| Net income | 7,308 | 7.5% | (24,237) | -11.7% | 33,694 | 9.0% | 65,133 | 10.9% | 110,936 | 12.8% | 165,964 | 14.6% | 207,249 | 16.5% | |
| Net income per common share: | | | | | | | | | | | | | | | |
| Basic | $0.33 | | ($0.20) | | $0.09 | | $0.18 | | $0.30 | | $0.45 | | $0.56 | | |
| Diluted | $0.26 | | ($0.20) | | $0.09 | | $0.18 | | $0.30 | | $0.45 | | $0.56 | | |
| Adjusted EBITDA / Share | $1.18 | | $0.23 | | $0.21 | | $0.35 | | $0.54 | | $0.75 | | $0.88 | | |
| Weighted average shares outstanding: | | | | | | | | | | | | | | | |
| Basic | 12,889,284 | | 121,705,077 | | 370,100,000 | | 370,100,000 | | 370,100,000 | | 370,100,000 | | 370,100,000 | | |
| Diluted | 20,356,744 | | 121,705,077 | | 370,100,000 | | 370,100,000 | | 370,100,000 | | 370,100,000 | | 370,100,000 | | |

| | FY2013 | FY2014E | FY2015E | FY2016E | FY2017E | FY2018E | FY2019E | ,14 - 19 CAGR |
|---|---|---|---|---|---|---|---|---|
| Interest Income | $187,490 | $356,798 | $699,436 | $1,133,312 | $1,698,578 | $2,312,679 | $2,750,075 | 50.4% |
| Loan Originations | $2,064,625 | $4,279,225 | $7,488,644 | $11,981,831 | $17,373,655 | $22,585,752 | $24,844,327 | 42.2% |
| LC | $2,064,628 | $3,747,958 | $6,365,348 | $10,184,556 | $14,767,607 | $19,197,889 | $21,117,678 | 41.3% |
| Springstone, other | $0 | $531,268 | $1,123,297 | $1,797,275 | $2,606,048 | $3,387,863 | $3,726,649 | 47.6% |
| Principal Payments on Loans at FV | $511,232 | $1,043,546 | $1,337,605 | $2,238,196 | $3,626,598 | $5,435,451 | $7,400,572 | 48.0% |
| Whole Loans Sold | $446,224 | $1,621,164 | $2,995,458 | $4,792,732 | $6,949,462 | $9,034,301 | $9,937,731 | 43.7% |
| Fiar Value Adjustments | - | $126,077 | $156,054 | $261,123 | $423,103 | $634,136 | $863,400 | 46.9% |
| Addition to Loans at Fair Value | - | $957,171 | $1,876,231 | $2,892,505 | $3,768,443 | $4,094,001 | $2,915,975 | 25.0% |
| Assets Under Management | $740,177 | $1,010,612 | $1,691,043 | $2,740,034 | $4,106,692 | $5,591,416 | $6,648,919 | 45.8% |
| / Loans at Fair Value | 40.5% | 36.3% | 36.3% | 36.3% | 36.3% | 36.3% | 36.3% | 0.0% |
| AUM - Annual Management Fee | - | - | 0.7% | 0.7% | 0.7% | 0.7% | 0.7% | |
| Servicing Fee / Loans @ FV + Whole Loans | - | - | 0.32% | 0.32% | 0.32% | 0.32% | 0.32% | |
| Adjusted EBITDA | $15,242 | $27,962 | $79,090 | $130,791 | $199,603 | $275,764 | $325,671 | 63.4% |
| Adjusted EBITDA Margin | 15.6% | 13.5% | 21.1% | 21.8% | 22.9% | 24.3% | 25.9% | |
| **Yield Analysis on Average Balances** | | | | | | | | |
| Loans | 10.25% | 12.80% | 15.00% | 15.00% | 15.00% | 15.00% | 15.00% | |
| **Revenue Yield** | | | | | | | | |
| Total Non-Interest Revs / Loans Originated | 4.75% | 4.87% | 5.02% | 5.01% | 5.02% | 5.03% | 5.06% | |
| **Loan Origination Fee Yield** | | | | | | | | |
| Average Loan Orig. Fee / Loans Originated | - | - | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% | |
| **Margin** | | | | | | | | |
| Sales & Marketing / Net Total Revenues | 39.83% | 39.72% | 32.00% | 32.00% | 32.00% | 32.00% | 32.00% | |
| Origination & Servicing / Net Total Revenues | 17.57% | 17.92% | 16.00% | 16.00% | 16.00% | 16.00% | 16.00% | |
| G&A / Net Total Revenues | 35.14% | 53.55% | 40.00% | 37.50% | 35.00% | 32.50% | 30.00% | |
| EBT / Net Total Revenues | 7.46% | -11.20% | 12.00% | 14.50% | 17.00% | 19.50% | 22.00% | |
| Tax Rate | 0.00% | 4.57% | -25.00% | -25.00% | -25.00% | -25.00% | -25.00% | |

| | FY2014E | FY2015E | FY2016E | FY2017E | FY2018E | FY2019E |
|---|---|---|---|---|---|---|
| | 124.9% | 74.5% | 60.0% | 45.0% | 30.0% | 10.0% |
| | 173.7% | 154.9% | 61.2% | 48.0% | 33.8% | 15.6% |
| | 92.4% | 99.6% | 62.0% | 49.9% | 36.2% | 18.9% |
| | 111.2% | 80.8% | 60.0% | 45.3% | 30.4% | 10.7% |
| | | | | | | |
| | 90.3% | 96.0% | 62.0% | 49.9% | 36.2% | 18.9% |
| | 107.3% | 75.0% | 60.0% | 45.0% | 30.0% | 10.0% |
| | 83.5% | 182.8% | 65.4% | 52.6% | 38.2% | 18.1% |
| | -417% | -294% | 93% | 70% | 50% | 25% |
| | -161% | -146% | 93% | 70% | 50% | 25% |

**Analyst's Notes....**Continued

**LendingClub**

*Commom Sized Balance Sheet* FY Ended December 31

($ in thousands)

| | 1Q 2013A | 2Q 2013A | 3Q 2013 | 4Q 2013 | **2013A** | **% of Total** | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E | **2014E** | **% of Total** | **2015E** | **% of Total** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | |
| Cash and cash equivalents | $51,305 | $54,594 | $62,186 | $49,299 | $49,299 | 2.5% | $64,599 | $68,958 | $82,674 | $754,727 | $754,727 | 20.2% | $814,957 | 14.3% |
| Restricted Cash | 11,747 | 8,410 | 8,747 | 12,208 | 12,208 | 0.6% | 15,967 | 20,448 | 25,221 | 25,221 | $25,221 | 0.7% | 25,221 | 0.4% |
| Loans at Fair value | 995,983 | 1,237,468 | 1,516,676 | 1,829,042 | 1,829,042 | 94.1% | 2,109,818 | 2,326,202 | 2,533,671 | 2,786,677 | $2,786,677 | 74.4% | 4,662,908 | 81.8% |
| Accrued Interest Receivable | 7,530 | 9,293 | 12,801 | 15,975 | 15,975 | 0.8% | 17,428 | 21,244 | 22,348 | 23,348 | $23,348 | 0.6% | 28,503 | 0.5% |
| Prepaid expenses and other assets | 2,111 | 3,001 | 2,578 | 23,921 | 23,921 | 1.2% | 6,180 | 12,185 | 16,521 | 16,521 | $16,521 | 0.4% | 16,521 | 0.3% |
| PP&E | 2,971 | 5,039 | 8,407 | 12,595 | 12,595 | 0.6% | 14,989 | 19,420 | 23,686 | 27,686 | $27,686 | 0.7% | 42,917 | 0.8% |
| Intangible Assets | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 39,077 | 37,690 | 37,690 | $37,690 | 1.0% | 33,690 | 0.6% |
| Goodwill | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 72,679 | 72,592 | 72,592 | $72,592 | 1.9% | 72,592 | 1.3% |
| Deposits | 1,077 | 755 | 253 | 355 | 355 | 0.0% | 379 | 411 | 443 | 443 | 443 | 0.0% | 443 | 0.0% |
| **Total assets** | **1,072,724** | **1,318,560** | **1,611,648** | **1,943,395** | **1,943,395** | **100.0%** | **2,229,360** | **2,580,624** | **2,814,846** | **3,744,904** | **3,744,904** | **100.0%** | **5,697,753** | **100.0%** |
| | | | | | | | | | | 0 | | | 0 | |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | | | | | | | | | | | | |
| A/P | 2,238 | 3,084 | 2,330 | 4,524 | 4,524 | 0.2% | 3,218 | 3,969 | 3,354 | 3,354 | 3,354 | 0.1% | 3,354 | 0.1% |
| Accrued Interest Payable | 8,781 | 11,582 | 14,549 | 17,741 | 17,741 | 0.9% | 19,408 | 23,232 | 25,723 | 28,463 | 28,463 | 0.8% | 35,959 | 0.6% |
| Accrued Expenses and other Liabililties | 4,483 | 4,438 | 9,475 | 9,128 | 9,128 | 0.5% | 10,106 | 17,515 | 26,004 | 33,437 | 33,437 | 0.9% | 46,190 | 0.8% |
| Payable to Member Investors | 3,885 | 548 | 457 | 3,918 | 3,918 | 0.2% | 7,590 | 12,659 | 17,366 | 17,366 | 17,366 | 0.5% | 17,366 | 0.3% |
| Term Loan | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 49,516 | 49,219 | 49,219 | 49,219 | 1.3% | 49,219 | 0.9% |
| Notes and Certificates @ Fair Value | 1,000,059 | 1,242,668 | 1,522,975 | 1,839,990 | 1,839,990 | 94.7% | 2,120,227 | 2,336,595 | 2,551,640 | 2,786,677 | 2,786,677 | 74.4% | 4,662,908 | 81.8% |
| **Total Liabilities** | **1,019,446** | **1,262,320** | **1,549,786** | **1,875,301** | **1,875,301** | **96.5%** | **2,160,549** | **2,443,486** | **2,673,306** | **2,918,515** | **2,918,515** | **77.9%** | **4,814,996** | **84.5%** |
| **Shareholders' equity:** | | | | | | | | | | | | | | |
| Preferred Stock | 103,043 | 103,186 | 103,219 | 103,244 | 103,244 | 5.3% | 103,244 | 173,674 | 177,300 | 177,300 | 177,300 | 4.7% | 177,300 | 3.1% |
| Common Stock | 125 | 127 | 136 | 138 | 138 | 0.0% | 142 | 297 | 609 | 706 | 706 | 0.0% | 706 | 0.0% |
| Add'l Paid in Capital | 7,718 | 8,827 | 11,694 | 15,041 | 15,041 | 0.8% | 23,053 | 29,982 | 37,817 | 722,949 | 722,949 | 19.3% | 745,622 | 13.1% |
| Treasury Stock | (12) | 0 | 0 | 0 | 0 | 0.0% | 0 | 0 | 0 | 0 | 0 | 0.0% | 0 | 0.0% |
| Retained Earnings (Accumulated deficit) | (57,596) | (55,900) | (53,187) | (50,329) | (50,329) | -2.6% | (57,628) | (66,815) | (74,186) | (74,566) | (74,566) | -2.0% | (40,872) | -0.7% |
| **Total shareholders' equity** | **53,278** | **56,240** | **61,862** | **68,094** | **68,094** | **3.50%** | **68,811** | **137,138** | **141,540** | **826,389** | **826,389** | **22.07%** | **882,756** | **15.49%** |
| **Total liabilities and shareholders' equity** | **$1,072,724** | **$1,318,560** | **$1,611,648** | **$1,943,395** | **$1,943,395** | **100.0%** | **$2,229,360** | **$2,580,624** | **$2,814,846** | **$3,744,904** | **$3,744,904** | **100.0%** | **$5,697,752** | **100.0%** |

| **Other** | 1Q 2013A | 2Q 2013A | 3Q 2013A | 4Q 2013A | **2013A** | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E | **2014E** | **2015E** |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Book Value per Share | $4.47 | $4.48 | $4.64 | $4.97 | $4.97 | $2.47 | $4.73 | $2.37 | $2.23 | $2.23 | $2.39 |
| Loans / Assets | 92.8% | 93.8% | 94.1% | 94.1% | 94.1% | 94.6% | 90.1% | 90.0% | 74.4% | 74.4% | 81.8% |
| Equity / Assets | 4.97% | 4.27% | 3.84% | 3.50% | 3.50% | 3.09% | 5.31% | 5.03% | 22.07% | 22.07% | 15.49% |
| **Year-on-Year Growth** | | | | | | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E | **2014A** | **2015A** |
| Loans at Fair Value | | | | | | 111.8% | 88.0% | 67.1% | 52.4% | 52.4% | 67.3% |
| Notes and Certificates @ Fair Value | | | | | | 112.0% | 88.0% | 67.5% | 51.5% | 51.5% | 67.3% |
| Shareholders Equity | | | | | | 29.2% | 143.8% | 128.8% | 1113.6% | 1113.6% | 6.8% |
| Total Assets | | | | | | 107.8% | 95.7% | 74.7% | 92.7% | 92.7% | 52.1% |
| **Q-o-Q Growth** | | **2Q 2013** | **3Q 2013** | **4Q 2013** | | 1Q 2014 | 2Q 2014 | 3Q 2014 | 4Q 2014E | | |
| Loans at Fair Value | | 24.2% | 22.6% | 20.6% | | 15.4% | 10.3% | 8.9% | 10.0% | | |
| Shareholders Equity | | 5.6% | 10.0% | 10.1% | | 1.1% | 99.3% | 3.2% | 483.9% | | |
| Total Assets | | 22.9% | 22.2% | 20.6% | | 14.7% | 15.8% | 9.1% | 33.0% | | |

**Analyst's Notes....**Continued

**LendingClub**

*Commom Sized Balance Sheet* FY Ended December 31

($ in thousands)

| | 2013A | % of Total | 2014E | % of Total | 2015E | % of Total | 2016E | % of Total | 2017E | % of Total | 2018E | % of Total | 2019E | % of Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | |
| Cash and cash equivalents | $49,299 | 2.5% | $754,727 | 20.2% | $814,957 | 14.3% | $916,558 | 10.5% | $1,072,012 | 8.5% | $1,289,610 | 7.6% | $1,548,642 | 7.7% |
| Restricted Cash | 12,208 | 0.6% | $25,221 | 0.7% | 25,221 | 0.4% | 25,221 | 0.3% | 25,221 | 0.2% | 25,221 | 0.1% | 25,221 | 0.1% |
| Loans at Fair value | 1,829,042 | 94.1% | $2,786,677 | 74.4% | 4,662,908 | 81.8% | 7,555,413 | 86.8% | 11,323,857 | 89.6% | 15,417,858 | 90.9% | 18,333,833 | 91.0% |
| Accrued Interest Receivable | 15,975 | 0.8% | $23,348 | 0.6% | 28,503 | 0.5% | 32,627 | 0.4% | 35,721 | 0.3% | 37,783 | 0.2% | 38,470 | 0.2% |
| Prepaid expenses and other assets | 23,921 | 1.2% | $16,521 | 0.4% | 16,521 | 0.3% | 16,521 | 0.2% | 16,521 | 0.1% | 16,521 | 0.1% | 16,521 | 0.1% |
| PP&E | 12,595 | 0.6% | $27,686 | 0.7% | 42,917 | 0.8% | 56,626 | 0.7% | 68,963 | 0.5% | 80,067 | 0.5% | 90,060 | 0.4% |
| Intangible Assets | 0 | 0.0% | $37,690 | 1.0% | 33,690 | 0.6% | 29,690 | 0.3% | 25,690 | 0.2% | 21,690 | 0.1% | 17,690 | 0.1% |
| Goodwill | 0 | 0.0% | $72,592 | 1.9% | 72,592 | 1.3% | 72,592 | 0.8% | 72,592 | 0.6% | 72,592 | 0.4% | 72,592 | 0.4% |
| Deposits | 355 | 0.0% | 443 | 0.0% | 443 | 0.0% | 443 | 0.0% | 443 | 0.0% | 443 | 0.0% | 443 | 0.0% |
| **Total assets** | **1,943,395** | **100.0%** | **3,744,904** | **100.0%** | **5,697,753** | **100.0%** | **8,705,691** | **100.0%** | **12,641,019** | **100.0%** | **16,961,784** | **100.0%** | **20,143,473** | **100.0%** |
| | | | | | 0 | | (0) | | 0 | | (0) | | (0) | |
| **LIABILITIES & SHAREHOLDERS' EQUITY** | | | | | | | | | | | | | | |
| A/P | 4,524 | 0.2% | 3,354 | 0.1% | 3,354 | 0.1% | 3,354 | 0.0% | 3,354 | 0.0% | 3,354 | 0.0% | 3,354 | 0.0% |
| Accrued Interest Payable | 17,741 | 0.9% | 28,463 | 0.8% | 35,959 | 0.6% | 41,957 | 0.5% | 46,455 | 0.4% | 49,454 | 0.3% | 50,453 | 0.3% |
| Accrued Expenses and other Liabililties | 9,128 | 0.5% | 33,437 | 0.9% | 46,190 | 0.8% | 56,392 | 0.6% | 64,043 | 0.5% | 69,145 | 0.4% | 70,845 | 0.4% |
| Payable to Member Investors | 3,918 | 0.2% | 17,366 | 0.5% | 17,366 | 0.3% | 17,366 | 0.2% | 17,366 | 0.1% | 17,366 | 0.1% | 17,366 | 0.1% |
| Term Loan | 0 | 0.0% | 49,219 | 1.3% | 49,219 | 0.9% | 49,219 | 0.6% | 49,219 | 0.4% | 49,219 | 0.3% | 49,219 | 0.2% |
| Notes and Certificates @ Fair Value | 1,839,990 | 94.7% | 2,786,677 | 74.4% | 4,662,908 | 81.8% | 7,555,413 | 86.8% | 11,323,857 | 89.6% | 15,417,858 | 90.9% | 18,333,833 | 91.0% |
| **Total Liabilities** | **1,875,301** | **96.5%** | **2,918,515** | **77.9%** | **4,814,996** | **84.5%** | **7,723,701** | **88.7%** | **11,504,294** | **91.0%** | **15,606,395** | **92.0%** | **18,525,070** | **92.0%** |
| **Shareholders' equity:** | | | | | | | | | | | | | | |
| Preferred Stock | 103,244 | 5.3% | 177,300 | 4.7% | 177,300 | 3.1% | 177,300 | 2.0% | 177,300 | 1.4% | 177,300 | 1.0% | 177,300 | 0.9% |
| Common Stock | 138 | 0.0% | 706 | 0.0% | 706 | 0.0% | 706 | 0.0% | 706 | 0.0% | 706 | 0.0% | 706 | 0.0% |
| Add'l Paid in Capital | 15,041 | 0.8% | 722,949 | 19.3% | 745,622 | 13.1% | 779,723 | 9.0% | 823,522 | 6.5% | 876,223 | 5.2% | 931,987 | 4.6% |
| Treasury Stock | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% | 0 | 0.0% |
| Retained Earnings (Accumulated deficit) | (50,329) | -2.6% | (74,566) | -2.0% | (40,872) | -0.7% | 24,261 | 0.3% | 135,197 | 1.1% | 301,161 | 1.8% | 508,410 | 2.5% |
| **Total shareholders' equity** | **68,094** | **3.50%** | **826,389** | **22.07%** | **882,756** | **15.49%** | **981,990** | **11.28%** | **1,136,725** | **8.99%** | **1,355,390** | **7.99%** | **1,618,403** | **8.03%** |
| **Total liabilities and shareholders' equity** | **$1,943,395** | **100.0%** | **$3,744,904** | **100.0%** | **$5,697,752** | **100.0%** | **$8,705,691** | **100.0%** | **$12,641,019** | **100.0%** | **$16,961,784** | **100.0%** | **$20,143,473** | **100.0%** |

| **Other** | **2013A** | **2014E** | **2015E** | **2016E** | **2017E** | **2018E** | **2019E** |
|---|---|---|---|---|---|---|---|
| Book Value per Share | $4.97 | $2.23 | $2.39 | $2.65 | $3.07 | $3.66 | $4.37 |
| Loans / Assets | 94.1% | 74.4% | 81.8% | 86.8% | 89.6% | 90.9% | 91.0% |
| Equity / Assets | 3.50% | 22.07% | 15.49% | 11.28% | 8.99% | 7.99% | 8.03% |

| **Year-on-Year Growth** | **2014A** | **2015A** | **2016E** | **2017E** | **2018E** | **2019E** |
|---|---|---|---|---|---|---|
| Loans at Fair Value | 52.4% | 67.3% | 62.0% | 49.9% | 36.2% | 18.9% |
| Notes and Certificates @ Fair Value | 51.5% | 67.3% | 62.0% | 49.9% | 36.2% | 18.9% |
| Shareholders Equity | 1113.6% | 6.8% | 11.2% | 15.8% | 19.2% | 19.4% |
| Total Assets | 92.7% | 52.1% | 52.8% | 45.2% | 34.2% | 18.8% |

**Analyst's Notes....**Continued

**LendingClub** **LC**

*Statement of Cash Flows*

($ in thousands)

| | 2013A | 2014E | 2015E | 2016E | 2017E | 2018E | 2019E |
|---|---|---|---|---|---|---|---|
| Cash flow from operating activities: | | | | | | | |
| Net income | 7,308 | (24,237) | 33,694 | 65,133 | 110,936 | 165,964 | 207,249 |
| Fair Value Adj. of loans, notes, cerftificates | 33 | 152 | 0 | 0 | 0 | 0 | 0 |
| Change in loan servicing liability at FV | 936 | 2,776 | 0 | 0 | 0 | 0 | 0 |
| Change in loan servicing asset at FV | (534) | (986) | 0 | 0 | 0 | 0 | 0 |
| Stock-based compensation | 6,490 | 37,389 | 32,946 | 51,208 | 72,217 | 91,351 | 97,972 |
| Depreciation and Amortization | 1,663 | 10,077 | 12,450 | 14,450 | 16,450 | 18,450 | 20,450 |
| Gain on loan sales at FV | (3,862) | 2,110 | 0 | 1 | 2 | 3 | 4 |
| Purchase of Whole Loans sold at FV | (442,362) | (1,623,274) | (2,995,458) | (4,792,732) | (6,949,462) | (9,034,301) | (9,937,731) |
| Proceeds from sales of Whole Loans at FV | 446,224 | 1,621,164 | 2,995,458 | 4,792,732 | 6,949,462 | 9,034,301 | 9,937,731 |
| Accrued Interest Receivable | (10,454) | (7,373) | (5,155) | (4,124) | (3,093) | (2,062) | (687) |
| Other assets | (21,021) | 13,184 | 0 | 0 | 0 | 0 | 0 |
| Due from related parties | (240) | (88) | 0 | 0 | 0 | 0 | 0 |
| Accounts payable | 1,788 | (1,107) | 0 | 0 | 0 | 0 | 0 |
| Accrued interest payable | 11,063 | 10,722 | 7,497 | 5,997 | 4,498 | 2,999 | 1,000 |
| Accrued expenses and other liabilities | 4,077 | 18,239 | 12,753 | 10,202 | 7,652 | 5,101 | 1,700 |
| Net cash provided by operating activities | 1,109 | 58,748 | 94,184 | 142,868 | 208,661 | 281,805 | 327,688 |
| Cash flows from investing activities: | | | | | | | |
| Purchase of Loans at FV | (1,618,404) | (2,126,793) | (3,369,890) | (5,391,824) | (7,818,145) | (10,163,588) | (11,179,947) |
| Principal payments of Loans at FV | 511,232 | 1,043,546 | 1,337,605 | 2,238,196 | 3,626,598 | 3,626,598 | 7,400,572 |
| Recoveries of and sales of charged-off loans at FV | 1,716 | 5,178 | 0 | 0 | 0 | 0 | 0 |
| Payment for acquisition of Springstone | 0 | (109,464) | 0 | 0 | 0 | 0 | 0 |
| Net change in Restricted Cash | (4,724) | (16,205) | 4,773 | (15,000) | (17,250) | (18,821) | (21,644) |
| Purchases of PP&E | (10,435) | (18,989) | (20,000) | (20,000) | (20,000) | (20,000) | (20,000) |
| Net cash used in investing activities | (1,120,615) | (1,222,728) | (2,047,512) | (3,188,628) | (4,228,796) | (6,575,811) | (3,821,020) |
| Cash flow from financing activities: | | | | | | | |
| Payable to investors | 1,868 | 12,933 | 0 | 0 | 0 | 0 | 1 |
| Proceeds from Issuance of Notes and Certificates | 1,618,269 | 2,126,527 | 3,369,890 | 5,391,824 | 7,818,145 | 10,163,588 | 11,179,947 |
| Payments on Notes and Certificates | (504,330) | (1,036,383) | (1,356,331) | (2,244,463) | (3,642,555) | (3,651,985) | (7,427,584) |
| Payments (sales) on charged-off Notes/Certif from recoveries | (1,669) | (5,153) | 0 | 0 | 0 | 0 | 0 |
| Payment for debt issuance cost | | (1,192) | 0 | 0 | 0 | 0 | 0 |
| Principal payment on term loan | | (625) | 0 | 0 | 0 | 0 | 0 |
| Proceeds from term loan | | 49,813 | 0 | 0 | 0 | 0 | 0 |
| Prepaid Offering Costs | 0 | (1,887) | 0 | 0 | 0 | 0 | 0 |
| Proceeds from exercise of warrants to buy common stock | 150 | 90 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from issuance of Series F Conv Preferred | | 64,803 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from IPO | 0 | 657,735 | 0 | 0 | 0 | 0 | 0 |
| Proceds from Stock Options Exercised | 1,715 | 2,997 | 0 | 0 | 0 | 0 | 0 |
| Net cash used in financing activities | 1,116,003 | 1,869,659 | 2,013,559 | 3,147,361 | 4,175,589 | 6,511,604 | 3,752,364 |
| (Decrease) increase in cash and cash equivalents | (3,503) | 705,679 | 60,231 | 101,601 | 155,454 | 217,598 | 259,032 |
| Cash and cash equivalents at start of period | 52,551 | 49,048 | 754,727 | 814,957 | 916,558 | 1,072,012 | 1,289,610 |
| Cash and cash equivalents at end of period | 49,048 | 754,727 | 814,957 | 916,558 | 1,072,012 | 1,289,610 | 1,548,642 |

**Analyst's Notes....**Continued

**Recommendation:** We recommend that investors HOLD LC shares. While our DCF analysis points to 30% upside, the model is extremely sensitive to even modest assumptions changes. In addition, on a Peer Comparison basis, LC is trading at a sharply higher multiple of sales, even after adjusting for the Company's estimated superior rate of growth. That said, we strongly endorse the LendingClub business model. **As a middleman, the Company has devised a mechanism to provide traditional bank credit without having to assume credit or interest rate risk (of course changes in interest rates may impact investors and borrowers desire to use the platform). And it has founded a low cost platform that can (1) instantly make credit decisions and (2) amass data to improve its credit granting decisions and thus increase the attractiveness of the platform to both borrowers and investors.** We would wait for price pullbacks to the high teens, if they in fact materialize, to purchase the shares. Although we estimate that the shares are 'priced for perfection', we estimate that the Company is extremely well positioned to 'crack' the traditional consumer and small business lending marketplace (s). Consequently, the Company is more than likely to report robust results over the coming quarters, which may serve to deny new investors an opportunity to buy the shares at a lower price.

**Risks to the Recommendation:** Risks include, but are not limited to (1) an evolving regulatory and competitive environment (2) uncertainty involved in the introduction of new products and entry into new geographies (3) the challenge to effectively scale the Company's digital platform and credit scoring analytics and (4) increasing its base of borrowers, investors and revenues in the face of vigorous online banking services competition from both new entrants (who may already offer Internet-based services to large existing customer bases) and from traditional banking entities

**Important Disclosures:**

**Analyst Certification**: We hereby certify that the views expressed in this research report accurately reflect our personal views about the subject company and its securities. We also certify that we have not, will not, nor are presently receiving direct and/or indirect compensation in exchange for any specific recommendation in this report. In addition, said analysts have not received compensation from any subject company in the last 12 months.

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The research analyst or household member is not an officer, director, or advisory board member of the subject company.

The research analyst has not made a public appearance in front of more than 15 person to discuss the subject company and does not know or have reason to know at the time of this publication of any other material conflict of interest.

The firm has no knowledge of any material conflict of interest involving the company mentioned in this report.

**Receipt of Compensation:**

The firm does not engage in investment banking activities.

The subject company (ies) has not been a client in the past 12 months preceding the date of distribution of this research report and is not currently a client. The firm has not received non-investment banking compensation for products or services or other non-securities services from the subject company or any affiliated company.

The research analysts at the firm do not receive any compensation based on investment banking revenues and may be paid a bonus based upon the overall profitability of the firm.

**Investment Banking Relationships:**

The firm has not managed or co-managed a public offering or received investment banking compensation in the past 12 months regarding the subject company (ies).

The firm does not expect to receive or intend to seek investment banking compensation in the next 3 months from the subject company (ies).

**Additional Important Disclosures...**

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