

Executive Summary

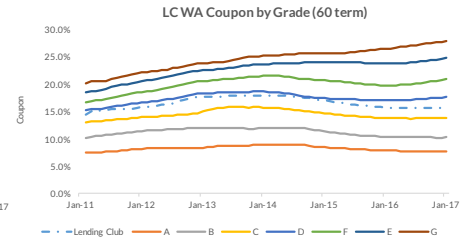
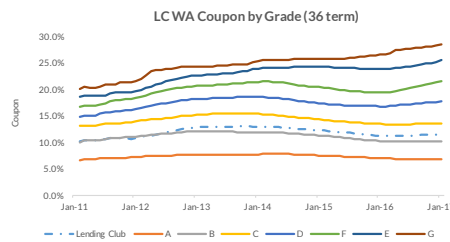
- Lending Club targeted the most significant increases in borrowing rate to riskier borrowers in E, F, and G-grades. Prosper's recent borrowing rate increases are mild comparing to Lending Club's rate actions. We expect that the overall borrowing interest rates will continue to increase in response to hikes in Federal Funds rates.
- For Lending Club's 36-mo and 60-mo products, delinquency rates continue to trend higher for 2016 vintage. We expect loans to approach peak delinquency after ~13 months of seasoning; for Prosper, we expect the 36-mo product to hit peak delinquency about 9 months of seasoning and 13 months for the 60-mo term product.
- For both Lending Club and Prosper, charge-off rates continue to be elevated for loans in 2016 vintages. The spikes in charge off rates agree with delinquent loan pipelines as loans transition from delinquency to charge-off states. (We note that recent credit buy box tightening will not show up in the 2016 vintage).
- We expect that originators continue to adjust pricing and credit modeling based on forward-looking credit market, Fed Funds rate expectations, the credit environment and the competitive landscape in consumer unsecured lending.

Lending Club

Originations as of: 12/31/2016
Payments as of: 1/31/2017

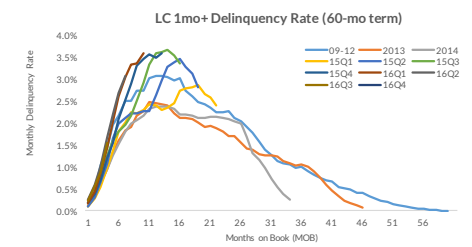
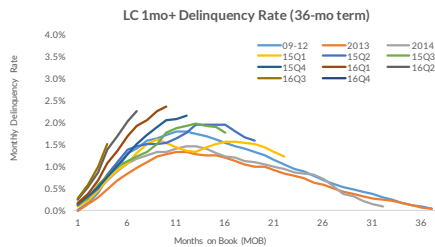
COUPON

- The most significant borrowing rate increases are targeted to E, F, and G-grades.
- Coupon rate increases are comparable for 36-mo and 60-mo products.
- The overall loan coupon rates continue to increase in response to hikes in Federal Funds rate in Q4 2016.



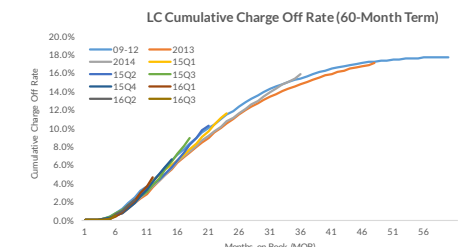
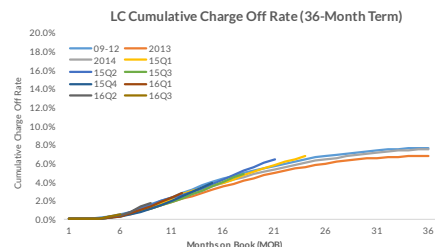
DELINQUENCIES

- For 36-mo products, the worst performing vintage is 2016; and Q3 2015 for 60-mo products.
- Delinquency rates continue to trend higher for 2016 vintage as loans approaching expected peak delinquency experience after 13 months of seasoning.



CHARGE-OFFS

- Charge-off rates continue to be elevated for the most recent vintages. Specifically, Q1 2016 charge-off rate grows faster than other vintages for the same seasoning period.
- The spikes in charge off rates agree with delinquent loan pipelines as loans drifting from delinquency to charge-off states.

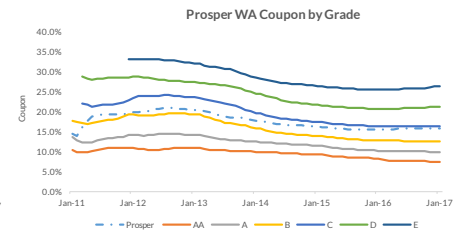
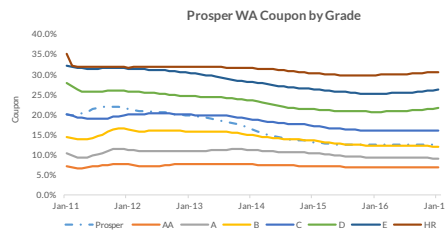


Prosper

Originations as of: 12/31/2016
Payments as of: 1/31/2017

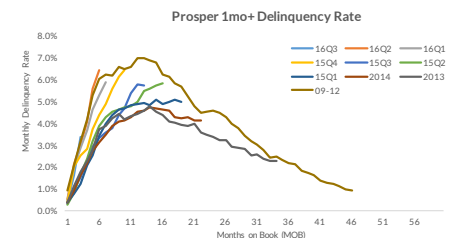
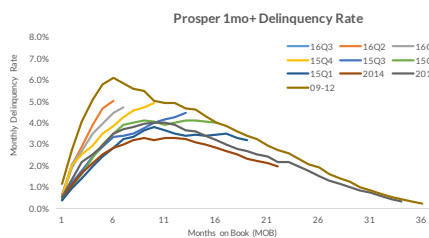
COUPON

- The relative spread differential between the 36-mo and 60-mo products are larger for AA, A, and B grade loans than for C, D, and E loans.
- The recent borrowing rate increases are mild comparing to Lending Club's rate actions.
- The overall loan coupon rates continue to increase in response to hikes in Federal Funds rate in Q4 2016.



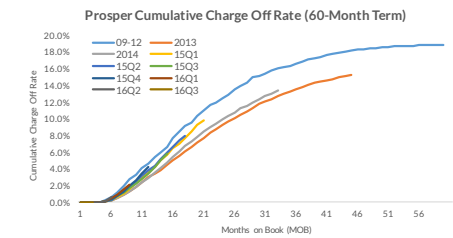
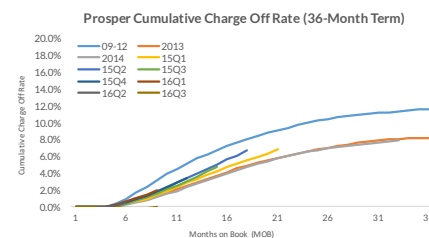
DELINQUENCIES

- For 36-mo products, the worst performing vintage is 2009-2012; and Q2 2016 for 60-mo products.
- Delinquency rates continue to trend higher for 2016 vintage as loans approaching expected peak delinquency experience after 9 months of seasoning for 36-mo products and 13 months for 60-mo products.



CHARGE-OFFS

- The worst performing vintage is prior to 2013 (Prosper 1.0 team), and the best vintage is 2013.
- Charge-off rates continue to be elevated for the most recent vintages. Specifically, Q1 2016 charge-off rate grows faster than other vintages, except 2009-2012 loans, for the same seasoning profile.



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