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Lending Club Nabs \$25 Million In New Funding

Lending Club, the peer-to-peer online loans marketplace, said it has raised a new \$25 million round of funding that pegs the start-up at a \$275 million post-money valuation, up from \$80 million last year.

The new financing, which is Lending Club's fourth institutional round of funding known in industry lingo as a "series D," was led by Union Square Ventures. It also includes existing investors such as Morgenthaler Ventures and Norwest Venture Partners, among others.

Renaud Laplanche, CEO of San Francisco-based Lending Club, said the start-up wasn't looking to raise money but wanted to work with Union Square Ventures since the venture firm has expertise in the "network effect" of online companies. (Union Square Ventures is an investor in Zynga and Twitter, among other online businesses).

Lending Club may open the round again for a strategic investor, Laplanche added. The new financing brings Lending Club's total dollars raised to \$77.7 million, he said. He added that the company plans to use the money to expand its management team, products and infrastructure, and also to have the "comfort of cash in the bank."

The financing comes as Lending Club has gathered momentum. The start-up, which matches lenders and borrowers online, has seen the loans it has originated grow 125% on a compound annualized rate while revenue has risen 180% year over year and is expected to reach \$15 million to \$20 million this year, according to Laplanche. Lending Club now has 50,000 individual investors and 32,000 borrowers on its platform, he said. Overall, Lending Club has surpassed \$325 million in loan originations and its average loan size is \$10,000, he added.

Fred Wilson, a venture capitalist at Union Square Ventures, said the firm invested in Lending Club out of its new \$165 million Opportunity Fund. The Opportunity Fund is designed to make later-stage investments, and was part of a wave of later-stage capital that cropped up earlier this year along with Andreessen Horowitz, Greylock Partners and others.

Wilson said Lending Club is the first investment out of the Opportunity Fund that isn't in an existing portfolio company. The firm is joining Lending Club's board as an observer.

Wilson said Lending Club is an attractive investment because of its "large network of engaged users" and because the firm vets its borrowers to figure out whether they are a credit risk. "The results are fantastic," he said.

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