Cover slide

Operator
Welcome to Oportun Financial Corporation's Third Quarter 2026 Earnings Conference Call. All lines have been placed on mute to prevent background noise. After the speakers' remarks, there will be a question-and-answer session. Today's call is being recorded. For opening remarks and introductions, I'd like to turn the call over to Dorian Hare, Senior Vice President of Investor Relations. Mr. Hare, you may begin.

Slide 2 [Introduction: Dorian Hare, Senior Vice President, Investor Relations]

Thanks, and hello everyone. With me to discuss Oportun's third quarter 2026 results are Doug Bland, our Chief Executive Officer and Bill Franklin, our Chief Financial Officer. I'll remind everyone on the call or webcast that some of the remarks made today will include forward-looking statements related to our business, future results of operations and financial position, including projected Adjusted ROE attainment and expected originations growth, planned products and services, including Oportun Forward, business strategy, expense savings measures and plans and objectives of management for our future operations. Actual results may differ materially from those contemplated or implied by these forward-looking statements, and we caution you not to place undue reliance on these forward-looking statements. A more detailed discussion of the risk factors that could cause these results to differ materially are set forth in our earnings press release and in our filings with the Securities and Exchange Commission under the caption, "Risk Factors," including our upcoming Form 10-Q filing for the quarter ended September 30, 2026. Any forward-looking statements that we make on this call are based on assumptions as of today, and we undertake no obligation to update these statements as a result of new information or future events other than as required by law.

Also on today's call, we will present both GAAP and non-GAAP financial measures, which we believe can be useful measures for the period-to-period comparisons of our core business, and which will provide useful information to investors regarding our financial condition and results of operations. A full list of definitions can be found in our earnings materials, available at the investor relations section on our website. Non-GAAP financial measures are presented in addition to, and not as a substitute for, financial measures calculated in accordance with GAAP. A reconciliation of non-GAAP to GAAP financial measures is included in our earnings press release, our third quarter 2026 financial supplement and the appendix section of the third quarter 2026 earnings presentation, all of which are available at the investor relations section of our website at

investor.oportun.com. In addition, this call is being webcast, and an archived version will be available after the call, along with a copy of our prepared remarks. With that, I will now turn the call over to Doug.

Doug Bland, Chief Executive Officer

Slide 3 [Third quarter earnings overview]

Thanks, Dorian, and good afternoon, everyone. Thank you for joining us. Q3 was a strong quarter and it's clear that our momentum is building.

We returned to year-over-year revenue growth for the first time since the fourth quarter of 2023. Revenue grew 3%, an encouraging step toward rebuilding a durable growth engine. Sustaining that growth while maintaining expense discipline will be important to improving operating leverage over time.

At the same time, interest expense declined 27% year-over-year, supported by our balance sheet optimization initiatives, and net charge-off dollars declined 10%. Together with continued expense discipline, these improvements drove higher profitability. GAAP EPS sharply increased year-over-year, Adjusted EPS increased 31%, and our annualized GAAP return on equity reached 21.6%, our highest level since the first quarter of 2022.

We also increased originations by 12% year-over-year, while maintaining a disciplined credit posture amid continued macroeconomic uncertainty. We remained focused on lower-risk growth through returning unsecured members and secured personal loans. Our portfolio mix and disciplined underwriting supported an annualized net charge-off rate of 10.6%, our lowest since the third quarter of 2022.

These results outperformed our guidance for revenue, Adjusted EBITDA and net charge-offs. I want to thank the entire Oportun team for its continued focus and execution in delivering these results while advancing our mission.

We also strengthened our leadership team during the quarter with the additions of Bill Franklin as Chief Financial Officer, Bernardo Martinez as Chief Retail and Sales Officer, and Garrett Hope as Chief Product Officer. These additions strengthen our ability to execute Oportun *Forward*, our strategy for driving durable growth, building lasting member relationships and delivering predictable returns.

On my first call as CEO earlier this year, I committed to return with a clear path forward for Oportun. On our second quarter call, I outlined our immediate priorities: responsibly rebuilding new-member growth, deepening member relationships and maintaining

financial discipline. Our new strategy builds on these priorities. Today, I will share our plan to simplify our core business and strengthen our growth engine. Let me begin with the opportunity and capabilities behind the strategy.

Slide 4 [Market opportunity and differentiated capabilities]

We estimate our total addressable market at 119 million US adults. This estimate starts with the total U.S. adult population and uses our internal analysis to exclude consumers who fall outside our credit risk criteria or whom we estimate do not need our products.

That market includes approximately 42 million Latino adults and 77 million non-Latino adults. Our business model is built to serve consumers in both Spanish and English, with particular strengths in the Latino communities we have served for two decades.

With approximately 1.1 million active members today, we see substantial growth potential. We will pursue this opportunity with discipline, matching consumers with products that meet their needs and focusing on channels where we can deliver strong member outcomes and attractive risk-adjusted returns.

Our opportunity is grounded in the mission that has guided Oportun for two decades: empowering members to build a better future. We remain committed to expanding access to responsible and affordable credit for underserved consumers, including those living in low and moderate income communities. As we advance *Oportun* Forward, that commitment will continue to guide how we serve our members and pursue growth.

We are bilingual by design. Members can apply, borrow and receive service in English or Spanish across all of our channels. Our community presence, cultural understanding, and earned trust gives us a distinctive position in the markets we serve. Nine out of ten members tell us they would recommend Oportun to a friend.

Oportun *Forward* starts with simplifying and optimizing our core business. We have built valuable advantages over two decades: proprietary data, credit experience and trusted member relationships. Our opportunity is to use those advantages to work more effectively across our entire business platform.

We intend to remove unnecessary steps from the member experience and better connect the data and processes that support lending and servicing. Our aim is to make more precise offers to qualified applicants, strengthen relationships with returning members and lower our cost to serve, while maintaining credit and capital discipline. These improvements are the foundation of Oportun *Forward*.

Slide 5 [Oportun *Forward*]

Oportun *Forward* focuses our business on three priorities: driving durable growth, building lasting member relationships and delivering predictable returns.

Our first priority is to drive durable growth.

- Today, many consumers who apply for a loan do not receive or accept an offer.
- We see a meaningful opportunity to rebuild our new member engine by matching qualified consumers with products and terms that fit their needs, affordability and credit profile. Depending on the applicant, that could include risk-based pricing for an unsecured loan, a secured loan where appropriate, or guidance on steps that may improve future eligibility when providing a loan is not appropriate today.
- Our objective is to acquire new members using price, term and collateral optimized for sustainable risk-adjusted returns, while providing transparency and knowledge to our members about our lending products.

Our second priority is to build lasting member relationships.

- Historically, the experience we provide returning members has not consistently reflected the value of their relationship with Oportun. Some members with strong payment histories still encounter a lengthy application process or offers that do not fully reflect their relationship with us.
- We intend to recognize responsible member behavior through better offers and pricing where appropriate, along with a simpler application process and a more connected experience. Lending decisions will continue to reflect current creditworthiness and affordability. We aim to help members make progress through proactive payment solutions, credit building and clear eligibility milestones. We will drive better value to our members through an improved experience, which will in turn drive higher lifetime value for Oportun.

Our third priority is to deliver predictable returns.

- Over the past several years, our performance has been too volatile. Our goal is to produce more consistent outcomes as credit and funding conditions change.
- We intend to reduce that volatility in three ways:

- We plan to use our proprietary data and credit experience more effectively across underwriting, pricing and servicing. We will evaluate growth based on the expected economics over the member relationship, including credit losses, funding costs and cost-to-serve.
- We intend to build a more efficient operating platform, with greater use of AI to help our teams serve more members without a proportionate increase in cost.
- And we intend to maintain the capital, liquidity and funding capacity needed to operate and grow responsibly through economic cycles.

Our immediate focus is on improving offers for qualified applicants, simplifying the experience for returning members and making the operating processes that support them more efficient.

We believe Oportun *Forward* can extend our mission to more members and enhance shareholder value over time. We look forward to updating you on our progress.

Before I finish my opening remarks, I want to thank Paul Appleton for his steady leadership as our interim CFO over the past 6 quarters. Paul played a pivotal role in our successful balance sheet optimization efforts, and we are fortunate to continue benefiting from his expertise as Treasurer and Head of Capital Markets for Oportun.

With that, I will turn the call over to our new CFO, Bill Franklin, for a more detailed review of our third quarter financial results. He will also provide our fourth quarter guidance and discuss our updated full-year outlook. Bill, welcome to the team.

Bill Franklin, Chief Financial Officer

Slide 6 [Performance vs. guidance]

Thank you, Doug, and good afternoon, everyone. I'm pleased to be part of the Oportun team and encouraged by the trends in the business. I'll start with our performance versus our Q3 guidance on **Slide 6**. We delivered better-than-guided results across all of these metrics.

Slide 7 [Third Quarter and Highlights]

Moving to **Slide 7**, I want to congratulate the team on delivering our best quarterly net income and EPS in over 4 years. These results that I'll discuss and the trends in the business support our optimism for the future.

We recorded our eighth consecutive quarter of GAAP profitability, with net income of $23 million, up $18 million year-over-year, and diluted EPS of $0.45. Adjusted Net Income was $26 million, up 38% year-over-year and Adjusted EPS increased 31%, from $0.39 to $0.51.

Let me walk through the drivers of these results.

We returned to top-line growth with total revenue of $246 million, up $7.6 million, or 3% year-over-year. Revenue growth reflected a 12% increase in originations and a 136-basis-point improvement in loan yield to 34.4%. Our average daily principal balance remained essentially flat, as a greater mix of returning members led to higher payment rates year-over-year. Responsibly growing the loan portfolio over time remains an opportunity to drive further revenue growth.

Third-quarter interest expense was $41 million, down $15 million year-over-year. This improvement reflects balance sheet optimization actions,... which I will discuss in more detail later.

The net decrease in fair value was $79 million, approximately $1.6 million higher than in the prior-year period. Net charge-offs were $8.2 million lower, and the mark-to-market adjustment on our asset-backed notes was $3.8 million lower. These improvements were offset by a $13 million unfavorable year-over-year swing in the mark on the loan portfolio. That reflected a $6.5 million unfavorable mark this quarter, primarily due to rising benchmark rates, compared to a favorable $6.6 million mark a year ago.

Net revenue was $127 million, up $22 million year-over-year, as higher total revenue and lower interest expense more than offset the slightly unfavorable impact from the fair value decrease.

Operating expenses were $92 million, up $1.2 million, or 1%, year-over-year. The quarter included $5.6 million of non-recurring interest and fees received in connection with the resolution of a Mexico value-added tax refund. This benefit was partially offset by higher direct mail marketing spend, which supported the strong originations.

Together, net revenue growth and expense discipline supported pre-tax income of $35 million, up $20 million year-over-year.

Adjusted EBITDA was $56 million in the third quarter, up $15 million, or 37%, year-over-year, driven primarily by lower interest expense. This measure excludes the impact of the fair value mark-to-market adjustments on our loan portfolio and notes.

GAAP net income was $23 million, up $18 million, a substantial year-over-year increase due to similar drivers.

Adjusted Net Income increased 38% year-over-year, to $26 million, supported by higher total revenue, lower interest expense and lower net charge-offs. These benefits were partially offset by a $7.8 million increase in adjusted operating expenses, which exclude the favorable Mexico value-added tax claim resolution.

Slide 8 [Credit performance]

Turning to credit performance on **Slide 8**, the annualized net charge-off rate declined sharply to 10.6%, its lowest level since the third quarter of 2022. This represented an improvement of 139 basis points sequentially and 121 basis points year-over-year. The improvement was driven by our continued conservative risk posture with a heightened focus on returning members, growth in the secured loan portfolio, and stable-to-improving vintage trends.

Our 30-plus-day delinquency rate, the best indicator of mid-range loss performance, declined by 61 basis points year-over-year to 4.1% in Q3. This was our lowest third quarter rate in 5 years supported by strong collections performance and asset quality trends.

Slide 9 [Originations]

On slide **Slide 9**, our 12% originations growth during Q3 was supported by lower-risk segments.

Originations from returning unsecured and secured personal loans increased by a combined 25%. We remain in a tight credit posture and continue to benefit from our

portfolio mix and the strong performance of returning members. Returning members accounted for 80% of originations volume in Q3, up from 70% in the prior-year quarter. Originations from those returning members grew 25%, reflecting the strength of our existing relationships.

Secured personal loan originations grew 24% during Q3, and increased slightly to 10% of our total portfolio, up from 8% at the end of the prior-year period. As a reminder, these loans are roughly twice the size of our unsecured loans and have lower losses.

As Doug indicated, we see a meaningful opportunity to improve conversion and responsibly rebuild our new member engine by streamlining the application experience and matching qualified consumers with the right product-fit. We also expect risk-based pricing to allow us to serve a broader range of qualified applicants while targeting appropriate risk-adjusted returns.

Slide 10 [Capital and Liquidity]

Turning to capital and liquidity on **Slide 10**, we continue to strengthen our capital structure by reducing higher-cost corporate debt, lowering our overall cost of capital, and enhancing liquidity.

We ended the quarter with a debt-to-equity ratio of 6.2 times, down from 7.1 times a year ago and materially below the peak of 8.7 times reported two years ago. Since that peak, consistent GAAP profitability has contributed to a $106 million, or 32%, increase in shareholders' equity, while total debt outstanding has declined by $134 million, or 5%.

As I mentioned earlier, Q3 interest expense was $41 million, down $15 million, or 27%, from the prior-year quarter. Our balance sheet optimization efforts included prior-period corporate debt repayments and actions involving our ABS notes and warehouse facilities.

Corporate debt repayments have totaled $100 million since the facility's inception in October 2024, resulting in $15 million in annualized run-rate interest expense savings.

Strong cash flow generation from the underlying business strengthened our liquidity position. Compared with the prior-year quarter, unrestricted cash increased by $77 million to $181 million while corporate debt declined by $68 million to $135 million.

Together, higher liquidity, lower leverage and reduced funding costs allow us greater flexibility to fund responsible growth and further optimize our debt structure over time.

Slide 11 [ROE performance]

Before turning to Q4 and revised full year guidance, I'll discuss our Return on Equity performance.

As shown on **Slide 11**, third-quarter GAAP ROE was 21.6%, an improvement of 16.2 percentage points from the prior-year period. This is only the second quarter since we became a public company that we have achieved our long-term GAAP ROE target range of 20% to 28%.

Adjusted ROE was 24.4% in the quarter, also within the target range.

Through the first three quarters of 2026, GAAP ROE was 11.0%, compared with 6.8% for full-year 2025. Adjusted ROE was 18.4%, compared with 17.5% last year. Based on our performance to date, we remain on pace to exceed our 2025 ROE on both a GAAP and adjusted basis.

Slide 12 [Guidance]

I'll now turn to our updated guidance as shown on **Slide 12**. Our members remain resilient, despite high inflation, uneven job creation, policy uncertainty and higher gas prices that continue to create a cautious environment for low-income consumers. We have not seen any deterioration in our credit metrics as a result of this macro backdrop, but we recognize the pressure it can place on our members. Our outlook therefore assumes we maintain a tight credit posture through the balance of the year… and we remain well-positioned to adjust quickly as conditions evolve.

For the fourth quarter, we expect:
Total Revenue in the range of $247 to $252 million
An Annualized Net Charge-Off Rate of 11.05% plus or minus 15 basis points, and
Adjusted EBITDA in the range of $49 to $54 million

Starting with Total Revenue, at the midpoint, this would continue the modest year-over-year revenue growth we drove in Q3, as a result of the strong originations.

Moving to the NCO rate, the 11.05% midpoint is 45 basis points above Q3's 10.6%, reflecting year-end seasonality. It would still be 125 basis points lower year-over-year and our best fourth quarter NCO rate in 5 years. Our credit outlook is supported by the 30-plus day delinquency trends I discussed earlier and expected progression through late stage delinquency buckets.

At the midpoint, our Adjusted EBITDA guidance of $52 million, represents strong year-over-year growth of 21%.

For full-year 2026, we continue to expect mid-single-digit originations growth, though now toward the higher end of that range. Demand remains strong in the lower-risk segments driving this year's growth. We are also slightly increasing our full-year expense outlook from substantially flat year-over-year to a low-single-digit increase. This reflects spending to support the higher originations and year-to-date restructuring-related severance costs.

Our revised full-year 2026 guidance includes:

- Total Revenue of $955 to $960 million
- Annualized net charge-off rate of 11.6% plus or minus 10 basis points
- Adjusted EBITDA of $183 to $188 million,
- Adjusted Net Income of $80 to $85 million, and
- Adjusted EPS of $1.60 to $1.70

I'll speak to the full year Adjusted Net Income and Adjusted EPS as we only provide those on a full year basis. We are raising both… despite greater fair value headwinds from higher benchmark rates. The midpoint of our Adjusted Net Income guidance range is a $4.5 million increase, or 6% higher, than our prior expectation.

Our revised Adjusted EPS midpoint of $1.65 would deliver 21% year-over-year growth, compared with our prior 16% growth expectation. This reflects the strong results for the third quarter and an improved outlook for the remainder of the year.

The outlook I've shared today assumes we maintain our tight credit posture. We will continue to drive durable growth and execute against the Oportun *Forward* strategy… by making better use of capabilities and improving conversion for the communities we serve.

With that, Doug, back to you.

Cover slide [Closing Remarks]

Doug Bland, Chief Executive Officer

Thanks, Bill.

To close, Q3 was an important step forward. We returned to revenue growth, improved profitability and credit performance, and strengthened our balance sheet and funding profile. We increased originations while maintaining credit discipline and made progress towards more consistent returns.

Our improved full-year outlook reflects our progress and confidence in continued execution. At the same time, we recognize that substantial opportunity remains ahead of us, so long as we continue to execute.

Oportun *Forward* gives us a clear direction for our next phase: durable growth, lasting member relationships and predictable returns.

Our focus now is execution. We intend to put our capabilities to work more effectively, improve the experience for new and returning members, and build a larger, more resilient Oportun. We believe this will allow us to extend our mission to more members while creating greater long-term value for shareholders.

We look forward to updating you on our progress.

With that, Operator, let's open the line for questions.

[**Question & Answer Session]**

Conclusion: Dorian Hare, Senior Vice President, Investor Relations

Thank you again for joining today's call. We appreciate your continued interest in Oportun. Please reach out with any follow-up questions, and we look forward to speaking with you again soon.